

AB LINAS AGRO GROUP



CONSOLIDATED FINANCIAL
STATEMENTS

FOR THE 12 MONTH PERIOD
OF THE YEAR 2009-2010

(UNAUDITED)

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

Consolidated statement of financial position



	As of 30 June 2010	As of 30 June 2009
ASSETS		
Non-current assets		
Intangible assets	194	85
Property, plant and equipment	95,353	94,132
Investment property	8,372	8,176
Animals and livestock	9,517	6,502
Non-current financial assets		
Investments into subsidiaries	-	-
Investments into associates	284	207
Investments into joint ventures	24,501	21,561
Other investments	5,884	5,919
Prepayments of financial assets	12,757	-
Non-current receivables	7,614	4,727
Non-current loans receivable from related parties	1,303	16,991
Total non-current financial assets	52,343	49,405
Deferred income tax asset	2,027	1,950
Total non-current assets	167,806	160,250
Current assets		
Crops	16,927	17,214
Inventories	58,480	63,918
Prepayments	19,656	17,380
Accounts receivable		
Trade receivables	122,841	98,128
Receivables from related parties	5,430	12,842
Other accounts receivable	18,960	8,339
Total accounts receivable	147,231	119,309
Financial instruments held for trading	-	967
Other short term assets	286	-
Cash and cash equivalents	35,031	8,190
Total current assets	277,611	226,978
Total assets	445,417	387,228

(cont'd on the next page)

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

Consolidated statement of financial position (cont'd)

	As of 30 June 2010	As of 30 June 2009
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	158,940	41,000
Share premium	79,545	121,911
Legal reserve	4,100	10
Hedging reserve	(2,632)	
Foreign currency translation reserve	(349)	(297)
Retained earnings	6,864	(18,657)
Total equity attributable to equity holders of the parent	246,468	143,967
Minority interest	12,766	12,104
Total equity	259,234	156,071
Liabilities		
Non-current liabilities		
Grants and subsidies	10,557	11,810
Non-current borrowings	27,975	27,972
Finance lease obligations	1,578	2,308
Payables to related parties	-	-
Deferred income tax liability	1,233	1,871
Total non-current liabilities	41,343	43,961
Current liabilities		
Current portion of non-current borrowings	13,875	40,787
Current portion of finance lease obligations	928	1,138
Current borrowings	94,749	80,336
Trade payables	14,148	39,992
Payables to related parties	3,112	4,608
Advances received	1,866	232
Income tax payable	1,863	4,248
Provisions	897	5,433
Derivative financial instruments	3,097	-
Other current liabilities	10,305	10,422
Total current liabilities	144,840	187,196
Total equity and liabilities	445,417	387,228

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

Consolidated statement of comprehensive income (for the period 1 July to 30 June)

	2009/2010 12 month	2008/2009 12 month
Sales	835,944	1,113,880
Cost of sales	(768,103)	(1,038,141)
Gross profit	67,841	75,739
Operating (expenses)	(31,695)	(35,025)
Other operating income	2,761	5,253
Other operating (expenses)	(278)	(1,436)
Operating profit (loss)	38,629	44,531
Income from financing activities	2,789	3,338
(Expenses) from financing activities	(5,172)	(11,599)
Share of profit of associates	123	113
Share of profit of joint ventures	2,666	3,965
Profit before tax	39,035	40,348
Income tax	(6,786)	(8,577)
Net profit	32,249	31,771
Other comprehensive income		
Derivative financial instruments (expenses)	(2,632)	-
Exchange differences on transaction of foreign operations	(57)	(162)
Total comprehensive income for the period, net of tax	29,560	31,609
Profit attributable to:		
The equity holders of the parent	29,611	28,114
Minority interest	2,638	3,657
	32,249	31,771
Total comprehensive income attributable to:		
The equity holders of the parent	26,927	27,947
Minority interest	2,633	3,662
	29,560	31,609

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

Consolidated statement of comprehensive income (for the period 1 April to 30 June)

