CONFIRMATION OF RESPONSIBLE PERSONS

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and submission of Periodical and Additional Information of the Lithuanian Securities Commission, we, Darius Zubas, General Director of AB Linas Agro Group and Tomas Tumėnas, Finance Director of AB Linas Agro Group, hereby confirm that, to the best of our knowledge, AB Linas Agro Group Audited consolidated and parent company's Financial Statements for the financial year ended 30 June 2011, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of assets, liabilities, financial position, profit or losses and cash flow of AB Linas Agro Group and the Group as well. We also confirm that review of the business development and activities, together with the description of the major risks and indeterminations incurred, are correctly revealed in the consolidated annual report for the 2010/2011 financial year.

AB Linas Agro Group Managing Director Darius Zubas

27 September 2011 ....

AB Linas Agro Group Finance Director Tomas Tumėnas

27 September 2011 ....

AB LINAS AGRO GROUP
CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

PREPARED ACCORDING TO

INTERNATIONAL FINANCIAL REPORTING STANDARDS,

AS ADOPTED BY THE EUROPEAN UNION,

PRESENTED TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG

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PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

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Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities

Independent auditors' report to the shareholders of AB Linas Agro Group

Report on the Financial Statements

We have audited the accompanying financial statements of AB Linas Agro Group, a public limited liability company registered in the Republic of Lithuania (hereinafter "the Company"), and consolidated financial statements of AB Linas Agro Group and subsidiaries (hereinafter the Group), which comprise the statements of financial position as at 30 June 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory information).

Management's Responsibility for the Financial Statements

The Company's 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 30 June 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated Annual Report for the year ended 30 June 2011 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 30 June 2011.

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

Jonas Akelis
President
Auditor's licence
No. 000003

Asta Štreimikienė
Auditor's licence
No. 000382

The audit was completed on 29 September 2011.

STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
ASSETS					
Non-current assets					
Intangible assets	5	366	194	300	-
Property, plant and equipment	6	123,208	95,326	-	-
Investment property	7	9,012	8,398	545	602
Animals and livestock	12	14,007	9,534	-	-
Non-current financial assets					
Investments into subsidiaries	3	-	-	203,429	160,709
Investments into associates	8	347	284	4,038	132
Investments into joint ventures	8	25,821	22,888	4,902	5,602
Other investments	9	365	5,884	-	5,552
Prepayments for financial assets	10	2,223	12,757	-	36,757
Non-current receivables	11	10,317	7,614	-	-
Non-current receivables from related parties	34	1,359	1,303	-	2,605
Total non-current financial assets		40,432	50,730	212,369	211,357
Deferred income tax asset	30	8,797	1,897	-	-
Total non-current assets		**195,822**	**166,079**	**213,214**	**211,959**
Current assets					
Crops	12	29,682	17,786	-	-
Inventories	13	128,226	62,785	-	-
Prepayments	14	49,674	19,530	8	8
Accounts receivable					
Trade receivables	15	160,768	121,152	-	-
Receivables from related parties	34	3,899	6,930	36,430	24,094
Other accounts receivable	16	26,048	18,721	43	75
Income tax receivable		3,209	-	14	-
Total accounts receivable		193,924	146,803	36,487	24,169
Other current financial assets	17	3,482	1,304	-	-
Cash and cash equivalents	18	7,624	34,014	2,049	15,202
Total current assets		**412,612**	**282,222**	**38,544**	**39,379**
Assets classified as held for sale	8	1,802	-	700	-
Total assets		**610,236**	**448,301**	**252,458**	**251,338**

(cont'd on the next page)

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Group		Company	
	Notes	As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	1	158,940	158,940	158,940	158,940
Share premium	1	79,545	79,545	79,545	79,545
Legal reserve	19	4,151	4,100	4,151	4,100
Foreign currency translation reserve	19	(3,208)	(133)	-	-
Retained earnings		23,930	8,079	5,141	3,976
Total equity attributable to equity holders of the parent		**263,358**	**250,531**	**247,777**	**246,561**
Non-controlling interest		**16,591**	**12,817**	-	-
Total equity		**279,949**	**263,348**	**247,777**	**246,561**
Liabilities					
Non-current liabilities					
Grants and subsidies	20	9,473	10,557	-	-
Non-current borrowings	21	28,295	26,805	-	-
Finance lease obligations	22	1,789	1,578	-	-
Non-current payables to related parties	34	-	-	191	-
Deferred income tax liability	30	2,613	1,372	45	-
Other non-current liabilities	3	2,329	-	-	-
Total non-current liabilities		**44,499**	**40,312**	**236**	-
Current liabilities					
Current portion of non-current borrowings	21	14,814	15,045	-	-
Current portion of finance lease obligations	22	1,028	928	-	-
Current borrowings	21	180,884	94,749	4,163	4,663
Trade payables	24	47,280	14,142	31	28
Payables to related parties	34	5,482	3,112	97	-
Income tax payable		2,933	1,415	-	-
Derivative financial instruments	17	618	3,091	-	-
Other current liabilities	25	32,749	12,159	154	86
Total current liabilities		**285,788**	**144,641**	**4,445**	**4,777**
Total equity and liabilities		**610,236**	**448,301**	**252,458**	**251,338**

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

Managing Director	Darius Zubas	27 September 2011
Finance Director	Tomas Tumėnas	27 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Financial year ended	
		30 June 2011	30 June 2010
Sales	4	1,353,976	834,116
Cost of sales	26	(1,273,007)	(763,775)
Gross profit		**80,969**	**70,341**
Operating (expenses)	27	(65,618)	(32,079)
Other income	28	5,116	1,585
Other (expenses)	28	(5,252)	(163)
Operating profit		**15,215**	**39,684**
Income from financing activities	29	2,779	2,808
(Expenses) from financing activities	29	(8,278)	(5,179)
Share of profit of associates		63	122
Share of profit of joint ventures		4,743	2,553
Profit before tax		**14,522**	**39,988**
Income tax	30	4,448	(6,478)
Net profit		**18,970**	**33,510**
Attributable to:			
Equity holders of the parent		19,563	30,826
Non-controlling interest		(593)	2,684
		18,970	**33,510**
Basic and diluted earnings per share (LTL)	31	0.12	0.30
Net profit		**18,970**	**33,510**
Other comprehensive income			
Exchange differences on translation of foreign operations		(5,092)	164
Total comprehensive income		**13,878**	**33,674**
Attributable to:			
Equity holders of the parent		16,488	30,990
Non-controlling interest		(2,610)	2,684
		13,878	**33,674**

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

COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

	Notes	Financial year ended 30 June 2011	30 June 2010
Income	4	4,681	2,778
Operating (expenses)	27	(819)	(1,909)
Other income		-	8
Other (expenses)		-	-
Operating profit		**3,862**	**877**
Income from financing activities		1,079	385
(Expenses) from financing activities		(180)	(251)
Profit before tax		**4,761**	**1,011**
Income tax		(45)	-
Net profit		**4,716**	**1,011**
Other comprehensive income		-	-
Total comprehensive income		**4,716**	**1,011**

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

Managing Director	Darius Zubas	27 September 2011
Finance Director	Tomas Tumėnas	27 September 2011

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
Balance as at 1 July 2009		**41,000**	**121,911**	**10**	**(297)**	**(18,657)**	**143,967**	**12,104**	**156,071**
Net profit for the year		-	-	-	-	30,826	30,826	2,684	33,510
Other comprehensive income		-	-	-	164	-	164	-	164
Total comprehensive income		-	-	-	164	30,826	30,990	2,684	33,674
Issue of share capital	1	117,940	(38,113)	-	-	-	79,827	-	79,827
Shares issue transaction costs	1	-	(4,253)	-	-	-	(4,253)	-	(4,253)
Transfer to legal reserve		-	-	4,090	-	(4,090)	-	-	-
Dividends declared by Rosenkrantz A/S		-	-	-	-	-	-	(1,971)	(1,971)
Balance as at 30 June 2010		**158,940**	**79,545**	**4,100**	**(133)**	**8,079**	**250,531**	**12,817**	**263,348**
Balance as at 1 July 2010		**158,940**	**79,545**	**4,100**	**(133)**	**8,079**	**250,531**	**12,817**	**263,348**
Net profit for the year		-	-	-	-	19,563	19,563	(593)	18,970
Other comprehensive income		-	-	-	(3,075)	-	(3,075)	(2,017)	(5,092)
Total comprehensive income		-	-	-	(3,075)	19,563	16,488	(2,610)	13,878
Transfer to legal reserve		-	-	51	-	(51)	-	-	-
Dividends declared by Rosenkrantz A/S		-	-	-	-	-	-	(611)	(611)
Dividends declared by parent	31	-	-	-	-	(3,500)	(3,500)	-	(3,500)
Acquisition of non-controlling interests	3	-	-	-	-	416	416	(4,862)	(4,446)
Acquisition of subsidiaries	3	-	-	-	-	-	-	10,191	10,191
Disposal of non-controlling interests	3	-	-	-	-	(577)	(577)	1,666	1,089
Balance as at 30 June 2011		**158,940**	**79,545**	**4,151**	**(3,208)**	**23,930**	**263,358**	**16,591**	**279,949**

