

AB Agrowill group

2011 05 23

CONFIRMATION OF RESPONSIBLE PERSONS

Following the law on Securities of the Republic of Lithuania and the Rules for the Drawing up and the Submission of the Periodic and the Additional Information approved by the Lithuanian Securities Commission, hereby confirm that, to the best of our knowledge, the attached Standalone financial statements of Agrowill Group AB for the 12 month period ended 31 December 2010, 2009, and 2008, 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 Agrowill Group AB.

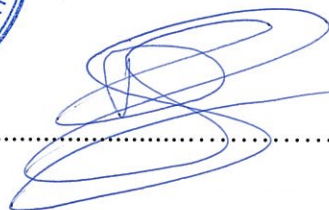
ENCLOSURE: Standalone financial statements of Agrowill Group AB for the 12 month period ended 31 December 2010, 2009, and 2008.

Chairman of the Board

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Vladas Bagavičius

Chief Financial Officer

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Domantas Savičius

AGROWILL GROUP AB

*Independent Auditor's Report and
Standalone Financial Statements for the Years Ended
31 December 2008, 2009, and 2010*

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Our report has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of our report takes precedence over the English language version.

Independent Auditor's Report

To the shareholders of Agrowill Group AB

We have audited the accompanying standalone financial statements ('the financial statements') of Agrowill Group AB ('the Company') set out on pages 5–37 which comprise the standalone balance sheets as of 31 December 2010, 31 December 2009 and 31 December 2008, and the standalone statements of comprehensive income, the standalone statements of the changes in equity and the standalone statements of cash flows for the three years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company standing alone as of 31 December 2010, 31 December 2009 and 31 December 2008, and of its financial performance and its cash flows for the three years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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Emphasis of Matter

We draw attention to Note 2.1 in the financial statements which discloses the Company's assumptions about its ability to continue as a going concern. The going concern assumption is dependent on the successful approval and implementation of the Restructuring plans for the Company and its subsidiaries, as well as the Company's and its subsidiaries' possibilities to operate at a profit in the future. These conditions, along with other matters as set forth in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

On behalf of PricewaterhouseCoopers UAB

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Christopher C. Butler
Director

Vilnius, Republic of Lithuania
23 May 2011

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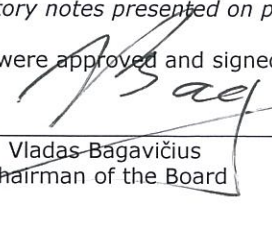
Rimvydas Jogėla
Auditor's Certificate No.000457

STANDALONE BALANCE SHEETS
AS OF 31 DECEMBER 2008, 2009, AND 2010
(All amounts are in LTL thousand, unless otherwise stated)

	Notes	31 December 2010	31 December 2009	31 December 2008	31 December 2007 restated
ASSETS					
Non-current assets					
Intangible assets	6	43	35	53	19
Property, plant and equipment	5	117	210	313	298
Investments in subsidiaries	7	37,229	37,223	37,231	25,598
Long term receivables	8, 9	73,406	76,538	88,368	28,178
Deferred tax asset	16	2,725	-	-	-
Total non-current assets		113,520	114,006	125,965	54,093
Current assets					
Inventory		29	13	2	-
Trade receivables, advance payments and other receivables	9, 10	5,082	4,139	10,171	6,277
Cash and cash equivalents	9, 11	13	17	715	90
Total current assets		5,124	4,169	10,888	6,367
TOTAL ASSETS		118,644	118,175	136,853	60,460
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	12	71,552	26,143	26,143	20,000
Share premium		25,595	22,130	22,130	-
Legal reserve		2,000	2,000	2,000	1,000
Retained earnings / (accumulated deficit)		(38,990)	(54,230)	(37,049)	(25,427)
Total equity		60,157	(3,957)	13,224	(4,427)
Non-current liabilities					
Borrowings	13	471	63,946	46,170	37,343
Obligations under finance lease	15	-	51	91	117
Restructured liabilities	14	55,931	-	-	-
Total non-current liabilities		56,402	63,997	46,261	37,460
Current liabilities					
Current portion of non-current borrowings	13	-	2,391	25,299	1,764
Current portion of non-current obligations under finance lease	15	-	75	47	25
Current borrowings	13	-	41,227	39,242	24,526
Trade payables		1,113	1,458	1,289	689
Other payables and current liabilities	17	972	12,984	11,491	423
Total current liabilities		2,085	58,135	77,368	27,427
Total liabilities		58,487	122,132	123,629	64,887
TOTAL EQUITY AND LIABILITIES		118,644	118,175	136,853	60,460

The accompanying explanatory notes presented on pages 9 to 37 are an integral part of these financial statements.

These financial statements were approved and signed on 23 May 2011.


Vladas Bagavičius
Chairman of the Board


Domantas Savicius
Chief Finance Officer

**STANDALONE INCOME STATEMENTS AND
STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2008, 2009, AND 2010**
(All amounts are in LTL thousand, unless otherwise stated)





STANDALONE INCOME STATEMENTS

	Notes	2010	2009	2008
Revenues	18	3,977	5,558	5,918
Expenses	19	(8,484)	(20,148)	(14,420)
Other income	20	20,864	8,101	5,838
OPERATING PROFIT		16,357	(6,489)	(2,664)
Finance cost	21	(3,842)	(10,692)	(7,958)
PROFIT (LOSS) BEFORE INCOME TAX		12,515	(17,181)	(10,622)
Income tax expense	16	2,725	-	-
NET PROFIT / (LOSS) FOR THE YEAR		15,240	(17,181)	(10,622)
Basic and diluted earnings (loss) per share (LTL)	22	0,37	(0,66)	(0,43)
STANDALONE STATEMENTS OF COMPREHENSIVE INCOME		2010	2009	2008
NET PROFIT/ (LOSS) FOR THE PERIOD		15,240	(17,181)	(10,622)
Other comprehensive income:		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		15,240	(17,181)	(10,622)

The accompanying explanatory notes presented on pages 9 to 37 are an integral part of these financial statements.

These financial statements were approved and signed on 23 May 2011.


Vladas Bagavičius
Chairman of the Board



Domantas Savickius
Chief Finance Officer

STANDALONE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2008, 2009, AND 2010
(All amounts are in LTL thousand, unless otherwise stated)

	Share capital	Share premium	Legal reserve	Retained earnings	Total
Previously reported balance as at 31 December 2007	20,000	-	1,000	46,799	67,799
Correction of accounting method of investments in subsidiaries (Note 2.2)	-	-	-	(72,226)	(72,226)
Restated balance as at 31 December 2007	20,000	-	1,000	(25,427)	(4,427)
Comprehensive income					
Net loss of the period	-	-	-	(10,622)	(10,622)
<i>Total comprehensive income</i>	-	-	-	(10,622)	(10,622)
Transactions with shareholders					
Payment for shares	6,143	24,571	-	-	30,714
Cost of capital increase (note 14)	-	(2,441)	-	-	(2,441)
Transfer to reserves	-	-	1,000	(1,000)	-
<i>Total transactions with shareholders</i>	<i>6,143</i>	<i>22,130</i>	<i>1,000</i>	<i>(1,000)</i>	<i>28,273</i>
Balance as at 31 December 2008	26,143	22,130	2,000	(37,049)	13,224
Comprehensive income					
Net loss of the period	-	-	-	(17,181)	(17,181)
<i>Total comprehensive income</i>	-	-	-	(17,181)	(17,181)
Balance as at 31 December 2009	26,143	22,130	2,000	(54,230)	(3,957)
Comprehensive income					
Net profit for the period	-	-	-	15,240	15,240
<i>Total comprehensive income</i>	-	-	-	15,240	15,240
Transactions with shareholders					
Increase in share capital (note 12)	45,409	3,465	-	-	48,874
<i>Total transactions with shareholders</i>	<i>45,409</i>	<i>3,465</i>	<i>-</i>	<i>-</i>	<i>48,874</i>
Balance as at 31 December 2010	71,552	25,595	2,000	(38,990)	60,157

The accompanying explanatory notes presented on pages 9 to 37 are an integral part of these financial statements.

These financial statements were approved and signed on 23 May 2011.


Vladas Bagavičius
Chairman of the Board


Domantas Savičius
Chief Finance Officer

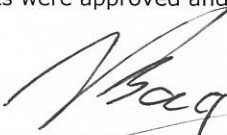
STANDALONE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2008, 2009, AND 2010
(All amounts are in LTL thousand, unless otherwise stated)



	2010	2009	2008
Cash flows from /(to) operating activities			
Net profit (loss)	15,240	(17,181)	(10,622)
Taxes and deferred taxes	(2,725)	-	-
Net profit (loss) before income tax	12,515	(17,181)	(10,622)
Adjustments for non-cash expenses (income) items and other adjustments			
Depreciation expense (note 5)	64	89	80
Amortization expense (note 6)	27	25	17
Loss of revaluation of property, plant and equipment (note 5)	(50)	(50)	-
Profit (loss) on sales of non-current assets	28	88	62
Interest expense	3,568	10,388	8,127
Interest (income)	(1,057)	(8,092)	(5,838)
Loss on sale of subsidiaries (note 21)	-	9,802	-
Impairment of investment in subsidiaries	-	-	2,500
Extinguishment of payables	(19,680)	-	-
Extinguishment of receivables	707	-	-
Impairment of accounts receivable (note 10, 19)	2,400	2,706	1,554
Changes in working capital			
(Increase) decrease in trade receivables and prepayments	(593)	1,635	(5,448)
(Increase) decrease in inventory	(16)	(11)	(2)
(Decrease) increase in trade and other payables	1,042	1,643	9,212
	(1,045)	1,142	(358)
Interest paid, net	-	(328)	(5,671)
Net cash flows from /(to) operating activities	(1,045)	814	(6,029)
Cash flows from /(to) investing activities			
Disposal (acquisition) of subsidiaries	(6)	8	(143)
Purchase of non-current tangible assets (note 5)	(75)	(124)	(157)
Purchase of non-current intangible assets (note 6)	(35)	(7)	(51)
Other loans repaid (granted)	732	(1,170)	(68,342)
Net cash flows from/(to) investing activities	616	(1,293)	(68,693)
Cash flows from /(to) financing activities			
Contribution to share capital in cash (note 12)	2,888	-	28,273
Proceeds from bank and other borrowings	-	3,112	51,496
Amounts paid to banks	-	-	(19,134)
Other borrowings obtained (paid)	(2,463)	(3,319)	14,716
Repayments of obligations under finance lease	-	(12)	(4)
Net cash flows from/(to) financing activities	425	(219)	75,347
Net (decrease) / increase in cash and cash equivalents	(4)	(698)	625
Cash and cash equivalents at the beginning of the period	17	715	90
Cash and cash equivalents at the end of the period	13	17	715

The accompanying explanatory notes presented on pages 9 to 37 are an integral part of these financial statements.