	2009/2010 4 rd Q	2008/2009 4 rd Q
Sales	111,152	154,218
Cost of sales	(91,467)	(133,430)
Gross profit	19,685	20,788
Operating (expenses)	(11,086)	(13,857)
Other operating income	514	138
Other operating (expenses)	(2)	(1,164)
Operating profit (loss)	9,111	5,905
Income from financing activities	923	1,584
(Expenses) from financing activities	(995)	(1,377)
Share of profit of associates	(5)	(15)
Share of profit of joint ventures	2,401	2,451
Profit before tax	11,435	8,548
Income tax	(234)	(708)
Net profit	11,201	7,840
Other comprehensive income		
Derivative financial instruments (expenses)	(2,632)	-
Exchange differences on transaction of foreign operations	(655)	(211)
Total comprehensive income for the period, net of tax	7,914	7,629
Profit attributable to:		
The equity holders of the parent	9,316	8,202
Minority interest	1,885	(362)
	11,201	7,840
Total comprehensive income attributable to:		
The equity holders of the parent	6,034	7,986
Minority interest	1,880	(357)
	7,914	7,629

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

Consolidated statement of changes in equity

	Equity attributable to equity holders of the parent						Minority interest	Total	
	Share capital	Share premium	Legal reserve	Hedging reserve	Foreign currency translation reserve	Retained earnings			Subtotal
Balance as of 1 July 2008	86	-	10	-	(130)	121,848	121,814	10,361	132,175
Change in foreign currency translation reserve	-	-	-	-	(167)	-	(167)	5	(162)
Net profit for the year	-	-	-	-	-	28,114	28,114	3,657	31,771
Total income and (expense) for the year	-	-	-	-	(167)	28,114	27,947	3,662	31,609
Issue of share capital	40,914	121,911	-	-	-	(157,202)	5,623	-	5,623
Payment for Rosenkrantz A/S shares	-	-	-	-	-	(9,000)	(9,000)	-	(9,000)
Dividends declared by Rosenkrantz A/S	-	-	-	-	-	(1,740)	(1,740)	(1,158)	(2,898)
Acquisition of minority interest	-	-	-	-	-	(677)	(677)	(1,307)	(1,984)
Minority interest arising on acquisition of subsidiaries	-	-	-	-	-	-	-	546	546
Balance as of 30 June 2009	41,000	121,911	10	-	(297)	(18,657)	143,967	12,104	156,071
Balance as of 1 July 2009	41,000	121,911	10	-	(297)	(18,657)	143,967	12,104	156,071
Hedging reserve	-	-	-	(2,632)	-	-	(2,632)	-	(2,632)
Change in foreign currency translation reserve	-	-	-	-	(52)	-	(52)	(5)	(57)
Net profit for the year	-	-	-	-	-	29,611	29,611	2,638	32,249
Total income and (expense) for the year	-	-	-	(2,632)	(52)	29,611	26,927	2,633	29,560
Issue of share capital	117,940	(38,113)	-	-	-	-	79,827	-	79,827
Share issue transaction costs	-	(4,253)	-	-	-	-	(4,253)	-	(4,253)
Reserves made	-	-	4,090	-	-	(4,090)	-	-	-
Dividends declared by Rosenkrantz A/S	-	-	-	-	-	-	-	(1,971)	(1,971)
Balance as of 30 June 2010	158,940	79,545	4,100	(2,632)	(349)	6,864	246,468	12,766	259,234

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

Consolidated statement of cash flows

	2009- 2010 12 month	2008- 2009 12 month
Cash flows from (to) operating activities		
Net profit	32,249	31,771
Adjustments for non-cash items:		
Depreciation and amortisation	7,754	7,839
Subsidies (amortisation)	(1,191)	(1,425)
Share of profit of associates and joint ventures	(2,788)	(4,078)
(Gain) on disposal of property, plant and equipment	(240)	(488)
Impairment of property, plant and equipment and investment property	(411)	1,425
Impairment of investments	36	27
Negative goodwill recognised as income	-	(6)
Change in foreign currency translation reserve	(57)	(162)
(Gain) loss from disposal of investments	-	(2,142)
Change in allowance for trade receivables	2,453	3,485
Inventories write down to net realisable value	(656)	868
Change in accrued expenses	(483)	2,180
Change in fair value of biological assets	(4,393)	345
Change in deferred income tax	(249)	241
Current income tax expenses	7,091	8,336
(Income) from change in value of financial instruments	967	(967)
Provision for onerous contracts	(4,377)	5,433
Interest (income)	(2,789)	(3,338)
Interest expenses	5,179	11,599
	38,095	60,943
Changes in working capital:		
(Increase) decrease in biological assets	2,530	(2,070)
Decrease (increase) in inventories	8,228	39,904
(Increase) decrease in prepayments	(3,388)	(489)
Decrease (increase) in trade and other accounts receivable	(34,705)	14,218
Decrease (increase) in restricted cash	(286)	2,315
(Decrease) increase in trade and other accounts payable	(25,702)	(42,455)
Income tax (paid)	(9,527)	(7,851)
Net cash flows from (to) operating activities	(24,755)	64,515