(cont'd on the next page)

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

COMPANY'S STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Total
Balance as at 1 July 2009		**41,000**	**121,911**	**10**	**8,691**	**(1,636)**	**169,976**
Net profit for the year		-	-	-	-	1,011	1,011
Total comprehensive income		-	-	-	-	1,011	1,011
Issue of share capital	1	117,940	(38,113)	-	-	-	79,827
Shares issue transaction costs	1	-	(4,253)	-	-	-	(4,253)
Transfer to legal reserve and retained earnings	19	-	-	4,090	(8,691)	4,601	-
Balance as at 30 June 2010		**158,940**	**79,545**	**4,100**	-	**3,976**	**246,561**
Balance as at 1 July 2010		**158,940**	**79,545**	**4,100**	-	**3,976**	**246,561**
Net profit for the year		-	-	-	-	4,716	4,716
Total comprehensive income		-	-	-	-	4,716	4,716
Transfer to legal reserve and retained earnings		-	-	51	-	(51)	-
Dividends		-	-	-	-	(3,500)	(3,500)
Balance as at 30 June 2011		**158,940**	**79,545**	**4,151**	-	**5,141**	**247,777**

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

Managing Director	Darius Zubas	27 September 2011
Finance Director	Tomas Tumėnas	27 September 2011

CASH FLOW STATEMENTS

		Group		Company	
		Financial year ended		Financial year ended	
	Notes	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Cash flows from (to) operating activities					
Net profit		18,970	33,510	4,716	1,011
Adjustments for non-cash items:					
Depreciation and amortisation	5, 6, 7	10,347	7,939	57	2
Subsidies amortisation	20	(1,375)	(1,164)	-	-
Share of profit of associates and joint ventures	8	(4,806)	(2,675)	-	-
Loss (gain) on disposal of property, plant and equipment	28	48	(239)	-	(8)
Change in impairment of property, plant and equipment and investment property	6, 7	(586)	(394)	-	-
Change in impairment of investments	27	11	(6)	(558)	258
Group loss on acquisition of subsidiary	3	670	-	-	-
Loss from disposal of investments	27	-	3	851	-
Change in allowance for receivables and prepayments	27	18,870	2,948	-	61
Inventories write down to net realisable value	13	32	200	-	-
Change in accrued expenses	25	1,384	(497)	10	23
Change in fair value of biological assets	26	(8,932)	(5,269)	-	-
Change in deferred income tax	30	(8,596)	(388)	45	-
Current income tax expenses	30	4,148	6,866	-	-
(Income) expenses from change in fair value of financial instruments	17	(43)	169	-	-
Change of provision for onerous contracts	26	267	(5,433)	-	-
Dividend (income)	4	-	-	(4,309)	(2,392)
Interest (income)	29	(2,779)	(2,808)	(1,079)	(385)
Interest expenses	29	8,277	5,179	180	251
		35,907	37,941	(87)	(1,179)
Changes in working capital:					
(Increase) decrease in biological assets		(6,461)	2,917	-	-
(Increase) decrease in inventories		(22,355)	6,017	-	-
(Increase) decrease in prepayments		(11,439)	(3,460)	-	15
(Increase) decrease in trade and other accounts receivable		(63,904)	(31,892)	100	(71)
(Increase) in restricted cash	17	(77)	(1,304)	-	-
Increase (decrease) in trade and other accounts payable		37,664	(25,386)	60	24
Income tax (paid)		(3,988)	(6,785)	-	-
Net cash flows from (to) operating activities		**(34,653)**	**(21,952)**	**73**	**(1,211)**

(cont'd on the next page)

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

CASH FLOW STATEMENTS (CONT'D)

	Notes	Group Financial year ended		Company Financial year ended	
		30 June 2011	30 June 2010	30 June 2011	30 June 2010
Cash flows from (to) investing activities					
(Acquisition) of intangible assets, property, plant and equipment and investment property	5, 6, 7	(23,766)	(10,449)	(45)	-
Proceeds from sale of intangible assets, property, plant and equipment and investment property		916	594	-	8
Acquisition of subsidiaries (less received cash balance in the Group)	3	7,407	(2,046)	(880)	(528)
Disposal of subsidiaries (less disposed cash balance in the Group)	3	1,089	-	1,089	-
(Acquisition) of other investments	3	(1,572)	-	-	(524)
Prepayments for financial assets	10	(2,223)	(12,757)	-	(36,757)
Loans (granted)		(4,626)	(14,261)	(21,000)	(30,620)
Repayment of granted loans		8,042	27,763	5,615	6,764
Interest received		2,406	3,229	327	104
Dividends received	8	1,500	1,045	5,847	1,045
Net cash flows (to) investing activities		**(10,827)**	**(6,882)**	**(9,047)**	**(60,508)**
Cash flows from (to) financing activities					
Issue of share capital	1	-	75,574	-	75,574
Proceeds from loans		74,770	27,104	-	6,183
(Repayment) of loans		(42,061)	(23,080)	(500)	(4,439)
Finance lease (payments)		(1,391)	(1,225)	-	-
Interest (paid)		(8,117)	(7,044)	(178)	(420)
Dividends (paid) to non-controlling shareholders		(611)	(1,971)	-	-
Dividends (paid)		(3,500)	-	(3,500)	-
Repurchase of bonds issued		-	(14,700)	-	-
Net cash flows from (to) financing activities		**19,090**	**54,658**	**(4,178)**	**76,898**
Net (decrease) increase in cash and cash equivalents		**(26,390)**	**25,824**	**(13,153)**	**15,179**
Cash and cash equivalents at the beginning of the year	18	**34,014**	**8,190**	**15,202**	**23**
Cash and cash equivalents at the end of the year	18	**7,624**	**34,014**	**2,049**	**15,202**
Supplemental information of cash flows:					
Non-cash investing activity:					
Property, plant and equipment acquisitions financed by finance lease		1,701	308	-	-
Property, plant and equipment acquisitions financed by grants and subsidies	20	740	622	-	-

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

Managing Director	Darius Zubas	27 September 2011
Finance Director	Tomas Tumėnas	27 September 2011

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The address of its registered office is as follows:

Smėlynės Str. 2C,
Panevėžys,
Lithuania.

The Company is a holding Company and its main activity is related to holding activities: rendering business management services and legal consultations to subsidiaries and other related parties and lease of property, plant and equipment.

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

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

As at 30 June 2011 and 2010 the shareholders of the Company were:

	As at 30 June 2011		As at 30 June 2010	
	Number of shares held	**Percentage**	**Number of shares held**	**Percentage**
Akola ApS (Denmark)	86,081,551	54.16 %	87,641,551	55.14 %
Skandinaviska Enskilda Banken AB (Sweden)	21,221,849	13.35 %	-	-
Darius Zubas	17,049,995	10.73 %	17,049,995	10.73 %
Other shareholders (private and institutional investors)	34,587,003	21.76 %	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 at 30 June 2011 and 2010 and were fully paid as at 30 June 2011 and 2010. The Company, its subsidiaries and other related companies did not hold any shares of the Company as at 30 June 2011 and 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 at 30 June 2011 and 2010 the number of employees of the Group was 775 and 532, respectively.
As at 30 June 2011 and 2010 the number of employees of the Company was 9.

The Company's management approved these financial statements on 27 September 2011. The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of a new set of financial statements.

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.

No changes in share capital occurred during the year ending 30 June 2011.

2. ACCOUNTING POLICIES

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

The principal accounting policies adopted in preparing the Group's financial statements for the year ended 30 June 2011 are as follows:

2.1. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for biological assets, commitments to purchase agricultural produce, derivative financial instruments and financial instruments held for trading which have been measured at fair value.

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU).

Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year:

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement;
- Amendment to *IAS 32 Classification on Rights Issues*;
- Amendment to *IFRS 2 Share-based Payment*;
- Revised *IAS 24 Related Party Disclosures;*
- Improvements to IFRS (issued in May 2010).

The changes made no principle effects on the Group accounting policies.

Improvements to IFRS

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The following standards were addressed:

- IFRS 1 *First-time adoption*;
- IAS 27 *Consolidated and Separate Financial Statements;*
- IAS 34 *Interim Financial Reporting;*
- IFRIC 13 *Customer Loyalty Programmes;*
- *IFRS 3 Business Combinations;*
- *IFRS 7 Financial Instruments: Disclosures;*
- *IAS 1 Presentation of Financial Statements.*

The other standards and interpretations and their amendments adopted during the year ended 30 June 2011 did not impact the financial statements of the Group, because they did not have the respective financial statement items and transactions addressed by these changes.

2. ACCOUNTING POLICIES (CONT'D)

2.1. Basis of preparation (cont'd)

Standards issued but not yet effective and not early adopted

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

Amendment to IFRS 7 *Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities* (effective for financial years beginning on or after 1 July 2011, once endorsed by the EU)

The amendment modifies disclosure requirements for certain transfers of financial assets. The amendment is not expected to have any impact on the Group financial statements since the Group does not have these kinds of transfers.

