

**AB LINAS AGRO GROUP**



**CONSOLIDATED FINANCIAL  
STATEMENTS  
FOR THE 3 MONTH PERIOD OF THE  
YEAR 2010-2011 (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

	Notes	As of 30 September 2010	As of 30 June 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	273	194
Property, plant and equipment	6	109,321	95,326
Investment property	7	8,386	8,398
Animals and livestock		10,588	9,534
Non-current financial assets			
Investments into associates	8	323	284
Investments into joint ventures	8	24,715	22,888
Other investments	9	339	5,884
Prepayments for financial assets	9	-	12,757
Non-current receivables		2,987	7,614
Non-current receivables from related parties	16	1,303	1,303
Total non-current financial assets		29,667	50,730
Deferred income tax asset		1,792	1,897
<b>Total non-current assets</b>		<b>160,027</b>	<b>166,079</b>
<b>Current assets</b>			
Crops		5,341	17,786
Inventories		195,263	62,785
Prepayments		23,754	19,530
Accounts receivable			
Trade receivables		113,760	121,152
Receivables from related parties	16	30,903	6,930
Other accounts receivable		34,761	18,721
Total accounts receivable		179,424	146,803
Other current assets		17,930	1,304
Cash and cash equivalents		35,660	34,014
<b>Total current assets</b>		<b>457,372</b>	<b>282,222</b>
<b>Total assets</b>		<b>617,399</b>	<b>448,301</b>

(cont'd on the next page)

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

## Consolidated statement of financial position (cont'd)

	Notes	As of 30 September 2010	As of 30 June 2010
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	1	158,940	158,940
Share premium	1	79,545	79,545
Legal reserve		4,100	4,100
Foreign currency translation reserve		(1,980)	(133)
Retained earnings		22,856	8,079
<b>Total equity attributable to equity holders of the parent</b>		<b>263,461</b>	<b>250,531</b>
<b>Non-controlling interest</b>		<b>20,107</b>	<b>12,817</b>
<b>Total equity</b>		<b>283,568</b>	<b>263,348</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Grants and subsidies		10,238	10,557
Non-current borrowings	10	25,020	26,805
Finance lease obligations		1,631	1,578
Deferred income tax liability		3,774	1,372
<b>Total non-current liabilities</b>		<b>40,663</b>	<b>40,312</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	10,16	14,894	15,045
Current portion of finance lease obligations		973	928
Current borrowings	10	167,442	94,749
Derivative financial instruments		2,547	3,091
Trade payables		68,841	14,142
Payables to related parties	16	14,228	3,112
Income tax payable		4,541	1,415
Other current liabilities		19,702	12,159
<b>Total current liabilities</b>		<b>293,168</b>	<b>144,641</b>
<b>Total equity and liabilities</b>		<b>617,399</b>	<b>448,301</b>

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

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

	Notes	2010-2011	2009-2010
		1 Q	1 Q
Sales	4	378,893	284,648
Cost of sales	11	(348,770)	(260,196)
<b>Gross profit</b>		<b>30,123</b>	<b>24,452</b>
Operating (expenses)	12	(9,927)	(6,073)
Other income	13	611	379
Other (expenses)	13	(3,633)	(555)
<b>Operating profit</b>		<b>17,174</b>	<b>18,203</b>
Income from financing activities	14	446	348
(Expenses) from financing activities	14	(1,934)	(1,833)
Share of profit of associates		39	93
Share of profit of joint ventures		1,880	2,242
<b>Profit before tax</b>		<b>17,605</b>	<b>19,053</b>
Income tax		(2,693)	(4,690)
<b>Net profit</b>		<b>14,912</b>	<b>14,363</b>
<b>Attributable to:</b>			
Equity holders of the parent		15,052	13,718
Non-controlling interest		(140)	645
		<u>14,912</u>	<u>14,363</u>
Basic and diluted earnings per share (LTL)		0.094	0.35
<b>Net profit</b>			
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(2,910)	30
<b>Total comprehensive income</b>		<b>12,002</b>	<b>14,393</b>
<b>Attributable to:</b>			
Equity holders of the parent		13,205	13,748
Non-controlling interest		(1,203)	645
		<u>12,002</u>	<u>14,393</u>