(cont'd on the next page)

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

Consolidated statement of cash flows (cont'd)

	2009- 2010 12 month	2008- 2009 12 month
Cash flows from (to) investing activities		
(Acquisition) of intangible assets, property, plant and equipment and investment property	(10,400)	(20,645)
Proceeds from sale of intangible assets, property, plant and equipment and investment property	704	1,788
Acquisition of subsidiaries (less received cash balance in the Group)	(2,046)	(8,895)
Disposal of subsidiaries (less disposed cash balance in the Group)	-	(180)
(Acquisition) of minority interest and other investments	(12,757)	(7,529)
Proceeds from sales of other investments	-	197
Loans (granted)	(14,261)	(2,998)
Repayment of granted loans	27,763	9,606
Interest received	3,910	1,550
Dividends received	4,002	1,180
Net cash flows (to) investing activities	(3,085)	(25,926)
Cash flows from (to) financing activities		
Issue of share capital	75,574	5,623
Proceeds from loans	297,122	648,766
(Repayment) of loans	(293,098)	(676,555)
(Repayment) of bonds	(14,700)	-
Financial lease (payments)	(1,225)	(1,562)
Interest (paid)	(7,021)	(11,599)
Dividends (paid)	(1,971)	(2,898)
Net cash flows (to) from financing activities	54,681	(38,225)
Net increase (decrease) in cash and cash equivalents	26,841	364
Cash and cash equivalents at the beginning of the year	8,190	7,826
Cash and cash equivalents at the end of the year	35,031	8,190

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

Notes to the financial statements

1. General information

AB Linas Agro Group (hereinafter the Company or the parent) is a public limited liability company registered in the Republic of Lithuania. The Company was registered on 27 November 1995. The address of its registered office is as follows:

Smėlynė Str. 2C,
Panevėžys
Lithuania

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

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

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

	As of 30 June 2010		As of 30 June 2009	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	87,641,551	55.14 %	32,795,190	79.99 %
Shareholders of Akola ApS:				
Darius Zubas	17,049,995	10.73 %	5,822,000	14.20 %
Vytautas Šidlauskas	6,003,521	3.78 %	2,055,034	5.01 %
Arūnas Zubas	480,281	0.30 %	163,888	0.40 %
Dainius Pilkauskas	480,281	0.30 %	163,888	0.40 %
Other private and institutional shareholders	47,284,769	29.75%	-	-
Total	158,940,398	100.00 %	41,000,000	100.00 %

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

All 158,940,398 ordinary shares of the Company are included into the Official List of NASDAQ OMX Vilnius stock exchange (ISIN Code of the shares is LT0000128092). Trading Code of the shares on NASDAQ OMX Vilnius stock exchange is LNA1L.

On 30 October 2009 AB Linas Agro Group share capital was increased by issuing 79,000 thousand ordinary shares with the par value of LTL 1 each (in total LTL 79,000 thousand), which was fully paid from the share premium. The new share capital and by-laws were registered on 19 November 2009.

On 20 November 2009 shareholders of the Company decided to increase the share capital from LTL 120,000 thousand to LTL 158,940 thousand by issuing 38,940,398 ordinary shares with a nominal value of LTL 1 each (in total LTL 38,940,398), subscription price LTL 2,05 each (in total LTL 79,827,816). The shareholder Akola, ApS distributed 47,284,769 AB Linas Agro Group shares in an initial public offering (IPO) for LTL 2,05 per share; in total LTL 96,934 thousand were raised. The new issued share capital was fully paid by Akola ApS, and by-laws were registered on 17 February 2010. The excess of the subscription price over the nominal value of the shares amounting to LTL 38,113 thousand was recorded in share premium, net of issuance costs of LTL 4,253 thousand.