Amendment to *IAS 12 Deferred tax: Recovery of Underlying Assets* (effective for financial years beginning on or after 1 January 2012, once endorsed by the EU)

The amendment provides a practical solution to the problem of determining whether an entity that is measuring deferred tax related to investment property, measured using the fair value model, expects to recover the carrying amount of the investment property through use or sale by introducing a presumption that recovery of the carrying amount will normally be through sale. These changes will have no effect on the financial statements of the Group, as its investment properties are accounted using cost method.

IFRS 9 *Financial Instruments – Phase 1 Classification and Measurement* (effective for financial years beginning on or after 1 January 2013, once endorsed by the EU)

IFRS 9 will eventually replace IAS 39. The IASB has issued the first two parts of the standard, establishing a new classification and measurement framework for financial assets and requirements on the accounting for financial liabilities. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 10 *Consolidated Financial Statements* (effective for financial years beginning on or after 1 January 2013, once endorsed by the EU)

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. The Group has not yet evaluated the impact of the implementation of this standard.

2. ACCOUNTING POLICIES (CONT'D)

2.1. BASIS OF PREPARATION (CONT'D)

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

IFRS 11 *Joint Arrangements* (effective for financial years beginning on or after 1 January 2013, once endorsed by the EU)

IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses. These changes will have no effect on the financial statements of the Group, as its investments in joint ventures are accounted using equity method.

IFRS 12 *Disclosures of Interests in Other Entities* (effective for financial years beginning on or after 1 January 2013, once endorsed by the EU)

IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures also will be required such as disclosing the judgments made to determine control over another entity. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 13 *Fair Value Measurement* (effective for financial years beginning on or after 1 January 2013, once endorsed by the EU)

The main reason of issuance of IFRS 13 is to reduce complexity and improve consistency in application when measuring fair value. It does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. This standard should be applied prospectively and early adoption is permitted. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

Amendment to IAS 27 *Separate Financial Statements* (effective for financial years beginning on or after 1 January 2013, once endorsed by the EU)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 Separate Financial Statements requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The Group has not yet evaluated the impact of the implementation of this standard.

Amendment to IAS 28 *Investments in Associates and Joint Ventures* (effective for financial years beginning on or after 1 January 2013, once endorsed by the EU)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was amended to prescribe the accounting for investments in associates and set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Group has not yet evaluated the impact of the implementation of this standard.

2. ACCOUNTING POLICIES (CONT'D)

2.1. BASIS OF PREPARATION (CONT'D)

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

Amendment to IAS 19 *Employee Benefits* (effective for financial years beginning on or after 1 January 2013, once endorsed by the EU)

The amended IAS 19 proposes major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"). The result is greater balance sheet volatility for those entities currently applying the corridor approach. These amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. Expected returns on plan assets will be replaced by a credit to income based on the corporate bond yield rate. In addition, the revised standard requires immediate recognition of past service costs as a result of plan amendments (in the income statement) and requires termination benefits to be recognised only when the offer becomes legally binding and cannot be withdrawn. These changes will have no effect on the financial statements of the Group, as they do not have established pension plan.

The Group plans to adopt the above mentioned standards and interpretations on their effectiveness date if they are adopted by the EU.

2.2. FUNCTIONAL AND PRESENTATION CURRENCY

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania, Litas (LTL). The functional currency of the Group companies operating in Lithuania is Litas. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

Transactions in foreign currencies are initially recorded in the functional currency as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position.

The assets and liabilities of foreign subsidiaries are translated into Litas at the reporting date using the rate of exchange as at the date of the statement of financial position, and their statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on this translation are recognised in a separate component of equity. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other equity relating to that foreign operation is recognised in the income statement.

Starting from 2 February 2002 Lithuanian Litas is pegged to EUR at the rate of 3.4528 Litas for 1 EUR, and the exchange rates of Litas in relation to other currencies are set daily by the Bank of Lithuania.

2.3. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date, using consistent accounting policies.

Subsidiaries are consolidated from the date from which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the statement of financial position and the statement of comprehensive income.

In the parent's separate financial statements investments into subsidiaries are accounted for at cost. The carrying value of investments is reduced to recognise an impairment loss of the value of the investments, such reduction being determined and made for each investment individually.

2. ACCOUNTING POLICIES (CONT'D)

2.3. PRINCIPLES OF CONSOLIDATION (CONT'D)

From 1 January 2010 losses of a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. Prior to 1 January 2010 losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these losses. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the parent shareholders.

Acquisitions and disposals of non-controlling interest by the Group are accounted as equity transaction: the difference between the carrying value of the net assets acquired from/disposed to the non-controlling interests in the Group's financial statements and the acquisition price/proceeds from disposal is accounted directly in equity.

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2. ACCOUNTING POLICIES (CONT'D)

2.4. INVESTMENTS INTO ASSOCIATES

An associate is an entity in which the Group has significant influence. The Group recognises its interests in the associates applying the equity method. The financial statements of the associates are prepared for the same reporting year as the Group, using consistent accounting policies. Adjustments are made to bring in line any dissimilar accounting policies that may exist. Impairment assessment of investments into associates is performed when there is an indication that the asset may be impaired or the impairment losses recognised in prior years no longer exist.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

2.5. INVESTMENTS INTO JOINT VENTURES

The Group has some interests in jointly controlled entities (hereinafter joint ventures). A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interests in the joint ventures applying the equity method. The financial statements of the joint ventures are prepared for the same reporting year as the Group, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Impairment assessment of investments into joint ventures is performed when there is an indication that the asset may be impaired or the impairment losses recognised in prior years no longer exist.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the profits of the joint venture from the transaction until it resells the asset to an independent party.

Investments into joint ventures in the Company's separate financial statements are carried at cost less impairment.

2.6. INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the Company and the cost of asset can be measured reliably.

The useful lives of intangible assets can be either definite or indefinite.

After initial recognition intangible assets with finite lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the best estimate of their useful lives. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

Intangible assets with indefinite lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from the indefinite to finite is made on a prospective basis.

2. ACCOUNTING POLICIES (CONT'D)

2.6. INTANGIBLE ASSETS OTHER THAN GOODWILL (CONT'D)

Licenses

Amounts paid for licences are capitalised and then amortised over their validity period of 3 - 4 years.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period of 3 - 4 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group expects from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

2.7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the income statement in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following useful lives:

Buildings and structures	15 - 40 years
Machinery and equipment	4 - 15 years
Vehicles	4 - 10 years
Other property, plant and equipment	3 - 20 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and put into operation.

2.8. INVESTMENT PROPERTY

Investment property is stated at cost less accumulated depreciation and is adjusted for recognised impairment loss.

The initial cost of investment property comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the investment property is ready for its intended use, such as repair and maintenance costs, are normally charged to the income statement in the period the costs are incurred.

Depreciation is calculated on the straight-line method to write-off the cost of each asset to their residual values over their estimated useful life of 20 - 40 years.

2. ACCOUNTING POLICIES (CONT'D)

2.8. INVESTMENT PROPERTY (CONT'D)

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Transfers to and from investment property are made then and only then when there is an evidence of change in an asset's use.

2.9. FINANCIAL ASSETS (EXCEPT FOR DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS)

According to IAS 39 *Financial Instruments: Recognition and Measurement* the Group's financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, or available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss

The category of financial assets at fair value through profit or loss includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on investments held for trading are recognised in the income statement.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

The Group does not have any held-to-maturity investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recorded at the fair value of the consideration given. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Allowance for doubtful receivables is evaluated when there are indications leading to the impairment of accounts receivable. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised (written off) when they are assessed as uncollectible.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with unrealised gains or losses (except for impairment and gain or losses from foreign currencies exchange) being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in the income statement. Where the fair value of the available for sale financial assets cannot be measured reliably, these assets are accounted for at cost.

2. ACCOUNTING POLICIES (CONT'D)

2.10. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.11. BIOLOGICAL ASSETS

The Group's biological assets include animals and livestock and crops.

Animals and livestock are accounted for at fair value less costs to sell. The fair value of milking cows is measured using discounted cash flows method. Other livestock is measured at comparable market prices.

Crops are accounted for at fair value less costs to sell. The fair value of crops is measured at comparable market prices.

Agricultural produce harvested from an entity's biological assets is measured at its fair value less estimated costs to sell at the point of harvest. Such measurement is further the cost of inventories.

2.12. INVENTORIES

Inventories are valued at the lower of cost and net realisable value, after impairment evaluation for obsolete and slow moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost of raw materials that are not ordinarily interchangeable and are segregated for specific projects is determined using specific identification method; cost of other inventory is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealisable inventory has been fully written-off.

Under inventories caption the Group also accounts for commitments to purchase agricultural produce (Note 2.16.).

2.13. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flows statement, cash and cash equivalents comprise cash on hand and in current bank accounts as well as deposits in bank with original term of three months or less.

2. ACCOUNTING POLICIES (CONT'D)

2.14. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.15. FINANCIAL LIABILITIES

Interest bearing loans and borrowings

Borrowings are initially recognised at fair value of proceeds received less the costs of transaction. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Other borrowing costs are expensed as incurred. The Group capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 July 2009.