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

## Consolidated statement of changes in equity

Notes	Equity attributable to equity holders of the parent							
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interest	Total
<b>Balance as of 1 July 2009</b>	<b>41,000</b>	<b>121,911</b>	<b>10</b>	<b>(297)</b>	<b>(18,657)</b>	<b>143,967</b>	<b>12,104</b>	<b>156,071</b>
Net profit for the year	-	-	-	-	13,718	13,718	645	14,363
Other comprehensive income	-	-	-	30	-	30	-	30
Total comprehensive income	-	-	-	30	13,718	13,748	645	14,393
Dividends declared by Rosenkrantz A/S	-	-	-	-	-	-	(1,971)	(1,971)
<b>Balance as of 30 September 2009</b>	<b>41,000</b>	<b>121,911</b>	<b>10</b>	<b>(267)</b>	<b>(4,939)</b>	<b>157,715</b>	<b>10,778</b>	<b>168,493</b>
<b>Balance as of 1 July 2010</b>	<b>158,940</b>	<b>79,545</b>	<b>4,100</b>	<b>(133)</b>	<b>8,079</b>	<b>250,531</b>	<b>12,817</b>	<b>263,348</b>
Net profit for the year	-	-	-	-	15,052	15,052	(140)	14,912
Other comprehensive income	-	-	-	(1,847)	-	(1,847)	(1,063)	(2,910)
Total comprehensive income	-	-	-	(1,847)	15,052	13,205	(1,203)	12,002
Minority interest arising on acquisition of subsidiaries	-	-	-	-	-	-	10,188	10,188
Acquisition of minority interest	-	-	-	-	(275)	(275)	(1,695)	(1,970)
<b>Balance as of 30 September 2010</b>	<b>158,940</b>	<b>79,545</b>	<b>4,100</b>	<b>(1,980)</b>	<b>22,856</b>	<b>263,461</b>	<b>20,107</b>	<b>283,568</b>

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

## Consolidated statement of cash flow

	Notes	2010-2011 1 Q	2009-2010 1 Q
<b>Cash flows from (to) operating activities</b>			
Net profit (loss)		14,912	14,363
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization		2,576	2,092
Subsidies amortization		(344)	(310)
Share of profit of associates and joint ventures		(1,865)	(2,335)
(Gain) on disposal of property, plant and equipment		(68)	(12)
Loss from acquisition of subsidiary	3	670	-
Change in foreign currency translation reserve		(2,910)	30
Change in accrued expenses		260	(131)
Change in fair value of biological assets		(906)	-
Change in deferred income tax		(584)	338
Current income tax expenses		2,693	4,691
Expenses (income) from change in fair value of financial instruments		(155)	-
Interest (income)		(466)	(348)
Interest expenses		1,934	1,833
		15,747	20,211
<b>Changes in working capital:</b>			
Decrease in biological assets		12,437	12,843
(Increase) in inventories		(89,001)	(78,715)
Decrease in prepayments		22,988	9,493
(Increase) in trade and other accounts receivable		(24,824)	(77,499)
(Increase) in restricted cash		(16,628)	-
Increase in trade and other accounts payable		62,520	99,931
Income tax (paid)		(359)	(481)
<b>Net cash flows from (to) operating activities</b>		<b>(17,120)</b>	<b>(14,217)</b>

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

## Consolidated statement of cash flow (cont'd)

	Notes	2010-2011 1 Q	2009-2010 1 Q
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(1,505)	(728)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		247	69
Acquisition of subsidiaries (less received cash balance in the Group)	3	7,656	-
(Acquisition) of other investments		(1,970)	-
Loans (granted)		-	(100)
Repayment of granted loans		-	25
Interest received		230	142
<b>Net cash flows (to) investing activities</b>		<b>4,658</b>	<b>(592)</b>
<b>Cash flows from (to) financing activities</b>			
Proceeds from loans		223,227	99,121
(Repayment) of loans		(207,146)	(35,010)
Finance lease (payments)		(285)	(284)
Interest (paid)		(1,688)	(2,984)
Dividends (paid) to non-controlling shareholders		-	(1,971)
Repurchase of bonds issued		-	(14,700)
<b>Net cash flows from (to) financing activities</b>		<b>14,108</b>	<b>44,172</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>1,646</b>	<b>29,363</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>34,014</b>	<b>8,190</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>35,660</b>	<b>37,553</b>
<b>Supplemental information of cash flows:</b>			
<b>Non-cash investing activity:</b>			
Property, plant and equipment acquisitions financed by finance lease		392	57
Property, plant and equipment acquisitions financed by grants and subsidies		128	-

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. On 12 September 2008 the Company changed its name from UAB Agriveta to AB Linas Agro Group and the legal form from private to public limited liability company.