These financial statements were approved and signed on 23 May 2011.


Vladas Bagavičius
Chairman of the Board


Domantas Savičius
Chief Finance Officer

EXPLANATORY NOTES
FOR THE YEARS ENDED 31 DECEMBER 2008, 2009, AND 2010
(All amounts are in LTL thousand, unless otherwise stated)

1. General information

Agrowill Group AB (hereinafter – “the Company”) was founded and started its operations on 25 June 2003. The Company’s 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.

The main shareholders (over 5 per cent) of the Company were:

Entity / person	31 December 2010		31 December 2009		31 December 2008	
	Number of shares	% owned	Number of shares	% owned	Number of shares	% owned
Volemer Holdings Limited	16,575,672	23.17	-	-	-	-
Vretola Holdings Limited	16,360,465	22.87	-	-	-	-
Linas Strėlis	10,418,800	14.56	4,841,942	18.52	4,841,942	18.52
Eastern Agro Holdings	8,343,609	11.66	-	-	-	-
Romualdas Petrošius	4,751,923	6.64	345,268	1.32	345,268	1.32
SEB AB clients	1,765,000	2.47	2,259,047	8.64	2,182,497	8.35
Swedbank clients	366,703	0.51	148,846	0.57	1,800,743	6.89
Other minor shareholders	12,970,082	18.12	8,027,468	30.71	6,452,121	24.68
ŽIA valda UAB	-	-	7,939,836	30.37	7,939,836	30.37
Invalda AB	-	-	2,580,325	9.87	2,580,325	9.87
Total	71,552,254	100.00	26,142,732	100.00	26,142,732	100.00

The Company’s shareholders’ meeting has the power to amend the financial statements after issue. Starting since 1st of April 2008 the Company was listed on Vilnius Stock Exchange Main list, since 30 April 2009, the Company was moved to the Secondary list of NASDAQ OMX Vilnius Stock Exchange. The fiscal year of the Company and its subsidiaries corresponds with calendar year.

The Company prepared stand alone financial statements of the Company as well as consolidated financial statements of the Company together with its subsidiaries (hereinafter – “the Group”). Consolidated financial statements are represented separately. In the consolidated financial statements subsidiaries, i.e. those companies in which the Group holds more than 50% of voting shares or wherein the Group can control the operating and financial policies of the company, are consolidated.

These unconsolidated financial statements have to be read together with the Group’s consolidated financial statements for the same periods (periods ending 31 December 2008, 2009 and 2010) for the purpose of gaining entire understanding about Group’s financial results and financial position.

The Company has forty-two subsidiaries (2009.12.31: forty subsidiaries, 2008.12.31: forty subsidiaries) indicated below:

Subsidiary	Country	Company’s ownership interest, %			Profile
		31 Dec 2010	31 Dec 2009	31 Dec 2008	
AVG Investment UAB	Lithuania	100.00%	100.00%	100.00%	Management company
AWG Investment 1 BUAB	Lithuania	100.00%	100.00%	100.00%	Management company
AWG Investment 2 UAB	Lithuania	100.00%	100.00%	100.00%	Management company
Agrowill Trade UAB	Lithuania	100.00%	100.00%	100.00%	Management company
Abagrain UAB	Lithuania	100.00%	-	-	Trade activities
Grain Lt UAB*	Lithuania	100.00%	-	-	Trade activities
Baltic Farming Land Management UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės fondas ŽŪB	Lithuania	100.00%	100.00%	-	The subsidiary specializes in rent of land
Agrowill Eesti OU	Estonia	-	-	100.00%	Management company
ZAO „Agroprom“	Russia	75.00%	75.00%	75.00%	Management of subsidiaries
„Agrowill group“ S.R.L.	Moldova	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 1 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 2 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 3 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 4 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 5 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 7 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land

EXPLANATORY NOTES
FOR THE YEARS ENDED 31 DECEMBER 2008, 2009, AND 2010
 (All amounts are in LTL thousand, unless otherwise stated)

Subsidiary	Country	Company's ownership interest, %			Profile
		31 Dec 2010	31 Dec 2009	31 Dec 2008	
Žemės vystymo fondas 9 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 10 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 11 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 12 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 14 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 15 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 16 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 17 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 18 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 19 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 20 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 22 UAB	Lithuania	100.00%	100.00%	100.00%	Acquisitions and rent of land
Agricultural company „Agrowill Spindulys“	Lithuania	99.96%	99.96%	99.96%	Agricultural operations
Agricultural company „Agrowill Smilgiai“	Lithuania	99.95%	99.95%	99.95%	Agricultural operations
Agricultural company „Agrowill Skėmiai“	Lithuania	99.87%	99.87%	99.87%	Agricultural operations
Agricultural company „Agrowill Nausodė“	Lithuania	99.81%	99.81%	99.81%	Agricultural operations
Agricultural company „Agrowill Dumšiškės“	Lithuania	99.36%	99.36%	99.36%	Agricultural operations
Agricultural company „Agrowill Žadžiūnai“	Lithuania	99.02%	99.02%	99.02%	Agricultural operations
Agricultural company „Agrowill Mantviliskis“	Lithuania	98.79%	98.79%	98.79%	Agricultural operations
Agricultural company „Agrowill Alanta“	Lithuania	98.56%	98.56%	98.56%	Agricultural operations
Agricultural company „Agrowill Eimučiai“	Lithuania	98.41%	98.41%	98.41%	Agricultural operations
Agricultural company „Agrowill Vėriškės“	Lithuania	98.41%	98.41%	98.41%	Agricultural operations
Agricultural company „Agrowill Želsvelė“	Lithuania	97.17%	97.17%	97.17%	Agricultural operations
Agricultural company „Agrowill Kairėnai“	Lithuania	94.82%	94.82%	94.82%	Agricultural operations
Agricultural company „Agrowill Jurbarkai“	Lithuania	87.78%	87.78%	87.78%	Agricultural operations

In 2010, the Company established Grain Lt UAB, acquired dormant company Abagrain UAB and also via special purpose entity acquired agricultural company „Gustoniai“.

As of 31 December 2010 the Company had 48 employees, 2009 – 41), 2008 – 56).

Additionally, all remaining agricultural entities of the Group are undergoing Restructuring, during which the companies can not pay dividends until they have settled all the debts.

2. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these stand alone financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Company's ability to continue as a going concern is to large extent dependent on its subsidiaries', which are under restructuring, ability to continue as a going concern and repay to the Company net amount of LTL 34,015 thousand as of 31 December 2010 (31 December 2009 and 2008: LTL nill) (see Note 23).

The accompanying financial statements are prepared on going concern basis. The worldwide liquidity crisis which started in 2008, resulted in decrease of capital markets and banking sector financing capabilities and increases in financing costs of borrowing in certain currencies. The magnitude of the financial crisis and it's effect on the world and local economies was huge and up to the date, the global economies struggle to find possible opportunities and terms of recovery. In managements opinion, the crisis influenced the Group's operation, as due to decreased financial capabilities in the end of 2008 the Group experienced liquidity problems.

Historically, the main source of Group's financing (for acquisitions and operational needs) was generated by borrowed funds. In the beginning of 2008, the Group issued a new share capital issue and attracted around LTL 28.3 million of cash into the Group. In the same year, the Group issued several bond issues and attracted additional LTL 28 million of cash. All the proceeds were used for expansion of the Group – two major subsidiaries were acquired: Polva Agro OU in Estonia and Grūduva UAB in Lithuania; number of investment projects were started (manure storage pits, cow farm reconstructions, acquisitions for modern agricultural equipment and machinery). After the abovementioned financial markets collapse took place, the Group had to abandon several investment projects, as bridge-type borrowings in the form of short-term bonds were used while the Group negotiated the Bank loans. The Banks closed all the financing, in turn the Group finished one of the acquisitions from own cash flows, which in several months (in the end of 2008) resulted in significant liquidity problems.