Borrowings are classified as non-current if the completion of a refinancing agreement before the reporting date provides evidence that the substance of the liability at the reporting date was non-current.

Factoring

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issue of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Trade liabilities

Trade liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such liabilities are carried at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the trade liabilities are derecognised, as well as through the amortisation process.

2. ACCOUNTING POLICIES (CONT'D)

2.16. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group engages in derivative financial instruments transactions, such as futures contracts, to hedge purchase price fluctuation risk. On the agreement date and subsequently derivative financial instruments are accounted for at fair value. Fair value is derived from quoted market prices. The estimated fair values of these contracts are reported in the statement of financial position as assets for contracts having a positive fair value and liabilities for contracts with a negative fair value. Gain or losses from changes in the fair value of derivative financial instruments are recognised in the income statement.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or losses from re-measuring the hedging instrument to fair value is recognised immediately in the income statement. The hedged item is adjusted for fair value changes relating to the risk being hedged and the difference is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement.

Any gains or losses arising from changes in the fair value of the hedging instruments, which do not qualify for hedge accounting, are taken directly to the income statement for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

2.17. FINANCE AND OPERATING LEASE OBLIGATIONS

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance lease – the Group as a lessee

Leases where the lessor transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. The Group recognises finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the interest rate implicit in the lease, when it is possible to determine it, in other cases, the Group's incremental interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for finance lease assets. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets are not depreciated over the period longer than the lease term, unless the Group, according to the lease contract, gets transferred their ownership after the lease term is over.

Operating lease – the Group as a lessee

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Operating lease – the Group as a lessor

Assets leased out under operating leases are included in property, plant and equipment and investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment of the Group. Rental income is recognised on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (CONT'D)

2.18. SHARE CAPITAL

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

2.19. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group re-evaluates provisions at each reporting date and adjusts them in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Onerous contracts provision

Onerous contracts provision is recognised when the Group has a present obligation (legal or constructive) to purchase the goods from a third party in the future for a price higher than the market selling price at the reporting date. The difference between the value of the contract and its selling price at the reporting date is charged to cost of sales in the income statement.

2.20. NON-CURRENT EMPLOYEE BENEFITS

According to the requirements of Lithuanian Labour Code, each employee leaving the Group at the age of retirement is entitled to a one-off payment in the amount of 2 months' salary.

Current year cost of employee benefits is recognised as incurred in the income statement. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the income statement as incurred.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognized in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognized in the income statement as incurred.

2.21. PUT OPTION OVER NON-CONTROLLING INTEREST

Put options granted to non-controlling interests give rise to a financial liability, which are measured at the present value of the redemption amount. The Group has chosen the "Partial recognition of non-controlling interest" accounting method since the Group does not have a present ownership interest in the shares concerned, and concludes that IAS 27 initially takes precedence. Under this approach, while the put option remains unexercised, the accounting at the end of each reporting period is as follows:

1. the Group determines the amount that would have been recognised for the non-controlling interest, including an update to reflect its share of profits and losses (and other changes in equity) of the acquiree for the period, as required by IAS 27;
2. the Group de-recognises the non-controlling interest;
3. the Group recognises a financial liability in accordance with IAS 39; and
4. the entity accounts for the difference between (2) and (3) as a change in the non-controlling interest as an equity transaction.

If the put option is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price. If the put option expires unexercised, the non-controlling interest is recognised as though the put option had never been granted (i.e., measured at the date of the business combination) and the financial liability is derecognised, with a corresponding credit to the same component of equity.

2. ACCOUNTING POLICIES (CONT'D)

2.22. SHARE-BASED PAYMENT TRANSACTIONS

Certain Group managers received remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date. This is then capitalised to the cost of investment in the Parents financial statements or expensed in the Consolidated Group accounts.

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest (Note 3).

2.23. GRANTS AND SUBSIDIES

Grants and subsidies (hereinafter "grants") received in the form of cash intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. The amount of the asset related grants is recognised as deferred income in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In the income statement, a relevant expense account is reduced by the amount of grant amortisation.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2.24. INCOME TAX

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania and respective countries, where the Group companies are registered.

In the year ended 30 June 2010 the standard income tax rate for the Group companies operating in Lithuania was 20 %, starting from 1 July 2010 – 15 %.

Certain tax provisions are applicable to the agricultural entities: if the share of agricultural products supplied and services provided to the entities engaged in agricultural activities exceeded 50 % of the total sales of the legal entities producing agricultural products and specialised service companies, these entities are subject to reduced income tax. The entities of the Group which are subject to reduced income tax are Šakiai district Lukšiai ŽŪB, Radviliskis district Sidabravas ŽŪB, Biržai district Medeikiai ŽŪB, Panevėžys district Aukštadvaris ŽŪB.

For companies operating in Lithuania tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the company changes its activities due to which these losses were incurred except when the company does not continue its activities due to reasons which do not depend on the company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Income tax for the foreign subsidiaries is accounted for according to tax legislation of those foreign countries. The standard income tax rates in the foreign countries are as follows:

Republic of Latvia	15 %
Republic of Ukraine	23 %
Kingdom of Denmark	25 %

2. ACCOUNTING POLICIES (CONT'D)

2.24. INCOME TAX (CONT'D)

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes they will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

2.25. REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

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

Revenue from services is recognised when services are rendered.

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

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

2.26. EXPENSE RECOGNITION

Expenses are recognised on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due to be paid, excluding VAT. In those cases when long period of payment is established and the interest is not distinguished, the amount of expenses is estimated by discounting the amount of payment using the market interest rate.

2.27. IMPAIRMENT OF ASSETS

Financial assets

Financial assets are reviewed for impairment at each reporting date.

For financial assets carried at amortised cost, whenever it is probable that the Group will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the income statement. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the income statement. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

In relation to trade and other receivables, an allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

2. ACCOUNTING POLICIES (CONT'D)

2.27. IMPAIRMENT OF ASSETS (CONT'D)

Other assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required (e.g. goodwill), the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by independent valuations, valuation multiples, or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.28. SEGMENT INFORMATION

In these financial statements an operating segment means a constituent part of the Group participating in production of an individual product or provision of a service or a group of related products or services, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

In these financial statements information about geographical areas means a constituent part of the Group revenue from external customers attributed to the Group's country of domicile and attributed to all foreign countries in total from which the Group derives revenue and non-current assets other than financial assets and deferred tax assets located in the Group's country of domicile and located in all foreign countries in total in which the Group holds assets.

2.29. REVENUE RECOGNITION GROSS VERSUS NET

If the Group is acting as the principal in the relationship between the supplier and the customer, the revenue is recognised on a gross basis, with the amount remitted to the supplier being accounted for as a cost of sale. However, if the Group is acting as an agent for the supplier in its relationship with the customer, only the net amount of commission retained is recognised as revenue.

Whether the Group is acting as principal or agent in the transaction with the customer is a matter of judgment that depends on the relevant facts and circumstances. However, the Group considers the following indicators of gross revenue recognition (i.e., indicators that the Group is acting as principal in the transaction with the customer):

- The Group is the primary obligor under the terms of the contracts;
- The Group bears any general and physical inventory risks;
- The Group is able to determine the sales price;
- The Group is able to change the product;
- The Group has discretion in supplier selection;
- The Group is involved in the determination of product or service specifications;
- The Group bears any credit risks.

2. ACCOUNTING POLICIES (CONT'D)

2.30. USE OF SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies.

Significant accounting judgments

The significant areas of judgment used in the preparation of these financial statements are described below.

Acquisition of shares of UAB Lignineko

As at acquisition date UAB Lignineko possessed raw material which is used in production of lignin but not have any business processes. The Company's management applied judgment when determining whether the acquisition should be accounted for as a business combination according to IFRS 3 or as an acquisition of an asset and, as a result, accounted for the transaction as an acquisition of an asset (Note 3).

Accounting for trading contracts

Within grains and oilseeds as well as feedstuffs segments, the Group's activity is an agricultural goods intermediary (buying and selling different types of grain, oilseeds, rapeseed, etc.). The Group buys and sells agricultural goods at a fixed price for a specified delivery period in the future. The terms of the Group's contracts permit net settlement; however, in practice, contracts result in physical delivery. The Group acts as an intermediary by entering into purchase and sales contracts with producers and users of the agricultural goods, creating links within the value chain for the agricultural goods for a stable customer base, making profits from a distributor margin rather than from fluctuations in price or a broker traders' margin. As a result, the Group's purchases and sales contracts are entered into in accordance with the expected purchase and sale requirements and, therefore, have not been accounted for as derivatives within the scope of IAS 39, except for those contracts which are hedged (Note 2.16.).