The address of its registered office is as follows:

Smėlynės 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 of the following calendar year.

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

	As of 30 September 2010		As of 30 June 2010	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	87,641,551	55.14 %	87,641,551	55.14 %
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Other shareholders (private and institutional investors)	54,248,852	34.13 %	54,248,852	34.13 %
Total	158,940,398	100.00 %	158,940,398	100.00 %

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

All of the Company's 158,940,398 ordinary shares are included in the Official list of NASDAQ OMX Vilnius stock exchange (ISIN code LT0000128092). The Company's trading ticker in NASDAQ OMX Vilnius stock exchange is LNA1L.

As of 30 September 2010 the number of employees of the Group was 776 (532 as of 30 June 2010).

#### **Changes in share capital during the year ended 30 June 2010**

On 30 October 2009 the Company's share capital was increased by issuing 79 million ordinary shares with the par value of LTL 1 each (in total LTL 79 million), which were fully paid from the Company's share premium. The new share capital of LTL 120 million and the Company's by-laws were registered on 16 November 2009. The new share premium was equal to LTL 42,911 thousand.

On 20 November 2009 the Company's shareholders decided to increase the share capital from LTL 120,000 thousand to LTL 158,940 thousand by issuing 38,940,398 ordinary shares with the par value of LTL 1 each (in total LTL 38,940,398), with issue price of LTL 2.05 each (in total LTL 79,827,816). The newly issued shares were fully paid by Akola ApS. The new share capital and the Company's by-laws were registered on 17 February 2010. Difference between the issue price and the par value equal to LTL 40,888 thousand was accounted for as share premium less LTL 4,253 thousand of shares issue transaction costs.

On 12 February 2010 the shareholder Akola ApS has sold 47,284,769 of the Company's shares during the initial public offering for LTL 2.05 each, in total LTL 96,934 thousand.

Trade in shares in NASDAQ OMX Vilnius stock exchange started on 17 February 2010.



## 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 2009-2010 season.

## 3. Group structure and changes in the Group

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

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2010	30 June 2010	
<b>Investments into directly controlled subsidiaries</b>				
AB Linas Agro	Lithuania	100 %	100 %	Wholesale trade of grains and oilseeds, feedstuffs and agricultural programs
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
ZAT UkrAgro NPK	Ukraine	63.38%	-	Manufacturing of fertilizers, wholesale of grains and oilseeds
<b>Investments into indirectly controlled subsidiaries (through AB Linas Agro)</b>				
SIA Linas Agro	Latvia	100 %	100 %	Wholesale trade of grains and oilseeds, agricultural programs
UAB Gerera	Lithuania	100 %	100 %	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100 %	100 %	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100 %	100 %	Preparation and warehousing of grains for trade
Rosenkrantz A/S	Denmark	60 %	60 %	Wholesale trade of grains and oilseeds, feedstuffs
ŽŪK Kupiškio grūdai	Lithuania	73.73 %	37.43 %	Preparation and warehousing of grains for trade
UAB Lignineko	Lithuania	100 %	100 %	Manufacturing of lignin
<b>Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)</b>				
Biržai district Medeikių ŽŪB	Lithuania	98.36 %	96.54 %	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.08 %	93.93 %	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	65.35 %	65.35 %	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	55.90 %	55.90 %	Mixed agricultural activities

### 3. Group structure and changes in the Group (cont'd)

#### *Changes in the Group during the year ended 30 June 2010*

During the year ended 30 June 2010 the Company together with AB Linas Agro participated in share capital increase of ŽŪB Landvesta 4, ŽŪB Landvesta 5 and ŽŪB Landvesta 6 for the total amount of LTL 654 thousand.

On 30 April 2010 AB Linas Agro acquired 100 % of UAB Lignineko shares for LTL 2,046 thousand. UAB Lignineko possesses raw material which is used in production of lignin but does not have any business processes, therefore the Group accounted for purchase of UAB Lignineko shares not as a business combination but as an acquisition of assets, and attributed most of the purchase price to inventory cost.