The major part of Groups assets are the investment property, owned land, buildings, equipment and cattle herds – long term assets, payback of which is longer than 1-2 year term, while Group's current financial liabilities are larger than current receivables. Due to severely limited additional financing opportunities, the shareholders and management of the Group in June 2009 undertook a decision to initiate restructuring process for most of the Group's entities – for Company and 14 agricultural entities. The restructuring process is a mean for companies facing liquidity problems to operate under normal circumstances and to try and earn the funds needed to repay the accumulated amounts due. The decisions to initiate the restructuring processes were approved by more than 50% of creditors in each of the companies.

In 2010, the processes were continuing and by the end of the year Restructuring plans were approved for 5 of the 15 entities under restructuring. According to the plans, the liabilities will be paid out over 4 years term with main payments falling into 4th year. Currently Group's management vision coincides with the main creditors vision regarding the activities, future profitability of the Group and the ability to successfully pass the Restructuring process.

The Restructuring process is regulated by the Law of Republic of Lithuania on Restructuring. According to the law, the whole process has following steps (in order of occurrence):

- a) Approval of Restructuring by shareholders of a company;
- b) Initial main creditors meeting , 50% of the aggregate amount of total creditors have to approve the claim to court to start Restructuring;
- c) Claim to Court to start Restruturing procedures;
- d) The Court approves initiation of Restructuring case;
- e) Court decision becomes effective;
- f) The company together with administrator prepares Restructuring Plan. Term for preparation 4 months after Court decision becomes effective ;
- g) The Plan is prepared and discussed with main creditors;
- h) Creditors meeting for approval of Restructuring Plan is convened;
- i) Creditors meeting (creditors with at least 75% of all the proven aggregate amount of claims must vote in favor) approve the Restructuring Plan, authorize companies manager to file documents with Court;
- j) The Court approves the Restructuring Plan;
- k) The Restructuring process starts, company has the term established in Restructuring Plan (usually 4 years) to earn funds and repay the creditors.

All of the processes can and are taking longer if there are any creditors unhappy with certain taken decisions, as they have legal right to go to Court. In some cases, the time period between shareholders approval of process and approval of Restructuring Plan by the Court could take more than 1 year time.

Since the date when the Restructuring is approved (d), all the overdue liabilities on that day are subject to the Restructuring – this effectively means, that the company can not pay those liabilities, while the creditors can not demand the repayment earlier than it will be according to the Restructuring plan. Such process enables the company to focus on the main activities, generate revenues and profits and earn the amount needed to repay the restructured amounts. Usual term in practice is 4 years with an option (binding creditors approval) to prolong it for 1 year.

2.1 Basis of preparation (continued)

Group companies are in following phases of Restructuring process:

<u>Group entity</u>	<u>Current phase</u>	<u>Phase as at 31 Dec 2010</u>
Agrowill Group AB	Phase (k);	Phase (k);
Agrowill Zelsvele ŽŪB	Phase (k);	Phase (f);
Agrowill Jurbarkai ŽŪB	Phase (k);	Phase (f);
Agrowill Dumšiškės ŽŪB	Phase (k);	Phase (f);
Agrowill Spindulys ŽŪB	Phase (k);	Phase (k);
Agrowill Eimučiai ŽŪB	Phase (k);	Phase (f);
Agrowill Žadžiūnai ŽŪB	Phase (k);	Phase (f);
Agrowill Smilgiai ŽŪB	Phase (k);	Phase (f);
Agrowill Kairėnai ŽŪB	Phase (k);	Phase (k);
Agrowill Vėriškės ŽŪB	Phase (k);	Phase (k);
Agrowill Skėmiai ŽŪB	Phase (k);	Phase (k);
Agrowill Mantviliškis ŽŪB	Phase (k);	Phase (f);
Agrowill Lankesa ŽŪB	Phase (k);	Phase (f);
Agrowill Nausodė ŽŪB	Phase (k);	Phase (f);
Agrowill Alanta ŽŪB	Phase (i);	Phase (f).

The are no other Group entities engaged in Restructuring processes. The Management believes that significant majority of Group entities will have their Restructuring Plans approved by the Courts by the end of 1st half 2011.

Although some of the loans had their covenants breached as at 31 December 2008, 2009, and 2010 no major loan terminations were initiated by the banks, as they are in favor of management's taken approach, i.e. initiation of restructuring processes.

In addition to started Restructuring processes and increased production efficiency, the Group's management takes active steps in order to attract new investors into the Group. On 20 July 2010 Agrowill Group AB and the company Finance Risk Management UAB which belongs to Invalda group (before known as Finasta rizikų valdymas UAB), signed a Peace Agreement on the increase of Companie's share capital. After finishing the procedures of share capital increase, the share capital of Agrowill Group AB increased by LTL 1.5 million (27.7 million ordinary shares), and the new shares belong to Invalda group. By this agreement, the Group's total liabilities decreased by LTL 8.9 million, as the amount received for shares in 2008 was classified as liability in Financial Statements for the year 31 December 2009.

On 23 of August 2010, the Group's shareholders approved the new share capital issue of 37,572,650 shares, which were all acquired by three investors: Hermis Capital UAB, Volemer Holdings Limited, and Vretola Holdings Limited. The shares hold nominal value of LTL 1 each and all were paid up by offsetting the Group's payables to the above mentioned companies. The increase in share capital was registered on 24 August 2010.

On 22 October 2010, Agrowill Group AB shareholders undertook the decision to increase the share capital by 6,525,603 shares (with nominal value of LTL 1 each) up to 71,786,000 shares (LTL 71,786,000 share capital). Actually, the number of shares issued amounted to 6,291,857 as some of bondholders did not sign the share purchase agreements. The issue was paid up in cash contributions (bondholders set off of claims held against the Company to newly issued shares, while 2,888,172 was paid in cash by Volemer Holdings Limited) and the increase in share capital was registered in the State Registrar on 11 November 2010.

After these changes, the Group's liabilities decreased to around LTL 160 million (without deferred tax and capital grants) by the end of year 2010, and increased the equity up to around LTL 105 million, which makes the Group more healthier and, in management opinion, will allow the Group to continue as a going concern.

The Group is also taking steps to improve it's operating results and profitability. Over the course of last couple of years, the Group decreased personnel numbers without taking significant cuts in operational activity, couple of market experts were hired to implement best market practices in milk segment as well as crop growing segment. The Group performed land examinations in all farms, determined the precise composition of soil structure and all seeding and fertilizing plans are made accordingly. The target of the Group has been set to achieve at least LTL 500 gross profit from 1 ha cultivated. In milk production segment, the focus is on producing high quality milk, which enables the farmers and companies in Lithuania to receive additional bonuses to milk price, as well as increase the productivity of current herd up to EU levels. Increased attention is being paid to own feed preparation as in this area alone, the Group expects to save up at least 5% of total milk cost of sales, as production of good quality corn silage and haylage will lead to lesser amounts of combined feed needed for cows to produce the same amount of milk. The results of the Group for 12 months ended 31 December 2010 show, that the Group is on the right way with further improvements in efficiency of production activities, and, in turn, the financial results of the Group are within reach.

Finally, the Company is planning an additional share issue of up to 25 million ordinary shares in the Warsaw Stock Exchange in June 2011. The attracted funds will allow the Group to grow and increase operating efficiency faster and will ensure, that the restructuring process will be carried out smoothly.

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union (EU). The consolidated financial statements have been prepared on the historical cost basis.

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

In 2010 the Company 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 2010:

a) Standards, amendments and interpretations effective from 1 January 2010 and applicable to the Company:

None.

b) Standards, amendments and interpretations effective from 1 January 2010 and not applicable or having no material impact to the Company:

IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 allows entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer has to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss for the year. Acquisition-related costs are accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer has to recognise a liability for any contingent purchase consideration at the acquisition date. Changes in the value of that liability after the acquisition date are recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The revised standard was applied to the acquisition of new subsidiary in June 2010. See note 24 for further details of the business combination that occurred in 2010.

IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 requires an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the previous standard required the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary has to be measured at its fair value. The revised IAS 27 did not have material impact on these financial statements.

IFRIC 12, Service Concession Arrangements (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009). The interpretation contains guidance on applying the existing standards by service providers in public-to-private service concession arrangements.

IFRIC 15, Agreements for the Construction of Real Estate (IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009). The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognise revenue on such transactions.

Embedded Derivatives – Amendments to IFRIC 9 and IAS 39, issued in March 2009 (amendments to IFRIC 9 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009). The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for.

IFRIC 16, Hedges of a Net Investment in a Foreign Operation (IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009). The interpretation explains which currency risk exposures are eligible for hedge accounting and states that translation from the functional currency to the presentation currency does not create an exposure to which hedge accounting could be applied. The IFRIC allows the hedging instrument to be held by any entity or entities within a group except the foreign operation that itself is being hedged. The interpretation also clarifies how the currency translation gain or loss reclassified from other comprehensive income to profit or loss is calculated on disposal of the hedged foreign operation. Reporting entities apply IAS 39 to discontinue hedge accounting prospectively when their hedges do not meet the criteria for hedge accounting in IFRIC 16.

IFRIC 17, Distributions of Non-Cash Assets to Owners (IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets is recognised in profit or loss for the year when the entity settles the dividend payable.

2.1 Basis of preparation (continued)

IFRIC 18, Transfers of Assets from Customers (IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers.

Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. In addition, the amendments clarifying classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary published as part of the Annual Improvements to International Financial Reporting Standards, which were issued in May 2008, are effective for annual periods beginning on or after 1 July 2009. The amendments did not have a material impact on these financial statements.

Amendment to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (and consequential amendments to IFRS 1) (effective for annual periods beginning on or after 1 July 2009). This amendment to IFRS 5 is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that an entity committed to a sale plan involving loss of control of a subsidiary would classify the subsidiary's assets and liabilities as held for sale. The revised guidance should be applied prospectively from the date at which the entity first applied IFRS 5. The amendment is not expected to have any impact on the Company's operations.