Trading of the shares on NASDAQ OMX Vilnius stock exchange started on 17 February 2010.

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

2. Accounting principles

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU), which include IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2008/2009 season.

3. Group structure and changes in the Group

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

Investments into directly controlled subsidiaries	Place of registration	Share of the stock held by the Group		Main activities
		As of 30 June 2010	As of 30 June 2009	
AB Linas Agro	Lithuania	100 %	100 %	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100 %	100 %	Management of the subsidiaries engaged in agriculture
ŽŪB Landvesta 1	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100 %	100 %	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100 %	100 %	Rent and management of agricultural purposes land

Investments into indirectly controlled subsidiaries (through AB Linas Agro)

SIA Linas Agro	Latvia	100 %	100 %	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Gerera	Lithuania	100 %	100 %	Lease of real estate
UAB Linas Agro Grūdų Centras	Lithuania	100 %	100 %	Management services
UAB Linas Agro Grūdų Centras KUB	Lithuania	100 %	100 %	Preparation and warehousing of grains for trade
Rosenkrantz A/S	Denmark	60 %	60 %	Wholesale trade of grains and oilseeds, feedstuffs and other similar products and services
ŽŪK Kupiškio grūdai	Lithuania	37.43 %	37,43 %	Preparation and warehousing of grains for trade
UAB Lignineko	Lithuania	100 %	-	Production of lignin

Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)

ŽŪB Medeikiai	Lithuania	96.54 %	96.54 %	Growing and sale of crops
ŽŪB Lukšiai	Lithuania	93.93 %	93.93 %	Growing and sale of crops and cattle growing, including milk production
ŽŪB Aukštadvaris	Lithuania	65.35 %	65.35 %	Growing and sale of crops and cattle growing, including milk production
ŽŪB Sidabravas	Lithuania	55.90 %	55.90 %	Growing and sale of crops and cattle growing, including milk production

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

	Place of registration	Share of the stock held by the Group		Main activities
		As of 30 June 2010	As of 30 June 2009	
Associates				
UAB Jungtinė ekspedicija	Lithuania	45.05 %	45.05 %	Expedition and representation services
Joint ventures				
UAB Kustodija	Lithuania	50.00 %	50.00 %	Sale of plant protection products
UAB Dotnuvos technika	Lithuania	50.00 %	50.00 %	Dormant
UAB Dotnuvos projektai	Lithuania	50.00 %	50.00 %	Sale of seeds, agricultural machinery
UAB Dotnuvos agroservisas	Lithuania	49.98 %	49.98 %	Agricultural equipment maintenance and related services
SIA Dotnuvos projektai	Latvia	50.00 %	-	Sale of seeds, agricultural machinery

UAB Dotnuvos agroservisas, SIA Dotnuvos projektai are controlled by UAB Dotnuvos projektai; therefore, is accounted for as an investment into joint venture.

Changes in the Group during the 12 month period of the 2009/2010

During the period ended 30 June 2010 the Group increased the share capital in ZUB Landvesta 4, ZUB Landvesta 5 and ZUB Landvesta 6 for total amount LTL 654 thousand. The excess of the share of carrying values of net assets of respective companies over the acquisition price amounting to LTL 654 thousand arising on the acquisition was recognised directly in equity.

On 30 April 2010 AB Linas Agro acquired 100 % of shares of UAB Lignineko, acquisition price LTL 2,046 thousand.

4. Segment information

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

- the grains and oilseeds segment includes trade in wheat, rapeseed, barley and other grains and oilseeds;
- the feedstuffs segment includes trade in suncake and sunmeal, sugar beat pulp, soybean and soymeal, vegetable oil, rapeseed and other feedstuffs;
- the agricultural inputs segment includes sales of fertilisers, seeds, plant protection products and other related products to farmers;
- the farming segment includes production of milk, grain, feed and other raw materials. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- the other products and services segment includes sales of biofuel, provision of elevator services and other products and services.