#### *Changes in the Group during the 3 month period ended 30 September 2010*

On 1 July 2010 the Company acquired additional 50 % shares of ZAT UkrAgro NPK for EUR 3,694 thousand (LTL 12,757 thousand equivalent) from UAB Arvi ir Ko. After the share acquisition the Group directly controls 63.38 % of the investee. The mentioned company is consolidated to the Group from 1 July 2010.

At the acquisition date carrying value of net assets of ZAT UkrAgro NPK did not differ materially from their fair value.

Differences between the purchase consideration and fair values of the acquires assets, liabilities and contingent liabilities at the acquisition date were the following:

<b>Acquisition date</b>	<b>ZAT UkrAgro NPK</b>
	<b>1 July 2010</b>
	<b>Fair values (unaudited)</b>
Non-current assets	16,442
Current assets	78,808
Non-current liabilities	(3,090)
Current liabilities	(64,340)
Fair value of net assets of subsidiary acquired	27,820
Non-controlling interest ( 36.62 % in the acquired subsidiary)	(10,188)
Fair value of net assets acquired by the Group	17,632
Fair value of previous held equity interest	3,414
Cost	(5,545)
Group (loss) on derecognition of investment	(2,131)
Consideration transferred	12,757
Fair value of previous held equity interest	3,414
<b>Total fair value of investment</b>	<b>16,171</b>
Negative goodwill recognized as income	1,461
(Loss) on derecognition of investment	(2,131)
(Loss) recognized on acquisition of subsidiary as Other (expenses) (Note 13)	(670)
<b>Consideration paid in cash*</b>	<b>12,757</b>
Less: cash in the subsidiary	7,657
<b>Acquisition price less cash acquired</b>	<b>5,100</b>
Revenue for the year ended 30 June 2010	181,558
Profit for the year ended 30 June 2010	1,291

The Group measured the non-controlling interest in the acquire at the proportionate share of the acquiree's identifiable net assets.

\*The Group was prepaid the acquired additional 50 % shares of ZAT UkrAgro NPK LTL 12,757 thousand until 30 June 2010, on the acquisition date was made settlement of liability.

### 3. Group structure and changes in the Group (cont'd)

On 27 July 2010 Biržai district Medeikių ŽŪB has acquired additional 36.36 % shares of ŽŪK Kupiškio grūdai for LTL 920 thousand. After the acquisition the effective share of ŽŪK Kupiškio grūdai owned by the Group increased to 73.73 % ( as of 30 June 2010-37.43 %). This subsidiary was already consolidated to the Group in the years ended 30 June 2010 and 2009.

During the 3 month period ended 30 September 2010 the Group acquired 4.15 % of Šakiai district Lukšių ŽŪB share capital for LTL 130 thousand, shares were acquired from the non-controlling shareholders. The subsidiary UAB Linas Agro Konsultacijos increased of Biržai district Medeikių ŽŪB share capital for LTL 920 thousand. The excess of the share of carrying values of net assets of respective companies over the acquisition price amounting to LTL 275 thousand arising on the acquisition was recognized directly in equity.

During the 3 month period ended 30 September 2010 the Parent increased of AB Linas Agro share capital for LTL 24,000 thousand. The Parent increased of ŽŪB Landvesta 1, ŽŪB Landvesta 4 and ŽŪB Landvesta 5 for the total amount of LTL 107 thousand. The Parent increased of UAB Linas Agro Konsultacijos share capital for LTL 1,109 thousand. Subsidiary AB Linas Agro increased of UAB Lignineko share capital for LTL 225 thousand.

### 4. Segment information

For management purpose the Group is organized into five 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 fertilizers, seeds, plant protection products and other related products to agricultural produce growers;
- the farming segment includes growing of grains, rapeseed and others as well as sales of harvest, breeding of livestock and sales of milk and livestock. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- the other products and services segment includes sales of biofuel, provision of elevator services and other products and services.

Transfer prices between the Group companies are based on normal selling prices in a manner similar to transactions with third parties.