Eligible Hedged Items—Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. This is not currently applicable to the Company, as hedge accounting is not applied.

IFRS 1, First-time Adoption of International Financial Reporting Standards (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. This is not relevant to the Company, as they are existing IFRS preparers.

Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, Share-based Payment (effective for annual periods beginning on or after 1 January 2010). The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. This is not currently applicable to the Company, as they have no such transactions.

Additional Exemptions for First-time Adopters - Amendments to IFRS 1, First-time Adoption of IFRS (effective for annual periods beginning on or after 1 January 2010). The amendments exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets and also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' when the application of their national accounting requirements produced the same result. This is not relevant to the Company, as they are existing IFRS preparers.

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

At the date of authorization of these financial statements, the following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them. None of them (with the exception of changes to IFRIC 19, see below) are expected to have an impact on the Company's financial statements:

STANDALONE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2008, 2009, AND 2010
(All amounts are in LTL thousand, unless otherwise stated)

2.1 Basis of preparation (continued)

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in profit or loss based on the fair value of the equity instruments compared to the carrying amount of the debt. Before adoption of the interpretation the Company accounts for extinguishment of debt with own equity instruments based on the carrying amount of the extinguished liability. Therefore there is no gain or loss on such transactions in these financial statements. The interpretation is applicable retrospectively. It means that extinguishment transactions that occurred during the comparative period in the financial statements for which the interpretation will be effective (financial statements ending 31 December 2011 for the Company) will be restated in accordance to the interpretation. Transactions closed before the beginning of the comparative period are not required to be restated, because the restatement would result only in reclassification in equity. The Company undertook certain debt extinguishment transactions where it issued equity instruments to the creditors to settle its liabilities during 2010. These transactions will be restated and management expects that the effect of the restatement will be additional expenses in the income statement reducing the net profit for the period or generating net loss for the period. Management is in the process of assessing specific impact of the interpretation on the financial statements.

Classification of Rights Issues - Amendment to IAS 32 (issued on 8 October 2009; effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The Company does not expect the amendments to have any material effect on the financial statements.

Amendment to IAS 24, Related Party Disclosures (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies; and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The Company does not expect the amendments to have any material effect on the financial statements.

Prepayments of a Minimum Funding Requirement - Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011). This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement. The Company does not expect the amendments to have any material effect on the financial statements.

Limited exemption from comparative IFRS 7 disclosures for first-time adopters - Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010). Existing IFRS preparers were granted relief from presenting comparative information for the new disclosures required by the March 2009 amendments to IFRS 7, *Financial Instruments: Disclosures*. This amendment to IFRS 1 provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7. The Company does not expect the amendments to have any effect on the financial statements.

2.2. Adjustments since last issued Financial Statements

Since last accounts were issued on 30 April 2008, for the year ended 31 December 2007, the Company's management decided to change the accounting policy regarding investments in subsidiaries, and rather than accounting for them at fair value retrospectively changed the financial statements to account for investments in subsidiaries at cost. Management believes that fair value of unlisted subsidiaries could not be determined easily and reliably, variations in assumptions included (discount rates, growth rates, commodity prices etc) could provide quite a wide range of possible fair value outcomes. Therefore, cost less impairment accounting of investments in subsidiaries is expected to provide more robust financial position of the Company as well as its results.

Management believes that reclassifications and restatements provide reliable and more relevant information. The effects of restatement on 2007 financial statements is summarized below:

	Notation	2007 previously reported	Adjustments 1	2007 currently reported
ASSETS				
Investments in subsidiaries	DR	97,824	(72,226)	25,598
EQUITY				
Retained earnings / accumulated deficit - previous years	CR	2,128	(26,119)	(23,991)
Retained earnings / accumulated deficit - current year result	CR	44,671	(46,107)	(1,436)
Retained earnings / accumulated deficit - total	CR	46,799	(72,226)	(25,427)
INCOME STATEMENT				
Change in fair value of investments in subsidiaries carried at fair value through profit and loss	CR	(46,107)	46,107	-

Notation: DR and CR abbreviations stand for Debit and Credit, respectively, for financial statements line items (as they are presented in the balance sheet and income statement).

EXPLANATORY NOTES
FOR THE YEARS ENDED 31 DECEMBER 2008, 2009, AND 2010
(All amounts are in LTL thousand, unless otherwise stated)

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in in Lithuanian Litas (LTL), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash equivalents are presented in the Income statement within 'other income'. All other foreign exchange gains and losses are presented in the income statement within 'other income'.

2.4 Property, plant and equipment

Property, plant and equipment are assets that are owned and controlled by the Company, which are expected to generate economic benefits in the future periods and with the useful life exceeding one year. Property, plant and equipment are shown at historical cost less subsequent accumulated depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revaluated amounts to their residual values over their estimated useful lives as follows:

Vehicles	6 years
Equipment and other assets	3 years

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenses' in the income statement. When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

2.5 Intangible assets

Other intangible assets

Intangible assets expected to provide economic benefit to the Company in future periods have finite useful life and are valued at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method to allocate the cost of intangible asset over estimated benefit period as follows:

Software	2 – 3 years
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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.

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.8 Financial assets

2.8.1 Classification

The Company has financial assets only in following measurement categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During the reported periods the Company did not hold any investments in available-for-sale and at fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the balance sheet.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method. Held to maturity investments are carried at amortised costs using the effective interest method, net of a provision for incurred impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.10.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by FIFO method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Company from the tax authorities), transport, handling and other costs directly attributable to the acquisition of inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses. All inventories held by the Company attribute to the materials category.

2.10 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the statement of comprehensive income.

2.11 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.12 Share capital

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

2.13 Trade payables

Trade payable are obligations to pay for goods or services that have been acquired in ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

EXPLANATORY NOTES
FOR THE YEARS ENDED 31 DECEMBER 2008, 2009, AND 2010
(All amounts are in LTL thousand, unless otherwise stated)

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 month after the balance sheet date.

Issued bonds are classified as financial liabilities, which are repurchased in one amount or in instalments under a certain repayment schedule. Issued bonds are recognized initially at fair value, being their issue proceeds net of transaction cost incurred. They are measured at amortized cost using the effective interest rate method.

2.15 Accounting for leases where the Company is the lessee

Finance lease

Where the Company is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Company is classified as finance lease. The assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to the income statement over the lease period using the effective interest method. The assets acquired under finance leases are depreciated over their useful life or the shorter lease term if the Company is not reasonably certain that it will obtain ownership by the end of the lease term. If sale and leaseback transaction results in a finance lease, any excess or shortfall of sales proceeds over the carrying amount is not recognised immediately and is deferred and amortised over the lease term.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income, or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by 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.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Profit for 2010 is taxable at a rate of 15% (2009: 20%, 2008: 15%) in accordance with Lithuanian regulatory legislation on taxation.

Income tax expense is calculated and accrued for in the financial statements on the basis of information available at the moment of the preparation of the financial statements, and estimates of income tax performed by the management in accordance with Lithuanian regulatory legislation on taxation. Deferred income tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised.

According to Lithuanian legislation, tax losses accumulated as of 31 December 2009 are carried forward indefinitely.

Deferred tax assets and liabilities are offset only where International Accounting Standard No. 12 allows this treatment.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of services

Revenue from services is recognised on performance of the services. Payments received under operating leases are credited to the income statement on a straight-line basis over the period of the lease.

Interest income

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.

2.18 Employee benefits

Social security contributions

The Company pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Bonus plans

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.19 Related parties

Related parties are defined as shareholders, 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 Company, 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.

2.20 Segment reporting

The chief operating decision maker has been identified as the Management Board, who is responsible for allocating resources and assessing performance of the Company. The Management Board has determined that the activities of the Company form a single operating segment. The internal reporting provided to the Management Board has been prepared using the accounting policies and presentation consistent with those used in preparation of the financial statements.

2.21 Subsequent events

Post balance sheet events that provide additional information about the Company'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.

3. Financial risk management

3.1 Financial risk factors

The Group's and the Company's activities expose it to financial risks: market risk (including foreign Exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk. The Company's (and Group's) overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Company and the Group. The Company does not use derivative financial instruments to hedge certain risk exposures.

The Board of Directors is responsible for the risk management policies and procedures.

Market risk

(i) Foreign exchange risk

The Company has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency. In order to manage foreign currency risk the Group borrows only in LTL or EUR. Group's purchase / sale contracts are also concluded in LTL and EUR.

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

(ii) Securities price risk

The Company 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 Company influences the results of subsidiaries by directly participating in management of the subsidiaries.

(iii) Agricultural market risk

The Company is indirectly exposed to several types of agricultural market risks (as the subsidiaries of the Company are operating in the agroindustry):

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. In extreme cases, poor weather limits the ability to harvest the fields at all.

The Company management each year decides whether to insure the crops or not. In prior years the insurance conditions were not favorable and it was not useful to insure, as less possible compensations for damages received would be less than the insurance expenses incurred. In 2010, the only crop insurance company operating in Lithuania changed its policies and conditions of insurance, therefore the management insured the most capricious crop – around 2,600 ha of winter rapeseed.

Prices for agricultural products

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

Usually the Group agrees for crop delivery contracts in spring of each year. The management controls this risk by fixing the price of its crop production (in certain bulk amounts) over the period of time starting May of each year. The management sets internal lowest acceptable crop price level, after reaching which it starts making the crop price fixing contracts.