Receivables from agricultural produce growers and payments on agricultural produce growers' behalf

Within its agricultural inputs segment, the Group is engaged in selling fertilisers and plant protection products to agricultural produce growers as well as pays on behalf of agricultural produce growers to suppliers of seeds (Notes 14 and 15). The balances arising from these transactions are non-interest bearing and are generally settled within 120 - 360 days by delivering grain to the Group. These transactions constitute common arrangements in the industry, they are entered into between distributors and agricultural produce growers under similar terms, and usual settlement is by delivery of grain, as opposed to an unconditional right to receive cash; therefore, no discounting is performed on these balances. Trade receivables arising on sales of fertilisers and plant protection products are presented within trade receivables caption in the statement of financial position, while payments on behalf of agricultural produce growers, which do not derive from sales transactions, are presented as prepayments in the statement of financial position.

Significant accounting estimates

The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation (Notes 2.7., 2.8., 6 and 7), fair value estimation of biological assets (Note 12) and impairment evaluation (Notes 2.27., 6, 7, 13, 14, 15 and 16). Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of biological assets

As at 30 June 2011 and 2010 the Group did not have an independent appraisal of its biological assets. According to IFRS, such assets must be recorded at market value. Biological assets consist of two groups: animals and livestock and crops which are accounted for at fair value less costs to sell (Note 2.11.).

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

2. ACCOUNTING POLICIES (CONT'D)

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

Valuation of biological assets (cont'd)

As at 30 June 2011 the key assumptions used to determine fair value of milking cows are the estimated gross margin (32 % for the year ending 30 June 2012 and 35 % for the year ending 30 June 2013) used to calculate the expected future cash inflows as well as pre-tax discount rate (11 %). As at 30 June 2010 the key assumptions used to determine fair value of milking cows are the estimated gross margin (24% for the year ending 30 June 2011 and 26 % for the year ending 30 June 2012) used to calculate the expected future cash inflows as well as pre-tax discount rate (11 %).

The following table demonstrates the sensitivity of the fair value of milking cows to a reasonably possible change in key assumptions:

	30 June 2011		30 June 2010	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Gross margin	+ 3 %	781	+ 3 %	680
Gross margin	- 3 %	(781)	- 3 %	(564)
Discount rate	+ 1 %	(130)	+ 1 %	(90)
Discount rate	- 1 %	132	- 1 %	91

Impairment of property, plant and equipment (excluding land)

The Group makes an assessment, at least annually, whether there are any indications that property, plant and equipment have suffered impairment. If that is the case, the Group makes an impairment test. The recoverable amount of cash-generating units is determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested.

As at 30 June 2010 the recoverable amount is most sensitive to the discount rate (11 %) used for the discounted cash flow model as well as the expected future cash inflows and the growth rate (1 %) used for extrapolation purposes. As at 30 June 2011 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of property, plant and equipment to exceed its recoverable amount, except for already impaired assets.

Impairment of land (accounted for as property, plant and equipment and investment property)

The Group makes an assessment, at least annually, whether there are any indications that land accounted for as property, plant and equipment and investment property has suffered impairment. If that is the case, the Group makes an impairment test. The recoverable amount of land is determined as fair value less cost to sell based on comparable market prices for similar land provided by independent valuators.

Impairment of the Company's investments

As at 30 June 2011 and 2010 the Company has investments in subsidiaries, associates and joint ventures. As at 30 June 2011 and 2010 the Company made an assessment whether the value of the investments should be impaired. The recoverable amount of investment in AB Linas Agro was determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that AB Linas Agro is not yet committed to or significant future investments that will enhance the asset base of the investee being tested.

As of 30 June 2011 and 2010 the recoverable amount of the investment into AB Linas Agro is most sensitive to the pre-tax discount rate (13.5% and 12.9 %, respectively) used for the discounted cash flow model as well as the expected future cash inflows and the growth rate (1 %) used for extrapolation purposes.

As of 30 June 2011 and 2010 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of the investment into AB Linas Agro to exceed its recoverable amount.

2. ACCOUNTING POLICIES (CONT'D)

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

Impairment of the Company's investments (cont'd)

Where necessary, the Company also performed an impairment test for other investments in subsidiaries, associates and joint ventures using possible selling prices method. According to the test performed as of 30 June 2011 and 2010 the Company accounted for impairment so as the carrying amount of the investments would not exceed their respective recoverable amounts (Note 3).

2.31. CONTINGENCIES

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with business combinations. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

2.32. SUBSEQUENT EVENTS

Post-balance sheet events that provide additional information about the Group's position at the reporting 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.

2.33. OFFSETTING AND COMPARATIVE FIGURES

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except for the cases when certain IFRS specifically requires or allows such set-off.

Where necessary, comparative figures have been adjusted to correspond to the presentation of the current year.

3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As at 30 June 2011 and 2010 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

		Effective share of the stock held by the Group		Cost of investment in the Company				
	Place of registration	30 June 2011	30 June 2010	30 June 2011	30 June 2010	Profit (loss) for the year ended 30 June 2011	Equity as of 30 June 2011	Main activities
Investments into directly controlled subsidiaries								
AB Linas Agro	Lithuania	100 %	100 %	181,277	157,277	5,578	115,692	Wholesale trade of grains and oilseeds, feedstuffs and agricultural programs
UAB Linas Agro Konsultacijos	Lithuania	100 %	100 %	3,132	2,023	92	4,648	Management of the subsidiaries engaged in agriculture
ŽŪB Landvesta 1	Lithuania	100 %	100 %	788	679	189	949	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100 %	100 %	786	689	35	60	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100 %	100 %	689	689	79	100	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100 %	100 %	326	236	60	(109)	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100 %	100 %	454	158	84	59	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100 %	100 %	240	142	174	(87)	Rent and management of agricultural purposes land
PJ-SC UKRAGRO NPK	Ukraine	58.04 %	-	16,363	-	11,786	34,524	Manufacturing of fertilizers, wholesale of grains and oilseeds
				204,055	161,893			
	Less: allowances for impairment			(626)	(1,184)			
				203,429	160,709			
Investments into indirectly controlled subsidiaries (through AB Linas Agro)								
SIA Linas Agro	Latvia	100 %	100 %	-	-	107	6,878	Wholesale trade of grains and oilseeds, agricultural programs
UAB Gerera	Lithuania	100 %	100 %	-	-	(9)	209	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100 %	100 %	-	-	217	359	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100 %	100 %	-	-	4,424	41,631	Preparation and warehousing of grains for trade
Rosenkrantz A/S	Denmark	60 %	60 %	-	-	(20,765)	(11,482)	Wholesale trade of grains and oilseeds, feedstuffs
UAB Lignineko	Lithuania	100 %	100 %	-	-	(483)	300	Manufacturing of lignin
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)								
ŽŪK KUPIŠKIO GRŪDAI	Lithuania	92.88 %	37.43 %	-	-	54	1,836	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.36 %	96.54 %	-	-	1,154	7,337	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.37 %	93.93 %	-	-	5,834	28,941	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	65.35 %	65.35 %	-	-	2,858	8,658	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	66.22 %	55.90 %	-	-	2,132	10,959	Mixed agricultural activities
Užupės ŽŪB	Lithuania	70 %	-	-	-	1,369	1,379	Growing and sale of crops

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 year ended 30 June 2011

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

At the acquisition date the fair value was higher than the carrying value of the net assets by LTL 9,029 thousand representing the differences on non-current assets. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition date were the following:

Acquisition date	**1 July 2010**
Non-current assets	16,442
Inventories	46,735
Prepayments and other current assets	27,676
Cash and cash equivalents	7,407
Total assets	**98,260**
Deferred tax liability	(3,090)
Interest bearing financial liabilities	(54,445)
Trade payables	(8,417)
Other current liabilities	(4,488)
Total liabilities	**(70,440)**
Total identifiable net assets at fair value	**27,820**
Attributable to non-controlling interests	10,188
Attributable to the equity holders of the parent	17,632
Acquisition date fair value of initially held equity interest	3,414
Cost	(5,545)
Group (loss) on remeasuring to fair value the initially held equity interest	(2,131)
Consideration transferred	12,757
Fair value of initially held equity interest	3,414
Total fair value of investment	**16,171**
Gain from a bargain purchase	1,461
Group (loss) on remeasuring to fair value the initially held equity interest	(2,131)
(Loss) recognized on acquisition of subsidiary, recognised under Other (expenses) (Note 28)	**(670)**
Purchase consideration*	12,757
Less: cash acquired	7,407
Total purchase consideration, net of cash acquired	**5,350**
Revenue for the year ended 30 June 2011	356,027
Profit for the year ended 30 June 2011	11,786

**As at 30 June 2010 the Company had a payment amounting to LTL 12,757 thousand made for the acquired additional 50 % shares of PJ-SC UKRAGRO NPK.*

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

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of the value of the net identifiable assets acquired.

The acquisition resulted in LTL 1,461 thousand gain. The entity is not listed and no active market for fair value estimation exists. The sales price of the shares was determined by the previous equity interest holders. The gain from transaction resulted due to the fact that the sales price of the business was determined based on the historic EBITDA, which was relatively low due to the economic slowdown in the year, preceding to the acquisition.