3 month period ended 30 September 2010	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjust- ments and elimina- tions	Total
<b>Revenue</b>								
From one client UAB Mestilla	75,845	13	-	-	-	-	-	75,858
Other third parties	89,808	61,251	136,252	5,011	10,713	-	-	303,035
Intersegment	-	343	2,348	7,963	11,211	-	(21,865) <sup>1)</sup>	-
<b>Total revenue</b>	<b>165,653</b>	<b>61,607</b>	<b>138,600</b>	<b>12,974</b>	<b>21,924</b>	<b>-</b>	<b>(21,865)</b>	<b>378,893</b>
<b>Results</b>								
Operating expenses	3,322	1,648	3,197	816	902	42	-	9,927
Segment operating profit (loss)	7,170	1,570	8,053	(1,976)	3,155	(798)	-	17,174

#### 4. Segment information (cont'd)

3 month period ended 30 September 2009	Grains and oilseeds	Feedstuffs	Agricul- tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjust- ments and elimina- tions	Total
<b>Revenue</b>								
From one client UAB Mestilla	36,987	-	-	-	5	-	-	36,992
Other third parties	140,058	70,163	21,619	4,255	11,561	-	-	247,656
Intersegment	-	261	1,547	5,605	11,222	-	(18,635) <sup>1)</sup>	-
<b>Total revenue</b>	<b>177,045</b>	<b>70,424</b>	<b>23,166</b>	<b>9,860</b>	<b>22,788</b>	<b>-</b>	<b>(18,635)</b>	<b>284,648</b>
<b>Results</b>								
Operating expenses	3,020	1,436	121	653	591	252	-	6,073
Segment operating profit (loss)	10,401	973	2,367	(2,111)	6,690	(117)	-	18,203

1) Intersegment revenue are eliminated on consolidation.

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

Revenue from external customers	3 month period ended	
	30 September 2010	30 September 2009
Lithuania	124,770	70,226
Europe (except for Scandinavian countries, CIS and Lithuania)	61,831	79,157
Scandinavian countries	38,367	54,154
Africa	-	21,459
Asia	34,358	42,597
CIS	119,567	17,055
	<b>378,893</b>	<b>284,648</b>

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

Non-current assets	As of 30 September 2010	As of 30 June 2010
Lithuania	102,630	103,410
Ukraine	14,929	-
Denmark	286	354
Latvia	135	154
	<b>117,980</b>	<b>103,918</b>

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
<b>Cost:</b>			
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
Additions	47	-	47
Acquisition of subsidiaries	57	-	57
Write-offs	(50)	(35)	(85)
Exchange differences	(4)	(1)	(5)
Balance as of 30 September 2010	1,393	165	1,558
<b>Accumulated amortization:</b>			
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
Charge for the year	14	6	20
Write-offs	(50)	(35)	(85)
Balance as of 30 September 2010	1,151	134	1,285
<b>Net book value as of 30 September 2010</b>	<b>242</b>	<b>31</b>	<b>273</b>
<b>Net book value as of 30 June 2010</b>	<b>156</b>	<b>38</b>	<b>194</b>
<b>Net book value as of 30 June 2009</b>	<b>20</b>	<b>65</b>	<b>85</b>