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.

The Company's management discusses the possible changes in policies with Ministry of Agriculture and other official institutions, giving suggestions and comments on State agricultural policies.

3.1 Financial risk factors (continued)

(iv) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates do not expose the Company to cash flow or fair value interest rate risk, because all borrowings are carried at amortised cost.

The Company's borrowings include loans with floating interest rate, which is related to EURIBOR and VILIBOR. Absolute majority of bank borrowings and finance lease liabilities are repriced each 6 months. Other borrowings are repriced each month or 12 months. The Company also borrows from Group entities at fixed interest rate.

As at 31 December 2010 the Group's bonds were classified with restructured liabilities and had a fixed rate of 10,1% (2009, 2008: 12% to 14%). Trade and other receivables and payables are interest-free and have settlement dates within one year.

The Company's cash flow and fair value interest rate risk is periodically monitored by the Company's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift.

In 2010, total Company's borrowings at variable rates amount to LTL nil, as all the borrowings were under restructuring (2009: LTL 10.7 million, 2008: LTL 63.3 million), LTL nil (2009: LTL nil, 2008: LTL 21.6 million) of which is denominated in LTL, while the remaining LTL nil (2009: LTL 10.7 million, 2008: LTL 41.7 million) borrowings are denominated in EUR. If floating rate interest (influenced by EURIBOR or VILIBOR) changed by 1 percentage point, the annual effect on the Company would amount to LTL nil before taxes (2009: LTL 107 thousand, 2008: LTL 633 thousand).

Credit risk

Credit risk is managed on a Group, as well as Company basis. Senior management is responsible for credit risk management. Credit risk arises from cash, cash equivalents, and short-term deposits with banks, as well as credit exposures to customers, mainly related to outstanding receivables. Credit risk associated with the cash funds at banks is minimal, as the Company deals with the banks which have high credit ratings established by foreign rating agencies. For customers, the Company sells the majority of its services to Group companies. The Company does not use credit insurance and has not established any specific limits for any of the clients.

There were no significant difficulties in collecting accounts receivable from customers or withdrawing cash from banks during the reporting period and the management does not expect any material losses from non-performance by these counterparties.

See Notes 9 and 10 for further disclosure on credit risk.

Liquidity risk

Cash flow forecasting is performed in the Company and aggregated by Group finance. Group finance monitors rolling forecast of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's and Company's debt financing plans, covenant compliance, compliance with internal balance ratio targets and other material information.

(i) Recent development of International and Lithuanian financial markets

The Recent development of International and Lithuanian financial markets are discussed in detail in Note 2.1 Basis of preparation.

(ii) Borrowed capital accounts for a large share of the Group's total capital

The Borrowed capital is discussed in detail in Note 2.1 Basis of preparation.

(iii) Restructuring situation

The Restructuring process and progress is discussed in detail in Note 2.1 Basis of preparation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance sheet amounts payable within one year reflect fair value of the liabilities, as the influence of discounting is not significant.

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3.1 Financial risk factors (continued)

	Payable on demand	Within one year	Within second year	Within third and fourth year	Within fifth year and later
31 December 2010					
Borrowings	-	-	-	602	-
Guarantees issued (Note 24)	65,493	-	-	-	-
Finance lease liabilities	-	-	-	-	-
Restructured amounts	-	-	-	75,173	-
Trade payables	-	1,113	-	-	-
Total	65,493	1,113	-	75,775	-
31 December 2009					
Borrowings	10,673	7,507	5,116	10,231	69,062
Guarantees issued (Note 24)	98,491	-	-	-	-
Bonds	-	34,868	-	-	-
Finance lease liabilities	-	75	54	-	-
Trade payables	-	1,458	-	-	-
Total	109,164	43,908	5,170	10,231	69,062
31 December 2008					
Borrowings	23,235	16,743	20,626	6,767	35,277
Bonds	-	31,203	-	-	-
Finance lease liabilities	-	47	47	53	-
Trade payables	-	1,289	-	-	-
Total	23,235	49,282	20,673	6,820	35,277

Payable on demand includes those loans which have their covenants breached and guarantees issued by the Company. In October 2009 the Company issued guarantee for the loan of Agrowill Eesti OU to Swedbank for the amount of LTL 35.8 million. At the date of signing of these financial statements the guarantee was terminated as all the contractual clauses and obligations of Agrowill Eesti OU sale were met.

As at 31 December 2010, 2009, and 2008 the operating capital of the Company equaled LTL 3,039 thousand, LTL (53,966) thousand, and LTL (66,480) thousand respectively. The liquidity ratio of the Company amounted to 2.46 (2009: 0.07, 2008: 0.09), while quick ratio was 2.44 (2009: 0.07, 2008: 0.09).

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As the Company is undergoing Restructuring, the main focus of Company's management is to guide the entity through successful Restructuring processes and restore the liquidity of the Company. Currently gearing ratio is not being calculated by the Company, as the best capital sufficiency estimate due to legal procedures is the operating cash flow of the Company and the Group. The short term goal for the Company and the Group is to generate sufficient funds to carry out operations efficiently and profitably and to generate appropriate amounts of revenues and profits in order to pay the accumulated creditors claims which are currently under Restructuring.

Pursuant to the Lithuanian Law on Companies the authorised share capital of a joint stock company and private limited liability company must be not less than LTL 100,000 and LTL 10,000, respectively, and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2010 and 2008 the Company complied with these requirements. As at 31 December 2009 the Company did not comply with these requirements.

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3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of long-term and short term borrowings is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

As at 31 December, the Company had following structure of interest bearing financial liabilities (taking into account bank and other borrowings, bonds, and finance lease liabilities):

	<u>Liabilities with fixed interest rate</u>	<u>Liabilities with floating interest rate</u>
2010		
Other borrowings	471	-
Restructured liabilities	55,931	-
Finance lease liabilities	-	-
Total	56,402	-
	<u>Liabilities with fixed interest rate</u>	<u>Liabilities with floating interest rate</u>
2009		
Other borrowings	66,337	10,674
Bonds	30,553	-
Finance lease liabilities	-	126
Total	96,890	10,800
	<u>Liabilities with fixed interest rate</u>	<u>Liabilities with floating interest rate</u>
2008		
Loans from financial institutions	17,741	41,722
Other borrowings	-	21,633
Bonds	29,615	-
Finance lease liabilities	-	138
Total	47,356	63,493

The fair value of non-current borrowings with variable interest rates approximates their carrying amounts. Average effective interest rate of borrowings with variable rate at 31 December 2010: N/A (2009: 13.28 per cent, 2008: 8.44 per cent).

Fair value of non-current borrowings with fixed interest rate could not be estimated reliably, as Company is under Restructuring process since 2009. The Company renegotiated the loan terms with bank Snoras (the only fixed interest rate financial institution borrowing) in 2010 extending the loan by 2 years and reducing the fixed interest rate from 13% to 5% (Snoras loan was the last loan taken by the Company in November of 2008 – January 2009, i.e. no new loans were taken subsequent to January 2009). The public bonds issued by Company had no trade volumes since 2009 so relevant market price is difficult to determine, however in spring 2010 some of bondholders sold their bonds for 28 percent of nominal bonds value (i.e. at a discount of 72 percent). These facts show that as of 31 December 2010 fair value of the Company's financial liabilities with fixed interest rates could be below their carrying amounts.

4. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods are addressed below.

Income taxes

Tax authorities have right to examine accounting records of the Company and its Lithuanian subsidiaries at anytime during the 5 year period after the current tax year and account for additional taxes and fines. In the opinion of the Company's management, currently there are no circumstances which would raise substantial liability in this respect to the the Company.

The Company has accumulated tax losses amounting to LTL 21 million as at 31 December 2010 (Note 16). Management recognises a deferred tax asset for separate companies deferred tax losses only when possible future returns can be reliably estimated and confirmed. As at 31 December 2010, the Company created deferred tax asset for the amount of LTL 3,175 thousand.

Restructuring of liabilities

For calculating the fair value of financial liabilities that are renegotiated in the restructuring process, the management determines the discount rate by using the interest rates of last applicable bank loans, leasing liabilities, and other financial liabilities. In case the Company's transactions with external parties were made in earlier periods, the Company analyses the impact of market trends in interest rates since the transaction, as well as assesses the potential impact of change in the Company's credit risk. The Company's has estimated that appropriate discount rate is 10,1 %. The applicable interest rate was calculated by taking the interest rate of bonds issued by the Company in 2008 (14 per cent), subtracting the July 2008 Euribor rate and adding current Euribor rate.

Should interest rate for other payables increase by 5 p.p., to 15.1%, the Company's net profit for 2010 would increase by LTL 1,489 thousand.

Impairment of Investment in subsidiaries

As of 31 December 2008, 2009 and 2010, management of the Company has performed testing of cost of investment in subsidiaries and receivables from subsidiaries for impairment. As a key test, management has compared cost of investment in a particular subsidiary with net assets of that subsidiary as of 31 December 2010, 2009 and 2008. If net assets are higher than cost of investment, management decided that no impairment is needed. If net assets are lower than cost of investment, management has estimated recoverable amount of a particular subsidiary using value-in-use calculations. Main assumptions used in VIU calculations: pre-tax discount rate of 15%, growth to perpetuity 0%. These calculations in turn are based on discounted cash flows that the particular subsidiary is able to generate, and result was again compared to cost of investment into that particular subsidiary. Results as of 31 December 2010 showed that cost of investment in and amounts receivable from none of subsidiaries, except for Agrowill Nausodė ŽŪB (agricultural entity), AWG Investment 1 UAB (investment management entity) and Žemės vystymo fondas 20 UAB (land management entity), was impaired. The impairment testing of the agricultural entity gave evidence that the investment into this subsidiary was impaired as of 31 December 2008, and impairment loss in amount of LTL 2,500 thousand was recorded for the year ended 31 December 2008. In addition, management assessed that the investment management entity and the land management entity generated substantial loss in 2010, while there were no impairment indicators at the year ends 2009 and 2008, therefore, impairment of amounts receivable from those entities was recognized in 2010 (LTL 1,000 thousand and LTL 1,400 thousand for the investment and land management entity, respectively).