Transfer prices between the Group companies are on an arm's length basis in a manner similar to transactions with third parties.

Financial year ended 30 June 2010	Grains and oilseeds	Feedstuffs	Agricultural inputs	Farming	Other products and services	Adjustments and eliminations	Total
Revenue							
From one client UAB Mestilla	81,808	-	-	-	986	-	82,794
Third parties	368,824	251,412	94,460	21,044	17,410	-	753,150
Intersegment	-	1,623	7,184	9,976	18,527	(37,310)	-
Total revenue	450,632	253,035	101,644	31,020	36,923	(37,310)	835,944

Financial year ended 30 June 2009	Grains and oilseeds	Feedstuffs	Agricultural inputs	Farming	Other products and services	Adjustments and eliminations	Total
Revenue							
From one client UAB Mestilla	110,985	9,995	-	-	1,162	-	122,142
Third parties	551,160	337,192	52,815	20,560	30,011	-	991,738
Intersegment	-	2,194	5,361	16,496	12,043	(36,094)	-
Total revenue	662,145	349,381	58,176	37,056	43,216	(36,094)	1,113,880

1) Intersegment revenues are eliminated on consolidation.

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

Revenue from external customers	Financial year ended	
	30 June 2010	30 June 2009
Europe (except for Scandinavian countries, CIS and Lithuania)	185,075	327,173
Lithuania	238,346	234,626
Scandinavian countries	148,093	222,994
Africa	92,076	135,953
Asia	84,868	100,106
CIS	82,967	92,230
Other	4,519	798
	835,944	1,113,880

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

Non-current assets	As of 30 June	
	2010	2009
Lithuania	103,427	102,008
Denmark	354	199
Latvia	138	186
	103,919	102,393

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

5. Intangible assets

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

6. Property, plant and equipment

Group	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress	Total
Cost:							
Balance as of 30 June 2008	4,897	49,334	45,364	6,199	6,600	3,503	115,897
Additions	1,467	15,478	2,233	835	971	1,799	22,783
Acquisition of subsidiary	-	2,321	2,518	12	519	-	5,370
Disposals and write-offs	-	(164)	(2,097)	(787)	(133)	(113)	(3,294)
Transfers to investment property	(487)	-	-	-	-	-	(487)
Reclassifications	-	5,335	(1,056)	-	(133)	(4,146)	-
Balance as of 30 June 2009	5,877	72,304	46,962	6,259	7,824	1,043	140,269
Additions	238	5,979	571	332	1,311	2,592	11,023
Acquisition of subsidiary	-	1	-	-	-	-	1
Disposals and write-offs	-	(72)	(465)	(1,058)	(155)	-	(1,750)
Transfers from/to investment property	257	(434)	-	-	-	-	(177)
Reclassifications	10	1,295	(150)	27	159	(1,247)	94
Balance as of 30 June 2010	6,382	79,073	46,918	5,560	9,139	2,388	149,460
Accumulated depreciation:							
Balance as of 30 June 2008	-	10,916	19,810	3,271	4,111	-	38,108
Charge for the year	-	3,671	4,277	738	791	-	9,477
Disposals and write-offs	-	(18)	(1,339)	(677)	(39)	-	(2,073)
Reclassifications	-	441	(358)	-	(83)	-	-
Balance as of 30 June 2009	-	15,010	22,390	3,332	4,780	-	45,512
Charge for the year	-	4,018	3,976	725	879	-	9,598
Disposals and write-offs	-	(58)	(450)	(937)	(93)	-	(1,538)
Transfers from/to investment property	-	69	-	-	-	-	69
Reclassifications	-	-	(31)	-	28	-	(3)
Balance as of 30 June 2010	-	19,039	25,885	3,120	5,594	-	53,638
Impairment losses:							
Balance as of 30 June 2008	-	-	1	-	56	-	57
Charge for the year	278	266	20	3	1	-	568
Balance as of 30 June 2009	278	266	21	3	57	-	625
Charge for the year	(16)1	-	-	-	-	-	(161)
Transfers from/to investment property	63	-	-	-	-	-	63