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

## 6. Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
<b>Cost:</b>							
Balance as of 30 June 2009	5,877	72,304	46,962	6,259	7,824	1,043	140,269
Additions	238	6,070	561	332	1,311	2,570	11,082
Disposals and write-offs	(1)	-	(465)	(1,057)	(131)	-	(1,654)
Transfers to investment property	257	(434)	-	-	-	-	(177)
Reclassifications	10	1,162	(110)	27	136	(1,225)	-
Balance as of 30 June 2010	6,381	79,102	46,948	5,561	9,140	2,388	149,520
Additions	55	359	802	537	161	497	2,411
Acquisition of subsidiaries	249	13,357	1,135	995	314	334	16,384
Disposals and write-offs	-	(15)	(19)	(209)	(369)	-	(612)
Reclassifications	-	2,004	(210)	26	-	(1,820)	-
Exchange differences	(27)	(1,340)	(111)	(105)	(36)	(95)	(1,714)
Balance as of 30 September 2010	6,658	93,467	48,545	6,805	9,210	1,304	165,989
<b>Accumulated depreciation:</b>							
Balance as of 30 June 2009	-	15,010	22,390	3,332	4,780	-	45,512
Charge for the year	-	4,113	3,976	725	879	-	9,693
Disposals and write-offs	-	-	(449)	(937)	(93)	-	(1,479)
Transfers to investment property	-	(29)	-	-	-	-	(29)
Reclassifications	-	(26)	(2)	-	28	-	-
Balance as of 30 June 2010	-	19,068	25,915	3,120	5,594	-	53,697
Charge for the year	-	1,316	1,053	286	252	-	2,907
Disposals and write-offs	-	(8)	(19)	(75)	(323)	-	(425)
Exchange differences	-	-	(3)	(3)	(2)	-	(8)
Balance as of 30 September 2010	-	20,376	26,946	3,328	5,521	-	56,171
<b>Impairment losses:</b>							
Balance as of 30 June 2009	278	266	21	3	57	-	625
Charge for the year	62	-	-	-	-	-	62
(Reversal) charge for the year	(134)	-	(2)	1	(55)	-	(190)
Balance as of 30 June 2010	206	266	19	4	2	-	497
(Reversal) charge for the year	-	-	-	-	-	-	-
Balance as of 30 September 2010	206	266	19	4	2	-	497
<b>Net book value as of 30 September 2010</b>	<b>6,452</b>	<b>72,825</b>	<b>21,580</b>	<b>3,473</b>	<b>3,687</b>	<b>1,304</b>	<b>109,321</b>
<b>Net book value as of 30 June 2010</b>	<b>6,175</b>	<b>59,768</b>	<b>21,014</b>	<b>2,437</b>	<b>3,544</b>	<b>2,388</b>	<b>95,326</b>
<b>Net book value as of 30 June 2009</b>	<b>5,599</b>	<b>57,028</b>	<b>24,551</b>	<b>2,924</b>	<b>2,987</b>	<b>1,043</b>	<b>94,132</b>

## 7. Investment property

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

	Land	Buildings	Total
<b>Cost:</b>			
Balance as of 30 June 2009	8,086	2,863	10,949
Additions	82	-	82
Disposals	(237)	-	(237)
Transfers from property, plant and equipment	(257)	434	177
Balance as of 30 June 2010	7,674	3,297	10,971
Additions	-	-	-
Disposals	-	-	-
Transfers to/from property, plant and equipment	-	-	-
Balance as of 30 September 2010	7,674	3,297	10,971
<b>Accumulated depreciation:</b>			
Balance as of 30 June 2009	-	527	527
Charge for the year	-	37	37
Transfers from property, plant and equipment	-	29	29
Balance as of 30 June 2010	-	593	593
Charge for the year	-	12	12
Transfers from property, plant and equipment	-	-	-
Balance as of 30 September 2010	-	605	605
<b>Impairment losses:</b>			
Balance as of 30 June 2009	857	1,389	2,246
Charge for the year	(204)	-	(204)
Transfers to property, plant and equipment	(62)	-	(62)
Balance as of 30 June 2010	591	1,389	1,980
Balance as of 30 September 2010	591	1,389	1,980
<b>Net book value as of 30 September 2010</b>	<b>7,083</b>	<b>1,303</b>	<b>8,386</b>
<b>Net book value as of 30 June 2010</b>	<b>7,083</b>	<b>1,315</b>	<b>8,398</b>
<b>Net book value as of 30 June 2009</b>	<b>7,229</b>	<b>947</b>	<b>8,176</b>

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 reporting date using the comparable prices method.

## 8. Investments into associates and joint ventures

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

	Place of registration	Effective share held by the Group		Main activities
		As of 30 September 2010	As of 30 June 2010	
<b>Associates</b>				
UAB Jungtinė ekspedicija	Lithuania	45.05 %	45.05 %	Expedition and ship's agency services
<b>Joint ventures</b>				
UAB Kustodija	Lithuania	50.00 %	50.00 %	Sale of fertilizers and plant protection products
UAB Dotnuvos Projektai	Lithuania	50.00 %	50.00 %	Sale of seeds, agricultural machinery
<b>Companies controlled by UAB Dotnuvos Projektai</b>				
UAB Dotnuvos Technika	Lithuania	50.00 %	50.00 %	Dormant
SIA Dotnuvos Projektai	Latvia	50.00 %	50.00 %	Sale of seeds, agricultural machinery
UAB Dotnuvos Agroservisas	Lithuania	49.98 %	49.98 %	Agricultural equipment maintenance and related services