5. Property, plant and equipment

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

	Vehicles	Equipment and other property, plant and equipment	Total
Carrying amount			
As of 31 December 2007	164	134	298
- additions	111	46	157
- disposals and write-offs	(62)	-	(62)
- depreciation	(26)	(54)	(80)
As of 31 December 2008	187	126	313
- additions	104	20	124
- disposals and write-offs	(80)	(8)	(88)
- depreciation	(27)	(62)	(89)
- impairment charge	(50)	-	(50)
As of 31 December 2009	134	76	210
- additions	-	75	75
- disposals and write-offs	(147)	(7)	(154)
- depreciation	(18)	(46)	(64)
- reversal of impairment charge	50	-	50
As of 31 December 2010	19	98	117
Accumulated depreciation and impairment losses as at			
31 December 2008	220	239	459
31 December 2009	225	191	416
31 December 2010	26	234	260
Accumulated depreciation and impairment losses as at			
31 December 2008	(33)	(113)	(146)
31 December 2009	(91)	(115)	(206)
31 December 2010	(7)	(136)	(143)
Carrying amount as of 31 December 2008	187	126	313
Carrying amount as of 31 December 2009	134	76	210
Carrying amount as of 31 December 2010	19	98	117

As of 31 December 2010, 31 December 2009, and 31 December 2008 the Company had no assets pledged as secured for bank borrowings.

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

	2010	2009	2008
Vehicles	-	111	180

6. Intangible assets

As of 31 December the Company's intangible assets consisted of the following:

	Software	Other intangible assets	Total
Acquisition cost			
Balance as of 31 December 2007	42	-	42
- additions	1	50	51
As of 31 December 2008	43	50	93
- additions	7	-	7
- disposal	(25)	-	(25)
As of 31 December 2009	25	50	75
- additions	35	-	35
As of 31 December 2010	60	50	110
Accumulated amortization			
As of 31 December 2007	(23)	-	(23)
- amortization	(10)	(7)	(17)
As of 31 December 2008	(33)	(7)	(40)
- amortization	(8)	(17)	(25)
- disposal	25	-	25
As of 31 December 2009	(16)	(24)	(40)
- amortization	(10)	(17)	(27)
As of 31 December 2010	(26)	(41)	(67)
Carrying amount			
As of 31 December 2008	10	43	53
As of 31 December 2009	9	26	35
As of 31 December 2010	34	9	43

7. Investments in subsidiaries

For the year ended 31 December the Company's investments in subsidiaries consisted of the following:

	2010	2009	2008
As of 1 January	37,223	37,231	25,598
Acquisition of subsidiaries / additional acquisitions	6	1	-
Establishment of subsidiaries	-	-	143
Disposal of subsidiaries	-	(9)	-
Impairment of investments in subsidiaries (Note 4)	-	-	(2,500)
Share capital increase of subsidiaries	-	-	13,990
As of 31 December	37,229	37,223	37,231

The Company did not acquire significant stakes in subsidiaries over the last years. In 2008, the Company increased the share capital of newly established subsidiary UAB "AWG Investment 1" by LTL 13,990 thousand.

8. Long-term receivables

As of 31 December the long term receivables of the Company consisted of the following:

	2010	2009	2008
<i>Loans to subsidiaries</i>			
Land management entities	48,924	53,598	22,313
Agricultural entities	5,415	774	29,662
Trade companies and SPV's	22,042	22,041	35,960
<i>Loans to 3rd parties</i>	132	371	348
<i>Loans to shareholders</i>	-	-	85
Total	76,513	76,784	88,368
Less: amounts extinguished, as some subsidiaries have approved restructuring plans	(707)	-	-
Less: provisions for doubtful receivables	(2,400)	(246)	-
Total long term receivables	73,406	76,538	88,368

9. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets as per balance sheet as of 31 December:

	2010	2009	2008
Non-current trade and other receivables	73,406	76,538	88,368
Current trade and other receivables	3,997	3,059	4,779
Cash and cash equivalents	13	17	715
Total	77,416	79,614	93,862

Financial liabilities as per balance sheet as of 31 December:

	2010	2009	2008
Borrowings	471	107,564	110,711
Finance lease liabilities	-	126	138
Restructured liabilities	55,931	-	-
Trade payables	1,113	1,458	1,289
Total	57,515	109,148	112,138

Financial assets of the Company include all current and non-current receivables and other receivables as per balance sheet of the Company except for advances made and receivable VAT from the State. The Company keeps all cash in bank balances with the banks which have Standart&Poors or Fitchratings long-term credit rating of A.

Financial liabilities of the Company include all current and non-current liabilities as per balance sheet of the Company except for advances received.

Credit quality of financial assets

As of 31 December, the Company's financial assets had following structures:

Year 2010	Not overdue		Overdue, but not impaired		Impaired		Total
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1-30 days overdue	31-90 days overdue	Not overdue	Overdue 90 days and more	
Total trade accounts receivable	-	3,893	-	-	-	-	3,893
Receivables from employees	-	104	-	-	-	-	104
Non-current receivables, gross	-	73,406	-	-	2,400	246	76,052
Impairment charge attributable to non-current receivables	-	-	-	-	(2,400)	(246)	(2,646)
Total	-	77,403	-	-	-	-	77,403

9. Financial instruments by category (continued)

Year 2009	Not overdue		Overdue, but not impaired		Impaired	Total
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1-30 days overdue	31-90 days overdue	Overdue 90 days and more	
Total trade accounts receivable	-	3,026	-	-	-	3,026
Receivables from employees	-	33	-	-	-	33
Non-current receivables, gross	-	76,538	-	-	246	76,784
Impairment charge attributable to non-current receivables	-	-	-	-	(246)	(246)
Total	-	79,597	-	-	-	79,597

Year 2008	Not overdue		Overdue, but not impaired		Impaired	Total
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1-30 days overdue	31-90 days overdue	Overdue 90 days and more	
Total trade accounts receivable, gross	-	4,717	-	-	-	4,717
Receivables from employees	-	56	-	-	-	56
Non-current receivables, gross	-	88,122	-	-	246	88,368
Other receivables	-	-	-	-	6	6
Total	-	92,895	-	-	252	93,147

10. Trade receivables, advance payments and other receivables

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

	2010	2009	2008
Trade receivables	3,893	3,026	4,717
Advance payments and deferred expenses	5,099	5,094	6,946
Accounts receivable private individuals	104	33	56
Other receivables	-	-	6
Total	9,096	8,153	11,725
Less: allowance for doubtful financial assets	-	-	-
Less: allowance for non-financial receivables	(4,014)	(4,014)	(1,554)
Carrying amount	5,082	4,139	10,171

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

Trade receivables that are less than 30 days past due are not considered impaired. Impairment charges on amounts receivable are recognized after 90 days past due. As at 31 December 2010, 2009, and 2008, some of the advance payments are past due, for which provisions are made. In the opinion of the Company's management, all other trade receivables, advance payments and other receivables approximate their fair value.

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

	2010	2009	2008
Carrying amount as of 1 January	4,014	1,554	-
Allowance for doubtful receivables	-	2,460	1,554
Carrying amount as of 31 December	4,014	4,014	1,554

In 2008, a LTL 1,554 thousand provision for doubtful receivable from Darkwol Intl. was established. The advance to the abovementioned company was made for planned Company acquisitions in Russian Federation. As the global financial crisis occurred, the sellers did not meet their obligations and the recovery of amount became in doubt. In 2009, the increase in provisions was influenced by establishment of provision for the remaining amount due from Darkwol Intl. and several other bankrupt companies.

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11. Cash and cash equivalents

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

	2010	2009	2008
Cash in banks	13	17	715
Cash on hand	-	-	-
Carrying amount	13	17	715

12. Share capital

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.

In 2008, Company issued a new share emission of 6,142,732 shares with a nominal value of 1 LTL each. The shares were sold in an open market as IPO and the Company attracted LTL 30,714 thousand (each share was sold at LTL 5 each) and incurred LTL 2,441 thousand of direct capital increase costs (net amount attracted equals LTL 28,273 thousand).

The share capital of Agrowill Group AB as at 31 December 2008 and 2009 is LTL 26,142,732. The share capital is divided into 26,142,732 ordinary shares. Each issued share has a LTL 1 nominal value and fully paid.

In the end of 2008, the Company issued new share capital emission of 4,635,045 ordinary shares (with nominal value LTL 1 each), part of which – 1,545,015 ordinary shares was acquired by Finasta rizikų valdymas UAB, while the remaining part of 3,090,030 shares was supposed to be bought by the main shareholder – ŽIA valda UAB. As ŽIA valda UAB rejected the share purchase agreement, the Company took a decision to register the share capital increase in the amount of paid shares – 1,545,015 ordinary shares. Finasta rizikų valdymas UAB sued such action to the court, and court issued temporary security measures by forbidding any registrations of share capital increase until civil case will be solved by the court of Lithuanian Republic.