Disposals and write-offs	-	-	(2)	-	(56)	-	(58)
Balance as of 30 June 2010	180	266	19	3	1	-	469
Net book value as of 30 June 2010	6,202	59,768	21,014	2,437	3,544	2,388	95,353
Net book value as of 30 June 2009	5,599	57,028	24,551	2,924	2,987	1,043	94,132
Net book value as of 30 June 2008	4,897	38,418	25,553	2,928	2,433	3,503	77,732

7. Investment property

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

Group	Land	Buildings	Total
Cost:			
Balance as of 30 June 2008	18,158	2,863	21,021
Additions	681	-	681
Disposals	(284)	-	(284)
Disposals of subsidiaries	(10,956)	-	(10,956)
Transfers from property, plant and equipment	487	-	487
Balance as of 30 June 2009	8,086	2,863	10,949
Additions	82	-	82
Disposals	(236)	-	(236)
Transfers from/to property, plant and equipment	(257)	434	177
Balance as of 30 June 2010	7,675	3,297	10,972
Accumulated depreciation:			
Balance as of 30 June 2008	-	411	411
Charge for the year	-	116	116
Balance as of 30 June 2009	-	527	527
Charge for the year	-	37	37
Transfers from/to property, plant and equipment	-	29	29
Balance as of 30 June 2010	-	593	593
Impairment losses:			
Balance as of 30 June 2008	204	1,389	1,593
Charge for the year	857	-	857
Disposals of subsidiaries	(204)	-	(204)
Balance as of 30 June 2009	857	1,389	2,246
Transfers from/to property, plant and equipment	(62)	-	(62)
Charge for the year	(177)	-	(177)
Balance as of 30 June 2010	618	1,389	2,007
Net book value as of 30 June 2010	7,057	1,315	8,372
Net book value as of 30 June 2009	7,229	947	8,176
Net book value as of 30 June 2008	17,954	1,063	19,017

The Group's management considers that the difference between the carrying value and fair value of investment property is not significant. Fair value has been determined based on valuations performed by independent valuers at near balance sheet dates using the comparable prices method.

8. Investments into associates and joint ventures

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

	Place of registration	Share of the stock held by the Group		Main activities
		As of 30 June 2010	As of 30 June 2009	
Associates				
UAB Jungtinė ekspedicija	Lithuania	45.05%	45.05%	Expedition and representation services
Joint ventures				
UAB Kustodija	Lithuania	50.00%	50.00%	Sale of plant protection products
UAB Dotnuvos technika	Lithuania	50.00%	50.00%	Dormant
UAB Dotnuvos projektai	Lithuania	50.00%	50.00%	Sale of seeds, agricultural machinery
UAB Dotnuvos agroservisai	Lithuania	49.98%	49.98%	Agricultural equipment maintenance and related services
SIA Dotnuvos projektai	Latvia	50.00%	-	Sale of seeds, agricultural machinery

UAB Dotnuvos agroservisai, SIA Dotnuvos projektai are controlled by UAB Dotnuvos projektai; therefore, is accounted for as an investment into joint venture.

Information on associates and joint ventures of the Group as of 30 June 2010 were as follows:

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė ekspedicija	284	272	5,614	174	1,453	-	995
	<u>284</u>						
Investments into joint ventures							
UAB Kustodija	1,874	566	39,890	635	32,548	37	29,317
UAB Dotnuvos projektai	22,627	5,411	137,791	25,788	79,281	476	59,244
UAB Dotnuvos agroservisai	-	(1,028)	5,298	7,919	3,342	7,339	5,114
	<u>24,501</u>						

Information on associates and joint ventures of the Group as of 30 June 2009 were as follows:

	Investment at equity method	Profit (loss) for the reporting year	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė ekspedicija	207	252	6,193	222	1,059	44	777
	<u>207</u>						
Investments into joint ventures							
UAB Kustodija	1,592	(527)	31,498	552	28,304	105	25,568
UAB Dotnuvos projektai	19,969	9,439	146,846	26,303	75,205	3,294	58,275
UAB Dotnuvos agroservisai	-	(1,234)	3,693	8,868	3,545	9,513	3,072
	<u>21,561</u>						

9. Other investments

	Share held by the Group	As of 30 June 2010	As of 30 June 2009
ZAT UkrAgro NPK (Ukraine)	13.38%	5,545	5,545
Ēriškių ŽŪB	24.97%	173	173
Other investments		166	201
		<u>5,884</u>	<u>5,919</u>

The investment into Ēriškių ŽŪB is not classified as an associate and therefore not accounted for using the equity method because the Group does not have the ability to exercise significant influence and voting rights in the company and it is managed by other shareholders.