Information on associates and joint ventures of the Group as of 30 September, 2010 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales	Non-current	Current	Non-current	Current
			revenue	assets	assets	liabilities	liabilities
<b>Investments into associates</b>							
UAB Jungtinė ekspedicija	323	86	844	160	1,185	-	628
	<u>323</u>						
<b>Investments into joint ventures</b>							
UAB Kustodija	1,904	123	11,493	622	32,431	37	29,208
UAB Dotnuvos Projektai (consolidated)	22,811	3,465	45,954	34,946	82,210	12,037	59,617
	<u>24,715</u>						

Information on associates and joint ventures of the Group as of 30 June 2010 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales	Non-current	Current	Non-current	Current
			revenue	assets	assets	liabilities	liabilities
<b>Investments into associates</b>							
UAB Jungtinė ekspedicija	284	272	5,614	174	1,453	-	995
	<u>284</u>						
<b>Investments into joint ventures</b>							
UAB Kustodija	1,843	503	39,890	660	32,380	37	29,317
UAB Dotnuvos Projektai (consolidated)	21,045	5,316	143,089	34,641	82,624	7,815	67,359
	<u>22,888</u>						



## 9. Other investments

Other investments of the Group consist of:

	Share held by the Group	As of 30 September 2010	As of 30 June 2010
ZAT UkrAgro NPK (Ukraine)	13.38 %	-	5,545
Panevėžys district Ėriškių ŽŪB	25.05 %	173	173
Other investments		166	166
		<u>339</u>	<u>5,884</u>

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

On 1 July 2010 the Company acquired additional 50 % shares of ZAT UkrAgro NPK , after the share acquisition the Group directly controls 63.38 % of the investee. The mentioned company is consolidated to the Group from 1 July 2010, and transferred from other investment to subsidiary (Note 3).

## 10. Borrowings

	As of 30 September 2010	As of 30 June 2010
<b>Non-current borrowings</b>		
Bank borrowings secured by the Group assets	23,964	25,770
Other non-current borrowings	1,056	1,035
	<u>25,020</u>	<u>26,805</u>
<b>Current borrowings</b>		
Current portion of non-current bank borrowings	12,583	12,733
Current portion of other non-current borrowings (Note 16)	2,311	2,312
Current bank borrowings secured by the Group assets	162,461	83,111
Factoring with recourse liability	3,459	9,946
Other current borrowings	1,522	1,692
	<u>182,336</u>	<u>109,794</u>
	<u>207,356</u>	<u>136,599</u>

On 21 July 2007 AB Linas Agro issued bonds emission with the par value of LTL 15 million. On 21 July 2009 AB Linas Agro has redeemed the bonds emission together with accrued interest.

In 2006-2007 ŽŪB Landvesta 1 received non-current interest free loans amounting to LTL 1,400 thousand from non-controlling 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 in the non-controlling 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.

## 11. Cost of sales

	2010-2011 1 Q	2009-2010 1 Q
Cost of inventories recognized as an expense	325,658	230,998
Logistics expenses	13,868	22,745
Wages and salaries and social security	4,401	3,165
Depreciation	2,184	1,720
Utilities expenses	1,377	858
(Income) expense from change in fair value of biological assets	(906)	-
(Income) expense from change in fair value of financial instruments	(155)	-
Other	2,343	710
	<u>348,770</u>	<u>260,196</u>

## 12. Operating expenses

	2010-2011 1 Q	2009-2010 1 Q
Wages and salaries and social security	5,986	3,608
Consulting expenses	305	160
Depreciation and amortization	438	348
Other	3,198	1,957
	<u>9,927</u>	<u>6,073</u>

## 13. Other income (expenses)

	2010-2011 1 Q	2009-2010 1 Q
<b>Other income</b>		
Currency exchange gain	185	129
Rental income from investment property and property, plant and equipment	140	117
Gain from disposal of investment property and property, plant and equipment	77	25
Other income	209	108
	<u>611</u>	<u>379</u>
<b>Other (expenses)</b>		
Direct operating expenses arising on rental and non-rental earning investment properties	(112)	(101)
Loss from disposal of property, plant and equipment	(9)	(13)
Currency exchange loss	(2,825)	(433)
Loss recognized on acquisition of subsidiary (Note 3)	(670)	-
Other expenses	(17)	(8)
	<u>(3,633)</u>	<u>(555)</u>