In July 2010, the Company signed the peace treaty with Invalda Group regarding registration of previously suspended share issue which enabled the additional 1,545,015 shares to be registered in the beginning of August. The Company made additional related agreements connected with the share registration, including the sale - buyback of three land management subsidiaries.

Transactions related to the legal registration of 1,545,015 shares could be summarised as follows (from the Company's stand alone point of view):

Situation immediately before the transactions	Situation after completion of the transactions
Loan of LTL 4,730 thousand repayable to RN Investicijos UAB	Loan of LTL 4,730 thousand repayable to other third party
LTL 8,961 payable to Finansta rizikos valdymas UAB, a company related to Invalda AB (amount being litigated in the court)	<ul style="list-style-type: none"> LTL 525 thousand repaid in cash to Finasta rizikų valdymas UAB; Registered increase in share capital by LTL 1,545 thousand; LTL 6,891 thousand credited to share premium reserve
LTL 3,526 thousand receivable from 3 land management companies	<ul style="list-style-type: none"> LTL 100 thousand receivable from another third party; LTL 3,426 thousand debited to share premium reserve

On 23rd of August 2010, the Company's shareholders approved the new share capital issue of 37,572,650 million shares, which were all acquired by three investors: Hermis Capital UAB, Volemer Holdings Limited, and Vretola Holdings Limited. The shares hold nominal value of LTL 1 each and all were paid up by offsetting the Company's payables to the above mentioned companies. The increase in share capital was registered on 24 August 2010.

On 22 October 2010, Agrowill Group AB shareholders undertook the decision to increase the share capital by 6,525,603 shares (with nominal value of LTL 1 each) up to 71,786,000 shares (LTL 71,786,000 share capital). Actually, the number of shares issued amounted to 6,291,857 as some of bondholders did not sign the share purchase agreements. The issue was paid up in cash contributions (bondholders set off of claims held against the Company to newly issued shares, while 2,888,172 was paid in cash by Volemer Holdings Limited) and the increase in share capital was registered in the State Registrar on 11 November 2010.

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

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12. Share capital (continued)

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The legal reserve of the Company equaled LTL 2,000 thousand as at 31 December 2010 and 2009.

13. Borrowings

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

	2010	2009	2008
<i>Borrowings from subsidiaries</i>			
Land management entities	39,844	39,394	-
Agricultural entities	22,030	26,943	12,006
<i>Borrowings from AB DnB Nord bank</i>	-	-	41,722
<i>Borrowings from AB bank "Snoras"</i>	-	-	17,741
Total	61,874	66,337	71,469
Less: amounts, current part of liabilities	-	(2,391)	(5,005)
Less: amounts payable within one year (breached covenants)	-	-	(20,294)
Less: amounts under approved restructuring plans (Note 14)	(61,403)	-	-
Total long term borrowings	471	63,946	46,170

In 2008, the Company had outstanding loans payable balance to AB "DnB Nord" bank and AB bank "Snoras". In 2009, when the Company initiated restructuring process, the abovementioned bank loans were transferred to subsidiary entities, and the Company became liable to subsidiaries.

As at the 31 December 2010 the restructuring plan of the Company was approved most of the financial liabilities of the Company were reclassified to restructured liabilities.

As of 31 December the Company's short term borrowings were the following:

	2010	2009	2008
<i>Bonds issued by the Company, maturity in 2009</i>	8,887	30,553	29,615
<i>Borrowings from legal entities by the Company</i>	-	425	4,589
<i>Borrowings from private individuals by the Company</i>	-	10,249	5,038
Total	8,887	41,227	39,242
Less: amounts under approved restructuring plans (Note 14)	(8,887)	-	-
Total short term borrowings	-	41,227	39,242

The long-term borrowings and payables are repayable as follows:

	2010	2009	2008
Within second year	-	-	18,212
Within third and fourth year	471	-	2,143
After fifth year and later	-	63,946	25,815
Total	471	63,946	46,170

Certain shares of subsidiaries (note 7) of the Company were pledged to the banks as collateral to secure the loans payable.

During 2009, the Company defaulted on Bonds payments (amount payable at the year end 2009 amounted to LTL 30,553 thousand).

14. Restructured liabilities

In 2009, the management of the Company initiated restructuring processes, In 2010, the restructuring plan of the Company was approved, and the creditors agreed to be paid back the overdue amounts in following schedule: year 2011 – 0%, year 2012 – 0%, year 2013 – 15% and year 2014 – 85% (see Note 2 for details). In the balance sheet drafted as at 31 December 2010, the Company made certain reclassifications from long term liabilities and short term liabilities in order to present restructured liabilities separately.

The restructured liabilities as at 31 December have originated from and consists of the following:

	2010	2009	2008
Long term borrowings (Note 13)	61,403	-	-
Short term financial liabilities (Note 13)	8,887	-	-
Trade and other payables	4,883	-	-
Total before debt extinguishment	75,173	-	-
Less: gain from debt extinguishment from amounts owed to related parties (Note 20)	(15,426)	-	-
Less: gain from debt extinguishment from amounts owed to 3 rd parties (Note 20)	(4,254)	-	-
Add: interest expense (Note 21)	438	-	-
Total restructured liabilities	55,931	-	-
Including:			
Total restructured liabilities owed to related parties	46,332	-	-
Total restructured liabilities owed to 3 rd parties	9,599	-	-
	55,931	-	-

Additionally, the Company made debt extinguishment by discounting the restructured liabilities by applicable interest rates (bank loans: by actual interest rate set, and trade and other liabilities: 10,1% [rate described in Note 4]). The gain on extinguished amount is presented in the profit and loss account as other income, while amortization of this gain will be included in interest expenses over the 4 year period.

15. Obligations under finance lease

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

	2010		2009		2008	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Amount payable within one year	-	-	75	75	47	47
In the second to fifth years inclusive	-	-	54	51	100	91
Minimum lease payments	-	-	129	126	147	138
Less: future finance charges	-	-	(3)	-	(9)	-
Present value of minimum lease payments	-	-	126	126	138	138

The Company's obligations under finance leases are secured by the lessor's charge over the leased assets (note 5). The fair value of the Company's obligations under finance leases approximates their carrying amount.

In 2010, the Company had all it's lease agreements cancelled by Swedbank Lizingas UAB.

16. Income tax

Income tax charge in Income Statement for the Company is calculated as follows:

	2010	2009	2008
Profit tax for the year	-	-	-
Deferred tax (credit) debit	2,725	-	-
Total income tax charge	2,725	-	-

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2010	2009	2008
Profit (loss) before tax	12,515	(17,181)	(10 622)
Tax calculated at a tax rate of 15% (2009: 20%, 2008: 15%)	1,877	(3,436)	(1,218)
Total theoretical tax	1,877	(3,436)	(1,218)
Non-taxable income	(2,594)	-	(15)
Non-deductible expenses	-	2,907	423
Deferred tax asset not recognized	-	529	810
Gain from previously unrecognised tax losses	(2,008)	-	-
Total income tax charge (credit)	(2,725)	-	-

Profit for 2010 is taxable at a rate of 15% (2009: 20%, 2008: 15%) in accordance with Lithuanian regulatory legislation on taxation. Lithuanian Parliament at 28 December of 2009 appointed new profit tax rates from 1 January 2010 at 15%.

Deferred tax

	2010	2009	2010
Assets (Liability) as at 1 January	-	-	-
Income statement charge (credit)	2,725	-	-
Assets (Liability) as at 31 December	2,725	-	-

As of 31 December 2010 deferred income tax was calculated using 15% income tax rate (2009: 15%, 2008: 20%).

Deferred tax asset

	2010	2009	2008
Tax loss carried forward	2,725	-	-
Deferred tax asset	2,725	-	-

Deferred tax liability

	2010	2009	2008
Deferred tax liability	-	-	-

Deferred tax asset in 2010 is created on tax losses carried forward as the restructuring plan is already approved by the Court. In the Management opinion the whole amount of the Company's deferred tax asset will be recovered after more than 12 months from the date of these financial statements.

The amount of unused tax losses carried forward for the Company is as follows:

	2010	2009	2008
Total tax loss carried forward	18,166	13,155	9,631
Less: deferred tax asset created from tax loss carried forward	18,166	-	-
Total tax loss carried forward for which no deferred tax asset created	-	13,155	9,631

According to Profit Tax Law amendment, starting from 2008, taxable results can be retained for unlimited time. As of 1 January 2010, according to the new amendments to the Income tax law, the companies belonging to a holding structure can offset taxable profit with other holding companies tax losses carried forward.

17. Other payables and current liabilities

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

	2010	2009	2008
Advances received	190	8,965	10,345
Taxes payable	22	2,559	122
Payroll related liabilities	370	1,131	279
Vacation reserve	180	121	146
Other payables	210	208	599
Total	972	12,984	11,491

18. Sales

The Company's sales breakdown by type was the following:

	2010	2009	2008
Business consultations	3,073	4,667	5,163
Financial accounting services	815	750	671
Trade revenues	-	-	-
Other revenues	89	141	84
Total	3,977	5,558	5,918

The Company acted as intermediary for buying and selling fertilisers and other goods needed for production to agricultural companies (subsidiaries), acting in substance as an agent. The total amount of goods bought and resold amounted to LTL 68 thousand in 2010 and LTL 4,732 thousand in 2009.