On 27 July 2010 Biržai district Medeikių ŽŪB has acquired additional 36.36 % shares of ŽŪK KUPIŠKIO GRŪDAI for LTL 920 thousand.
On 18 October 2010 AB Linas Agro has acquired additional 18.18 % shares of ŽŪK KUPIŠKIO GRŪDAI for LTL 460 thousand.
After the acquisition the effective share of ŽŪK KUPIŠKIO GRŪDAI owned by the Group increased to from 37.24 % to 92.88 %.
The difference of LTL 303 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity due to the below mentioned reasons.

On 1 July 2008 the Group companies signed a shareholders' agreement with the members of ŽŪK KUPIŠKIO GRŪDAI. The total shareholding of the members that entered into the agreement is 63.63 %. According to the clauses of the agreement AB Linas Agro obtained control over ŽŪK KUPIŠKIO GRŪDAI's operations and financial decisions and as a result of the agreement of the other shareholders to transfer their rights to appoint the board of directors. AB Linas Agro was able to appoint the chairman and the majority of the board members of ŽŪK Kupiškio Grūdai and, therefore, the mentioned company is consolidated to the Group from 1 July 2008. After the above described acquisition the shareholder agreement was terminated (as at 7 October 2010), however, the control remained within the Group and investment remained consolidated.

As at 30 December 2010 and 10 January 2011 the Company sold 2.34 % and 3 % of PJ-SC UKRAGRO NPK shares for LTL 477 thousand and LTL 612 thousand, respectively, to the management of PJ-SC UKRAGRO NPK. For the Group consolidation purposes the difference of LTL 577 thousand between the considerations received and the carrying value of the interest disposed has been recognised within equity. The Company recognised LTL 851 thousand loss from the transaction (Note 27).

In addition, AB Linas Agro Group entered to the Shareholders' agreement with the non-controlling shareholders of its subsidiary. According to the agreement AB Linas Agro Group has an obligation to acquire the shares from the non-controlling shareholders, if put option is exercised. The Group has accounted the financial liability amounting to LTL 1,953 thousand under other non-current liabilities as at 30 June 2011 in relation to this and accounted for the difference of LTL 109 thousand between the liability and the derecognised non-controlling interest in equity. The parent did not account for the option as the intrinsic value of the option was close to zero.

On 6 April 2011 UAB Linas Agro Konsultacijos together with other shareholders established new subsidiary Užupės ŽŪB. The total share capital of the company is LTL 10 thousand. The effective share of the stock held by the Group is 70%.

During the year ended 30 June 2011 the Group acquired 4.44 % of Šakiai district Lukšių ŽŪB share capital for LTL 139 thousand, 10.32 % of Sidabravo ŽŪB share capital for LTL 53 thousand. All the shares were acquired from the non-controlling shareholders.
UAB Linas Agro Konsultacijos increased Biržai district Medeikių ŽŪB share capital by LTL 920 thousand. Due to the changes in the shareholders of Biržai district Medeikių ŽŪB the effective Group ownership increased from 96.54 % to 98.36 %. The difference of LTL 828 thousand between the consideration transferred and the carrying value of the interests acquired has been recognised within equity.

During year ended 30 June 2011 the Company increased share capital of AB Linas Agro and UAB Linas Agro Konsultacijos by LTL 24,000 thousand (respective prepayment was made as at 30 June 2010, refer to Note 10) and LTL 1,109 thousand, respectively. The Company also increased share capital ŽŪB Landvesta 1, ŽŪB Landvesta 2, ŽŪB Landvesta 4, ŽŪB Landvesta 5 and ŽŪB Landvesta 6 by LTL 691 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, rapecake 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.

Group Financial year ended 30 June 2011	Grains and oilseeds	Feedstuffs	Agricul-tural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjust-ments and elimina-tions	Total
Revenue								
From one client UAB MESTILLA	138,357	13	-	-	770	-	-	139,140
Other third parties	441,123	263,061	469,269	25,276	16,107	-	-	1,214,836
Intersegment	-	2,064	11,991	14,170	21,403	-	(49,628) [1)]	-
Total revenue	**579,480**	**265,138**	**481,260**	**39,446**	**38,280**	**-**	**(49,628)**	**1,353,976**
Results								
Operating expenses	**29,932**	**11,854**	**16,567**	**3,968**	**3,290**	**7**	**-**	**65,618**
Depreciation and amortisation	547	210	1,369	2,092	4,657	97	-	8,972
Provisions for onerous contracts	-	267		-	-	-	-	267
Write-off bad debts and provisions for doubtful debts	15,621	-	2,743	-	506	-	-	18,870
Impairment of investment property	-	-	-	-	(610)	-	-	(610)
Segment operating profit (loss)	**(33,303)**	**878**	**27,543**	**15,475**	**6,022**	**(1,400)**	**-**	**15,215**
Share of profit of associates	-	-	63	-	-	-	-	63
Share of profit of joint ventures	-	-	4,743	-	-	-	-	4,743
Assets								
Investments into associates	-	-	347	-	-	-	-	347
Investments into joint ventures	-	-	25,821	-	-	-	-	25,821
Assets held for sale	-	-	1,802	-	-	-	-	1,802
Capital expenditure[2)]	345	172	6,447	4,884	14,907	236	-	26,991
Non-current assets (excluding investments into associates and joint ventures)	1,373	689	18,915	54,014	73,773	20,890[3)]	-	169,654
Current assets	21,926	41,048	279,726	41,319	3,118	25,475[4)]	-	412,612
Total assets	**23,299**	**41,737**	**326,611**	**95,333**	**76,891**	**46,365**	**-**	**610,236**
Current liabilities	18,533	9,217	213,445	10,071	6,553	27,969[5)]	-	285,788

4. SEGMENT INFORMATION (CONT'D)

Group Financial year ended 30 June 2010	Grains and oilseeds	Feedstuffs	Agricultural inputs	Farming	Other products and services	Not attributed to any specified segment	Adjustments and eliminations	Total
Revenue								
From one client UAB MESTILLA	81,808	-	-	-	986	-	-	82,794
Other third parties	368,928	253,122	94,460	21,044	13,768	-	-	751,322
Intersegment	-	1,623	7,184	9,977	18,285	-	(37,069)[1)]	-
Total revenue	**450,736**	**254,745**	**101,644**	**31,021**	**33,039**	**-**	**(37,069)**	**834,116**
Results								
Operating expenses	**14,374**	**8,405**	**2,216**	**3,006**	**2,875**	**1,203**	**-**	**32,079**
Depreciation and amortisation	523	217	63	1,786	4,184	2	-	6,775
Provisions for onerous contracts	(159)	(5,274)	-	-	-	-	-	(5,433)
Impairment of property, plant and equipment	-	-	-	(190)	-	-	-	(190)
Impairment of investment property	-	-	-	-	(204)	-	-	(204)
Segment operating profit (loss)	**11,657**	**5,069**	**10,428**	**5,856**	**7,994**	**(1,316)**	**-**	**39,688**
Share of profit of associates	-	-	122	-	-	-	-	122
Share of profit of joint ventures	-	-	2,553	-	-	-	-	2,553
Assets								
Investments into associates	-	-	284	-	-	-	-	284
Investments into joint ventures	-	-	22,888	-	-	-	-	22,888
Capital expenditure[2)]	554	164	62	1,144	9,283	104	-	11,311
Non-current assets (excluding investments into associates and joint ventures)	1,690	603	5,393	48,942	63,742	22,537[3)]	-	142,907
Current assets	29,757	62,158	110,152	30,317	2,464	47,374[4)]	-	282,222
Total assets	**31,447**	**62,761**	**138,717**	**79,259**	**66,206**	**69,911**	**-**	**448,301**
Current liabilities	10,287	29,158	66,958	8,087	5,077	25,074[5)]	-	144,641

1) Intersegment revenue are eliminated on consolidation.
2) Capital expenditure consists of additions of intangible assets, property, plant and equipment and investment property.
3) The amount includes not rented investment property, other investments, prepayments for financial assets, non-current loans receivable from related parties, non-current loans receivable from employees and deferred income tax asset.
4) The amount includes current loans receivable from related parties, part of other accounts receivable (excluding receivable from National Paying Agency), restricted cash as well as part of cash and cash equivalents.
5) As at 30 June 2011 and 2010 the amount mainly includes income and other taxes payable, and part of borrowings, which are managed on the Group basis.

Sales/Income include:

	Group		Company	
	Financial year ended			
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Sales of goods	1,342,756	821,885	-	-
Sales of services	11,220	12,231	207	225
Dividends from joint-ventures	-	-	-	1,500
Dividends from subsidiaries	-	-	3,500	847
Rental income from investment and other property	-	-	165	161
Dividends from associates	-	-	809	45
	1,353,976	834,116	4,681	2,778

4. SEGMENT INFORMATION (CONT'D)

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

	Group	
	Financial year ended	
Revenue from external customers	**30 June 2011**	**30 June 2010**
CIS	399,998	73,369
Lithuania	376,486	239,222
Europe (except for Scandinavian countries, CIS and Lithuania)	321,587	191,874
Scandinavian countries	110,214	152,789
Asia	100,774	84,868
Africa	44,917	91,994
	1,353,976	834,116

Revenue from the largest customer amounted to LTL 139,140 thousand (LTL 82,794 thousand in the year ending 30 June 2010), arising from sales to UAB MESTILLA and is accounted in the grains and oilseeds segment mostly. Sales to this customer exceed 10 % of sales of the Group in the year ended 30 June 2011. There are no other individual customers exceeding 10 % of sales.