10. Borrowings

	As of 30 June 2010	As of 30 June 2009
Non-current borrowings		
Bank borrowings secured by the Group assets	26,940	26,585
Bonds issued	-	-
Other non-current borrowings	1,035	1,387
	<u>27,975</u>	<u>27,972</u>
Current borrowings		
Current portion of non-current bank borrowings	11,563	22,112
Bonds issued	-	14,700
Accumulated bonds interest	-	1,124
Current portion of other non-current borrowings	2,312	2,851
Current bank borrowings secured by the Group assets	83,111	75,425
Factoring with recourse liability	9,946	3,433
Other current borrowings	1,692	1,478
	<u>108,624</u>	<u>121,123</u>
	<u>136,599</u>	<u>149,095</u>

AB Linas Agro repaid the bonds and annual interest amount 21 July 2009.

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

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

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

	As of 30 June 2010	As of 30 June 2009
Current borrowings	3.34%	5.55%
Non-current borrowings	<u>3.51%</u>	<u>4.71%</u>

As of 30 June 2010 and 30 June 2009 property, plant and equipment, investment property, biological assets, inventories, prepayments, trade receivables and bank accounts were pledged to banks as collateral for the loans. Also as of as of 31 March 2010 and 30 June 2009 UAB Linas Agro Konsultacijos pledged shares of Medeikių ŽŪB, Lukšių ŽŪB, Aukštadvario ŽŪB, Sidabravo ŽŪB, Ėriškių ŽŪB and Žibartonių ŽŪB to banks as a collateral for the loans.

11. Cost of sales

	2009/2010 12 month	2008/2009 12 month
Costs of inventories recognised as an expense	683,399	882,177
Logistics expenses	72,238	125,908
Wages and salaries and social security	9,018	9,808
Provision for onerous contracts	(4,479)	5,433
Depreciation and amortisation	5,885	5,378
Utilities expenses	1,816	2,822
Change in fair value of biological assets	(4,479)	345
(Income) expenses from change in value of financial instruments	-	(907)
Other	4,705	7,177
	768,103	1,038,141

12. Operating expenses

	2009/2010 12 month	2008/2009 12 month
Wages and salaries and social security	17,744	16,972
Change in allowance for receivables and prepayments	2,693	3,485
Consulting expenses	1,917	3,451
Depreciation and amortisation	1,414	905
Rent of administration and commercial premises and maintenance expenses	761	909
Change in impairment of property, plant and equipment	(234)	568
Rent of vehicles and maintenance expenses	832	866
Business trips	700	737
Stationery and office services	598	693
Bank fees	740	632
Telecommunications	387	592
Warehousing and insurance expenses	993	585
Insurance of accounts receivable	-	472
Taxes other than income tax	380	451
Representation expenses	383	430
Advertising expenses	651	364
Other	1,736	2,913
	31,695	35,025

13. Other operating income (expenses)

	2009/2010 12 month	2008/2009 12 month
Other operating income		
Currency exchange gain	1,469	1,453
Gain from disposal of investments	-	2,148
Gain from disposal of property, plant and equipment	197	522
Gain from disposal of investment property	64	-
Rental income from investment property	531	447
Rental income from property, plant and equipment	419	84
Other operating income	81	599
	2,761	5,253
Other operating (expenses)		
Impairment of investment property	177	(857)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	(126)	(236)
Loss from disposal of property, plant and equipment	(22)	(34)
Loss from disposal of investment property	(3)	-
Impairment of other investments	-	(27)
Direct operating expenses (including repairs and maintenance) arising on non rental-earning investment properties	(38)	(26)
Currency exchange expenses	(7)	-
Other operating expenses	(259)	(256)
	(278)	(1,436)

14. Income (expenses) from financing activities

	2009/2010 12 month	2008/2009 12 month
Income from financing activities		
Interest income	1,336	2,025
Income from overdue payments	874	1,313
Other income	579	-
	2,789	3,338
(Expenses) from financing activities		
Interest expenses	(5,085)	(11,276)
Discounting effect of non-interest bearing loans received	(77)	(77)
Expenses for overdue payments	(10)	(246)
	(5,172)	(11,599)

Commitments and contingencies

As of 30 June 2010 AB Linas Agro had several bank guarantee contracts signed in favour of NPA for the total amount LTL 283 thousand. No restrictions on AB Linas Agro assets are imposed according to these agreements.