## 14. Income (expenses) from financing activities

	2010-2011 1 Q	2009-2010 1 Q
<b>Income from financing activities</b>		
Interest income	366	331
Income from overdue payments	80	17
	<u>446</u>	<u>348</u>
<b>(Expenses) from financing activities</b>		
Interest expenses	(1,934)	(1,812)
Expenses for overdue payments	-	(21)
	<u>(1,934)</u>	<u>(1,833)</u>

## 15. Commitments and contingencies

As of 30 September 2010 the Group is committed to purchase property, plant and equipment for the total amount of LTL 77 thousand (LTL 1,194 thousand as of 30 June 2010).

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

A few Group companies (Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB and Sidabravo ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Šakiai district Lukšių ŽŪB is committed not to discontinue operations related to agriculture up to 2013, Biržai district Medeikių ŽŪB – up to 2014 and Sidabravo ŽŪB – up to 2013. 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 4,468 thousand as of 30 September 2010 (LTL 5,232 thousand as of 30 June 2010).

On 30 March 2010 AB Linas Agro and AB Klaipėdos Jūrų Krovinių Kompanija signed a long term cooperation agreement for expansion of a grain terminal. AB Linas Agro participates by partly financing (in total LTL 4,625 thousand) expansion of the grain terminal and will have an exclusive right for five years to use silage warehouses stowing 40 thousand tons of grain and to use the terminal for loading.

As of 30 September 2010 AB Linas Agro had bank guarantee contracts signed in favor of National Paying Agency for the total amount of LTL 319 thousand (as of 30 June 2010 – LTL 283 thousand). No restrictions on AB Linas Agro assets were imposed according to these agreements.

## 16. Related parties transactions

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

The related parties of the Company and Group for the years ended 30 September 2010 and 30 June 2010 were as follows:

Members of the board of the Company:

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

Subsidiaries:

List provided in Note 3;  
 UAB Invisco (related until 31 March 2009);  
 UAB Sinrena (related until 31 March 2009);  
 UAB Consonus (related until 31 March 2009).

Joint ventures (Note 8):

UAB Dotnuvos Projektai;  
 ŽŪB Dotnuvos Agroservisais;  
 UAB Dotnuvos Technika;  
 SIA Dotnuvos Projektai (related from 26 April 2010);  
 UAB Kustodija.

Associates (Note 8):

UAB Jungtinė ekspedicija.

Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);  
 UAB Mestilla (same ultimate controlling shareholders);  
 OOO Ukrkalyj (Ukraine), in liquidation status (same ultimate controlling shareholders);  
 ZAT UkrAgro NPK (Ukraine) (same ultimate controlling shareholders, related until 30 June 2010);  
 OAO Rajagrohim (Ukraine) (same ultimate controlling shareholders; liquidated on 9 November 2009).

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

The Group's transactions with related parties in 3 month period ended 30 September, 2010 were as follows:

2010 I Q			Receivables		Non-current loans receivable	Payables	Current loans received
	Purchases	Sales	Trade receivables	Current loans receivable			
Members of the board	12	-	-	-	-	-	656
Joint ventures	7,008	360	1,721	-	-	4,718	-
Associates	2,109	-	41	150	-	162	-
Akola ApS group companies	13,322	75,912	25,636	3,355	1,303	9,348	970
	22,451	76,272	27,398	3,505	1,303	14,228	1,626*

\* Loans borrowed from related parties are accounted for under current portion of non-current borrowings in the statements of financial position (Note 10).

## 16. Related parties transactions (cont'd)

As of 30 September 2010 and as of 30 June 2010 annual interest rate of the Group's loans borrowed and non-current loans receivable from related parties are fixed and equal to 7 % and 8 %, respectively. Current loans receivable from related parties bear 1m EURIBOR + 4.1 % margin annual interest rate.

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

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

Terms and conditions of the financial assets and liabilities:

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

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

## 17. Subsequent events

On 18 October AB Linas Agro acquired additional 18.18 % shares of ŽŪK Kupiškio grūdai, after the share acquisition the Group controls 91.91 % of the investee.

On 28 October 2010 the Annual General Meeting of the Shareholders of the Company approved financial statement of the year 2009-2010, profit (loss) distribution of the year 2009-2010.