Revenue from customers located in CIS increased mainly due to PJ-SC UKRAGRO NPK acquisition, as described in Note 3.

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

	Group	
Non-current assets	**As at 30 June 2011**	**As at 30 June 2010**
Lithuania	113,730	103,410
Ukraine	18,444	-
Latvia	207	154
Denmark	205	354
	132,586	103,918

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

5. INTANGIBLE ASSETS

Group	Software	Other intangible assets	Total
Cost:			
Balance as at 30 June 2009	1,204	684	1,888
Additions	147	-	147
Write-offs	(8)	(483)	(491)
Balance as at 30 June 2010	1,343	201	1,544
Additions	170	17	187
Acquisition of subsidiaries	57	-	57
Write-offs	(50)	(60)	(110)
Exchange differences	(8)	(1)	(9)
Balance as at 30 June 2011	1,512	157	1,669
Accumulated amortization:			
Balance as at 30 June 2009	1,184	619	1,803
Charge for the year	11	27	38
Write-offs	(8)	(483)	(491)
Balance as at 30 June 2010	1,187	163	1,350
Charge for the year	42	21	63
Write-offs	(50)	(60)	(110)
Balance as at 30 June 2011	1,179	124	1,303
Net book value as at 30 June 2011	333	33	366
Net book value as at 30 June 2010	156	38	194
Net book value as at 30 June 2009	20	65	85

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

Part of the intangible assets of the Group with the acquisition value of LTL 1,191 thousand as at 30 June 2011 was fully amortised (LTL 1,301 thousand as at 30 June 2010), but was still in active use.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as at 30 June 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/from investment property	257	(434)	-	-	-	-	(177)
Reclassifications	10	1,162	(110)	27	136	(1,225)	-
Balance as at 30 June 2010	6,381	79,102	46,948	5,561	9,140	2,388	149,520
Additions	190	3,291	5,748	1,252	666	15,394	26,541
Acquisition of subsidiaries	249	13,221	671	874	1,035	335	16,385
Disposals and write-offs	(13)	(420)	(370)	(527)	(518)	(205)	(2, 053)
Transfers to/from investment property	156	-	-	-	-	-	156
Reclassifications	-	2,797	(299)	26	-	(2,524)	-
Exchange differences	(40)	(2,006)	(97)	(137)	(168)	(141)	(2,589)
Balance as at 30 June 2011	6,923	95,985	52,601	7,049	10,155	15,247	187,960
Accumulated depreciation:							
Balance as at 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 at 30 June 2010	-	19,068	25,915	3,120	5,594	-	53,697
Charge for the year	-	5,355	4,238	914	1,235	-	11,742
Disposals and write-offs	-	(182)	(249)	(293)	(389)	-	(1,113)
Exchange differences	-	(39)	(21)	(11)	(24)	-	(95)
Balance as at 30 June 2011	-	24,202	29,883	3,730	6,416	-	64,231
Impairment losses:							
Balance as at 30 June 2009	278	266	21	3	57	-	625
Transfers from investment property	62	-	-	-	-	-	62
(Reversal) charge for the year	(134)	-	(2)	1	(55)	-	(190)
Balance as at 30 June 2010	206	266	19	4	2	-	497
(Reversal) charge for the year	(156)	182	-	(1)	(1)	-	24
Balance as at 30 June 2011	50	448	19	3	1	-	521
Net book value as at 30 June 2011	6,873	71,335	22,699	3,316	3,738	15,247	123,208
Net book value as at 30 June 2010	6,175	59,768	21,014	2,437	3,544	2,388	95,326
Net book value as at 30 June 2009	5,599	57,028	24,551	2,924	2,987	1,043	94,132

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

The Group's depreciation charge for the years ended 30 June 2011 and 2010 was included into the following captions of the statement of financial position and the income statement:

	Financial year ended	
	30 June 2011	**30 June 2010**
Cost of sales	8,941	6,272
Biological assets	1,212	1,711
Operating expenses	1,115	1,463
Other expenses	125	129
Raw materials and other inventories	349	118
	11,742	9,693

Depreciation amount was decreased in the income statement by LTL 1,375 thousand for the year ended 30 June 2011 (LTL 1,164 thousand for the year ended 30 June 2010) by the amortisation of grants received by the Group (Note 20).

As at 30 June 2011 part of property, plant and equipment of the Group with the net book value of LTL 108,318 thousand (LTL 74,887 thousand as at 30 June 2010), was pledged to banks as a collateral for the loans (Note 21).

Part of property, plant and equipment with the acquisition cost of LTL 9,801 thousand was fully depreciated as at 30 June 2011 (LTL 8,362 thousand as at 30 June 2010) but was still in active use.

7. INVESTMENT PROPERTY

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

	Land	Buildings	Total
Cost:			
Balance as at 30 June 2009	8,086	2,863	10,949
Additions	82	-	82
Disposals	(237)	-	(237)
Transfers to/from property, plant and equipment	(257)	434	177
Balance as at 30 June 2010	7,674	3,297	10,971
Additions	263	-	263
Transfers to/from property, plant and equipment	(156)	-	(156)
Balance as at 30 June 2011	7,781	3,297	11,078
Accumulated depreciation:			
Balance as at 30 June 2009	-	527	527
Charge for the year	-	37	37
Transfers from property, plant and equipment	-	29	29
Balance as at 30 June 2010	-	593	593
Charge for the year	-	103	103
Balance as at 30 June 2011	-	696	696
Impairment losses:			
Balance as at 30 June 2009	857	1,389	2,246
(Reversal) for the year	(204)	-	(204)
Transfers to property, plant and equipment	(62)	-	(62)
Balance as at 30 June 2010	591	1,389	1,980
(Reversal) for the year	(349)	(261)	(610)
Balance as at 30 June 2011	242	1,128	1,370
Net book value as at 30 June 2011	7,539	1,473	9,012
Net book value as at 30 June 2010	7,083	1,315	8,398
Net book value as at 30 June 2009	7,229	947	8,176

7. INVESTMENT PROPERTY (CONT'D)

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

	Buildings
Cost:	
Balance as at 30 June 2009, 30 June 2010 and 30 June 2011	626
Accumulated depreciation:	
Balance as at 30 June 2009	22
Charge for the year	2
Balance as at 30 June 2010	24
Charge for the year	57
Balance as at 30 June 2011	81
Net book value as at 30 June 2011	545
Net book value as at 30 June 2010	602
Net book value as at 30 June 2009	604

Depreciation expenses of investment property are included within other expenses in the income statement.

As at 30 June 2011 part of investment property of the Group with the net book value of LTL 8,214 thousand (LTL 8,243 thousand as at 30 June 2010), was pledged to banks as a collateral for the loans (Note 21). As at 30 June 2011 and 2010 the Company has pledged all its investment property to the bank as collateral for the loan received by its subsidiary AB Linas Agro (Note 21).

Fair value of the Group's and the Company's investment property as at 30 June 2011 is LTL 11,932 thousand and LTL 1,710 thousand, respectively (as at 30 June 2010 LTL 9,795 thousand and LTL 1,710 thousand, respectively). Fair value has been determined based on valuations performed by independent valuators at near reporting date using the comparable prices method.

8. INVESTMENTS INTO ASSOCIATES AND JOINT VENTURES AND ASSETS CLASSIFIED AS HELD FOR SALE

As at 30 June 2011 and 2010 the Group had investments into the following associates and joint ventures:

	Place of registration	Effective share held by the Group: As at 30 June 2011	Effective share held by the Group: As at 30 June 2010	Main activities
Associates				
UAB Jungtinė Ekspedicija	Lithuania	45.05 %	45.05 %	Expedition and ship's agency services
Joint ventures				
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
Companies controlled by UAB Dotnuvos Projektai				
UAB Dotnuvos Technika	Lithuania	50.00 %	50.00 %	Dormant
SIA DOTNUVOS PROJEKTAI	Latvia	50.00 %	50.00 %	Sale of seeds, agricultural machinery
AS Dotnuvos Projektai	Estonia	50.00 %	-	Sale of seeds, agricultural machinery
ŽŪB Dotnuvos Agroservisas	Lithuania	49.98 %	49.98 %	Agricultural equipment maintenance and related services

8. INVESTMENTS INTO ASSOCIATES, JOINT VENTURES AND ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Information on associates and joint ventures of the Group as at 30 June 2011 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 revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė Ekspedicija	347	139	4,315	166	1,112	-	507
	347						
Investments into joint ventures							
UAB Kustodija	1,802	(83)	38,787	689	30,220	102	27,204
UAB Dotnuvos Projektai (consolidated)	25,821	9,823	176,194	35,689	133,218	5,413	111,851
	27,623						
Classified as held for sale	(1,802)						
	25,821						

The Group has disclosed the investment in UAB Kustodija under assets classified as held for sale as at 30 June 2011, because on 9 May 2011 the Company has entered into a binding UAB Kustodija 50 % shares sales agreement and the Company announced a formal disposal plan.