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

As of 30 March 2010 AB Linas Agro and SC Klaipėda Stevedoring Company has signed long-term cooperation agreement on the expansion of the bulk grain terminal. AB Linas Agro takes part in a partial financing in total amount LTL 4,625 thousand and has right to use silos warehouses of 40 thousand cubic meters and handle grain through the terminal for five years.

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

As few Group companies (Lukšių ŽŪB, Sidabravo ŽŪB, Aukštadvario ŽŪB and Medeikių ŽŪB) received grants from the Europe Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. These companies are committed not to discontinue operations related to agriculture for up to 5 years as of 30 June 2010 and 30 June 2009.

In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania amounting to LTL 5,232 thousand as of 30 June 2010 (LTL 7,588 thousand as of 30 June 2009).

15. Related parties transactions

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions.

The related parties of the Group for the years ended 30 June 2010 and 30 June 2009 were as follows (unless otherwise stated):

Darius Zubas (shareholder of the Company, chairman of the board of the Company);
Vytautas Šidlauskas (shareholder of the Company, member of the board of the Company);
Dainius Pilkauskas (shareholder of the Company, member of the board of the Company);
Arūnas Zubas (shareholder of the Company, member of the board of the Company);
Andrius Pranckevičius (member of the board of the Company);
Arūnas Jarmalavičius (member of the board of the Company);
Tomas Tumėnas (member of the board of the Company from 1 October 2008).

Joint ventures:

UAB Dotnuvos projektai (joint venture of the Company);
ŽŪB Dotnuvos agroservisas (related through management of joint venture);
UAB Kustodija (joint venture of the Company);
SIA Dotnuvos projektai (related through management of joint venture);

Associates:

UAB Jungtinė ekspedicija (associate of the Company);
ŽŪK Kupiškio grūdai (associate of the Company till 1 July 2008; from 1 July 2008 subsidiary in the Group).

Akola ApS group companies:

Akola ApS (Denmark) (same ultimate shareholders);
UAB Mestilla (same ultimate shareholders);
OOO Ukrkalyj (Ukraine), in liquidation status (same ultimate shareholders);
OAO Rajagrohim (Ukraine) (same ultimate shareholders);
ZAT UkrAgro NPK (Ukraine) (same ultimate shareholders).

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

15. Related parties transaction (cont'd)

The Group's transactions with related parties in the financial year ended 30 June 2010 were as follows:

	Purchases	Sales	Receivables			Payables	Non-current loans borrowed
			Trade receivables	Current loans receivable	Non-current loans receivable		
Shareholders	47	-	-	-	-	-	656
Joint ventures	23,557	2,117	123	-	-	2,346	-
Associates	6,911	45	-	-	-	401	-
Akola ApS group companies	7,293	84,723	1,873	3,434	1,303	365	970
	37,808	86,885	1,996	3,434	1,303	3,112	1,626

Annual interest rate of the Group's current loans receivable is 1 month EURIBOR + 4.1%. The non-current loan provided to Akola ApS amounting to LTL 17,223 thousand, on 17 February 2010 Akola ApS repaid the debt by the non-current loan agreement to AB Linas Agro in total amount LTL 15,700 thousand.

Transactions with related parties include sales and purchases of goods and services as well as financing transactions in the ordinary course of business.

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

Terms and conditions of the financial assets and liabilities:

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

The Group's receivables from related parties were not past due as of 30 June 2010 and 30 June 2009.

16. Subsequent events

On 1 July 2010 AB Linas Agro Group acquired the additional part 50% of ZAT UkrAgro NPK (Ukraine) shares in total LTL 12,757 thousand.