19. Expenses

As of 31 December the Company's expenses consisted of the following:

	2010	2009	2008
Payroll expenses	1,905	2,165	3,054
Social security expenses	591	671	947
Fines and late payments	165	1,755	311
Impairment of accounts receivable (Note 8,10)	2,400	2,706	1,554
Consultations and business plan preparations	1,214	1,432	2,494
Accounts receivable extinguishment	707	-	-
Impairment of investment in subsidiaries	-	-	2,500
Loss on sale of subsidiaries	-	9,802	-
Insurance and tax expense	45	70	289
Depreciation and amortization	91	114	97
Fuel costs	215	180	220
Rent and utilities	118	150	146
Transportation costs	114	235	194
Other expenses	919	868	2,614
Total	8,484	20,148	14,420

Expense for defined contribution plans amount to LTL 591 thousand in 2010 (2009: LTL 671 thousand, 2008: LTL 947 thousand). Defined contribution plan payments consist of payments to State social security fund only, with the amount calculated equaling 31 per cent from the gross salary expense of all employees.

In 2009, the loss on sale of subsidiaries resulted from net loans written off during disposal of Agrowill Eesti OU (LTL 9,802 thousand) – loans issued by the Parent Company to the subsidiary sold (Agrowill Eesti OU), which at the date of transaction were written – off as part of agreement.

20. Other income

	2010	2009	2008
Extinguishment of debt (Note 14)	19,680	-	-
Interest income from subsidiaries	1,057	8,092	5,838
Other income	127	9	-
Total	20,864	8,101	5,838

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21. Finance cost

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

	2010	2009	2008
Bank and bonds interest expenses	1,564	5,750	6,300
Subsidiaries interest expenses	1,243	3,504	405
Restructured liabilities interest expense (Note 14)	437	-	-
Other borrowings interest expenses	324	1,134	1,111
Other financial expenses	274	304	142
Total	3,842	10,692	7,958

22. Basic and diluted earnings per share

	2010	2009	2008
Net profit (loss) of the Company	15,240	(17,181)	10,622
Weighted average number of shares	40,893,272	26,142,732	24,607,049
Earnings per share (LTL)	0,37	(0,66)	(0,43)

The Company had no dilutive options outstanding during 2010, 2009, and 2008 or as of 31 December 2010, 2009, and 2008. Weighted average number of shares for 2010 is calculated as following:

	Weighted number of shares
Share capital of 26,142,732 shares for 221 days	15,828,887
Share capital of 27,687,747 shares for 15 days	1,137,853
Share capital of 65,260,397 shares for 79 days	14,124,853
Share capital of 71,552,254 shares for 50 days	9,801,679
Weighted number of shares for 2010	40,893,272

Weighted average number of shares for 2008 is calculated as following:

	Weighted number of shares
Share capital of 20,000,000 shares for 3 months	5,000,000
Share capital of 26,142,732 shares for 9 months	19,607,049
Weighted number of shares for 2008	24,607,049

23. Related party transactions

Over the years ended 31 December 2010, 2009, and 2008 the average number of Senior Management was 7, 6, and 7 respectively. Senior management includes Board of Directors, General Director and chief accountant of the Company.

i) Payments to Board Members and Senior management

In 2009, salaries and other payments to the Board Members and Senior Management of the Company amounted to LTL 390 thousand (2009: LTL 302 thousand, 2008: LTL 556 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. Trading transactions with related parties were carried out on commercial terms and conditions and market prices.

Transactions with related parties are as follows:

	2010					
	Borrowings provided (gross)	Accounts receivable and advances	Borrowings	Accounts payable	Purchases	Sales and interest income
<i>Parties related to Board Member Marius Žutautas</i>						
ŽIA valda UAB	-	-	-	10	228	-
<i>Board Member Mindaugas Juozaitis</i>	-	92	-	-	-	-
<i>Parties related to general director Mindaugas Juozaitis</i>						
MJ Holding UAB	-	-	-	-	108	-
<i>Subsidiaries</i>						
Agricultural entities	4,708	2,565	16,538		523	3,675
Land management companies	48,924	1,146	30,265		736	1,160
Trade companies	-	30	-	168	-	29
SPV's	22,042	604	-	10	7	51
Total	75,674	4,437	46,803	188	1,602	4,915
	2009					
	Borrowings provided (gross)	Accounts receivable and advances	Borrowings	Accounts payable	Purchases	Sales and interest income
<i>Shareholders</i>						
ŽIA valda UAB	-	-	-	9	131	-
<i>Parties related to general director Mindaugas Juozaitis</i>						
3MD UAB	-	-	-	-	143	-
<i>Subsidiaries</i>						
Agricultural entities	774	1,925	26,943	-	1,913	5,474
Land management companies	53,598	1,228	39,394	-	1,678	5,499
Trade companies	-	-	-	-	-	-
SPV's	22,041	546	-	-	-	1,246
Total	76,413	3,699	66,337	9	3,865	12,219

23. Related party transactions (continued)

	2008					
	Borrowings provided (gross)	Accounts receivable and advances	Borrowings	Accounts payable	Purchases	Sales and interest income
Shareholders						
Linas Strėlis	-	-	4,484	554	554	-
Invalda AB	-	-	3,870	282	430	-
ŽIA valda UAB	-	96	425	120	216	-
Parties related to shareholder Linas Strėlis						
Kelmės pieninė AB	-	-	-	-	70	-
Parties related to shareholder Žia valda AB						
Žia valda real estate UAB	-	-	-	-	82	-
Subsidiaries						
Agricultural entities	22,313	2,530	12,006	965	256	6,820
Land management companies	29,662	96	-	8	3	3,682
Trade companies	-	-	-	-	-	-
SPV's	35,960	1,542	-	-	-	759
Total	87,935	4,264	20,785	1,929	1,611	11,261

24. Commitments and contingencies

The main legal cases where Company is participating is the Restructuring case. There are no other ongoing or pending legal cases which might result in possible additional losses for the Company.

The Company has issued Guarantees to AB "Snoras" bank and AB "DnB Nord" bank for the loans taken by the subsidiary entities (agricultural companies and land management entities). The amount of outstanding loans as at 31 December 2010 amounted to LTL 65,493 thousand (2009 – LTL 62,306 thousand, 2008 – LTL nil).

In October 2009 the Company signed an agreement regarding the sales of Agrowill Eesti shares. Agrowill Eesti is the controlling company of Polva Agro OU. According to the agreement the shares are transferred for the nominal value of shares – LTL 9 thousand. Until further contract conditions are met the Company had issued a guarantee for the loan of Agrowill Eesti OU to Swedbank A/S (LTL 36,185 thousand). As all conditions of contract were met in the beginning of 2010, the guarantee became terminated as of 15 April 2010.

25. Subsequent events

In February 2011, the Company acquired subsidiary in Moldova "Natur Agro Grup" SRL for LTL nill as part of payment for previously written-off account receivable. The subsidiary is engaged in land management business.

Acquisitions of subsidiaries	Natur Agro GRUP SRL February 2010
<i>Non-current assets</i>	
Tangible and intangible assets	408
Biological assets (Note 8)	-
<i>Current assets</i>	
Cash and cash equivalents	1
Trade receivables and other current assets	3
<i>Long term liabilities</i>	
Grants	-
Deferred tax	-
<i>Short term liabilities</i>	
Net assets at acquisition date	412
Acquired share capital, %	100.00
Net assets acquired	412
Cash paid upon acquisition acquired	-
Direct costs relating to acquisition	-
Total purchase consideration	-

On 25 March 2011, the Shareholders of the Company convened and, among other decisions, decided the following:

Regarding increase of share capital of the Company.

- To increase the share capital by issuing 25,000,000 new ordinary registered shares with nominal value of LTL 1 each. To authorise the Board of the Company to set the issue price for 25,000,000 new shares, which issue price shall be not less than nominal value.
- To authorise the Board of the Company, in accordance with decisions of this extraordinary shareholders meeting and laws, to prepare, approve and to apply to Securities Commission of the Republic of Lithuania with regard to approval of the prospectus of public offering in Poland and another jurisdictions defined by the Board and listing of newly issued Company's shares on a regulated market Warsaw Stock Exchange.
- The payment for new shares will be done in cash contribution. Other conditions, not covered by decisions of the shareholders meeting (such as issue price, issue timing, payment period and etc.) will be defined by the Board of the Company.
- If during the defined period of time not all new emission shares are subscribed, the share capital will be increased by the nominal value of shares subscribed. Based on this, the Board of the Company will have to amend the share capital and number of shares in the Articles of Association accordingly, and to provide amended Articles of Association to the State Register.
- To initiate public offering and admission of all of Company's shares (including all new shares) to a trading on a regulated market Warsaw Stock Exchange and authorise the Board of the Company to take all necessary actions.

Regarding the recall of priority right to acquire the new share issue.

- To recall the priority right of all shareholders to acquire the newly issued 25,000,000 ordinary registered shares of Agrowill Group AB, based on the Law of Companies of the Republic of Lithuania article 20, part 1, p. 13, and article 57, part. 5, p. 7.
- Reason for the recall is public offering by following proceedings provided by the Securities law.

Regarding granting priority rights to acquire the new share issue.

- The priority right to acquire new shares, i.e. ordinary registered Agrowill Group, AB shares, is not granted to designate persons, since new shares will be publicly offered by following proceedings provided by the Securities law.

In April 2011 the Company obtained LTL 5 million from „Žia Valda“ UAB and „Amber Capital Partners“ UAB with a 20 per cent annual interest rate.

In April, the Supervisory board approved change in the Board of Directors – Mamertas Krasauskas was elected instead of Mindaugas Juozaitis.

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