Information on associates and joint ventures of the Group as at 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 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
	284						
Investments into joint ventures							
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
	22,888						

Movements of investments into associates and joint ventures for the years ended 30 June 2011 and 2010 are the following:

Balance as at 30 June 2009	21,768
Dividends received from associates and joint ventures	(1,545)
Share profit of associates and joint ventures (after eliminations of unrealised gains)	2,949
Balance as at 30 June 2010	23,172
Share profit of associates and joint ventures (after eliminations of unrealised gains)	4,798
Transferred to assets classified as held for sale	(1,802)
Balance as at 30 June 2011	26,168

8. INVESTMENTS INTO ASSOCIATES, JOINT VENTURES AND ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Information on associates and joint ventures of the Company as at 30 June 2011 and 2010 was as follows:

	Share of the stock held by the Company		Cost of investment	
	As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
Investments into associates				
UAB Linas Agro Grūdų centras KŪB	24.70 %	-	3,906	-
UAB Jungtinė Ekspedicija	45.05 %	45.05 %	132	132
			4,038	132
Investments into joint ventures				
UAB Dotnuvos Projektai	50.00 %	50.00 %	4,902	4,902
UAB Kustodija	50.00 %	50.00 %	700	700
			5,602	5,602
Classified as held for sale			(700)	-
			4,902	5,602

During the year ended 30 June 2011 the Company has increased partnership in UAB Linas Agro Grūdų centras KŪB by LTL 3,900 thousand capitalising part of a loan granted to the investee. As the other shareholders of UAB Linas Agro Grūdų centras KŪB did not participate in the share capital increase, the share of the stock held by the Company increased by 24.67 % (share held as at 30 June 2010 was 0.03 %). As at 30 June 2010 the Company has accounted for this investment under other investments caption.

Due to the reasons described above, investment in UAB Kustodija was disclosed under assets classified as held for sale caption as at 30 June 2011.

9. OTHER INVESTMENTS

Other investments of the Group consist of:

	Share held by the Group	As at 30 June 2011	As at 30 June 2010
PJ-SC UKRAGRO NPK	13.38 %	-	5,545
Panevėžys district Ėriškių ŽŪB	24.97 %	173	173
Other investments		192	166
		365	5,884

Other investments of the Company consist of:

	Share held by the Company	As at 30 June 2011	As at 30 June 2010
PJ-SC UKRAGRO NPK	13.38 %	-	5,545
Other investments		-	7
		-	5,552

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

As described in Note 3, on 1 July 2010 the Company acquired additional 50 % shares of PJ-SC UKRAGRO NPK, therefore the investment is classified under Investments into subsidiaries as at 30 June 2011.

10. PREPAYMENTS FOR FINANCIAL ASSETS

	Group		Company	
	As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
Prepayment for financial assets to be acquired (Note 11)	2,223	-	-	-
Prepayment for acquisition of 50 % of shares of PJ-SC UKRAGRO NPK (Note 3)	-	12,757	-	12,757
Prepayment for increase of share capital of AB Linas Agro (Note 3)	-	-	-	24,000
	2,223	12,757	-	36,757

11. NON-CURRENT RECEIVABLES

	Group	
	As at 30 June 2011	As at 30 June 2010
Trade receivables from agricultural produce growers due after one year	2,176	5,697
Loans receivable after one year	4,509	1,725
Other non-current receivable	3,450	-
Loans to employees	182	192
	10,317	7,614

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

As at 30 June 2011 AB Linas Agro has granted LTL 4,125 thousand of the agreed funds. The amounts were disclosed as non-current loans receivable (LTL 3,354 thousand) and current loans receivable (LTL 770 thousand).

During the year ended 30 June 2011 the Group has made LTL 1 873 thousand prepayment for financial assets to be acquired (Note 10). In addition, the Group has acquired LTL 3,800 thousand receivables from Trans Farm Ltd., LTL 350 thousand out of which is already paid (accounted under prepayment for financial assets to be acquired in Note 10). The related unpaid part is recognised under other current liabilities caption (Note25) as at 30 June 2011. This transaction relates to acquisition of UAB Edfermus (agriculture business). The acquisition is not finalised as at the financial statement release date. Total expected investment cost is LTL 6,500 thousand.

12. BIOLOGICAL ASSETS

Fair value of the Group's livestock:

	Milking cows	Heifers	Bulls and fattening cattle	Horses	Total livestock
Fair value as at 30 June 2009	4,374	1,733	388	7	6,502
Acquisitions	4	153	21	-	178
Births	-	153	170	-	323
Makeweight	114	2,092	795	-	3,001
Transfers between groups	2,105	(2,105)	-	-	-
Disposals	(1,663)	(273)	(822)	(4)	(2,762)
Write-offs and falls	(219)	(39)	(27)	(1)	(286)
Change in fair value of biological assets	2,334	140	104	-	2,578
Fair value as at 30 June 2010	7,049	1,854	629	2	9,534
Acquisitions	-	-	-	-	-
Births	-	140	152	-	292
Makeweight	(14)	2,254	921	-	3,161
Transfers between groups	912	(2,241)	1,329	-	-
Disposals	(127)	(145)	(2,377)	(2)	(2,651)
Write-offs and falls	(216)	(27)	(21)	-	(264)
Change in fair value of biological assets	3,180	644	111	-	3,935
Fair value as at 30 June 2011	10,784	2,479	744	-	14,007
Quantity according to biological assets group (unaudited):					
As at 30 June 2011	1,590	1,383	463	1	3,437
As at 30 June 2010	1,467	1,371	499	3	3,340
As at 30 June 2009	1,381	1,438	411	7	3,237

Fair value of the Group's crops:

	Winter cultures	Summer cultures	Rapeseeds	Feeding cultures	Total crops
Fair value as at 30 June 2009	6,622	3,382	5,622	1,588	17,214
Additions	5,663	4,422	3,864	1,146	15,095
Transfers between groups	-	12	(60)	48	-
Harvested assets	(6,511)	(3,394)	(5,373)	(1,464)	(16,742)
Write-offs	(111)	-	(189)	(172)	(472)
Change in fair value of biological assets	881	1,207	603	-	2,691
Fair value as at 30 June 2010	6,544	5,629	4,467	1,146	17,786
Additions	7,744	8,855	6,397	3,564	26,560
Transfers between groups	(289)	414	(125)	-	-
Harvested assets	(6,847)	(5,566)	(4,145)	(1,919)	(18,477)
Write-offs	(451)	-	(733)	-	(1,184)
Change in fair value of biological assets	480	3,254	1,263	-	4,997
Fair value as at 30 June 2011	7,181	12,586	7,124	2,791	29,682

12. BIOLOGICAL ASSETS (CONT'D)

Crops under groups	Winter cultures	Summer cultures	Rapeseeds	Feeding cultures	Total crops
Total sowed (ha) (unaudited) as at 30 June 2010	3,233	3,158	2,134	1,007	9,532
Total sowed (ha) (unaudited) as at 30 June 2011	2,472	4,332	2,597	1,881	11,282

As at 30 June 2011 and 2010 the management of the Group treats all animals and livestock as non-current assets and all crops as current.

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

As at 30 June 2011 part of animals and livestock of the Group with the value of LTL 14,007 thousand (LTL 9,534 thousand as at 30 June 2010) was pledged to banks as a collateral for the loans (Note 21).

13. INVENTORIES

	Group	
	As at 30 June 2011	As at 30 June 2010
Purchased goods for resale (at cost or net realizable value)	117,119	51,451
Raw materials and other inventories (at cost)	12,042	8,412
Commitments to purchase agricultural produce (Note 17)	(935)	2,922
	128,226	62,785

The carrying value of the Group's inventories accounted for at net realizable value as at 30 June 2011 amounted to LTL 409 thousand (LTL 200 thousand as at 30 June 2010). The amount of write-down of inventories to net realizable value recognized as an expense in the year ended 30 June 2011 is LTL 32 thousand (LTL 200 thousand in the year ended 30 June 2010), and is recognized in cost of sales of the income statement.

As at 30 June 2011 part of inventories of the Group with the value of LTL 111,398 thousand (LTL 26,486 thousand as at 30 June 2010) was pledged to banks as collateral for the loans (Note 21).

As at 30 June 2011 the balance of inventories is significantly higher than as at 30 June 2010 due to PJ-SC UKRAGRO NPK acquisition as described in Note 3.

14. PREPAYMENTS

	Group	
	As at 30 June 2011	As at 30 June 2010
Payments on behalf of agricultural produce growers	7,085	12,472
Prepayments to other suppliers	42,851	10,309
Less: allowance for doubtful prepayments to other suppliers	(262)	(3,251)
	49,674	19,530

AB Linas Agro pays on behalf of agricultural produce growers to suppliers of seeds and also to suppliers of production. These payments are non-interest bearing and are generally collectible from the agricultural produce growers within 120 - 360 days by delivering grain to the Group.

As at 30 June 2011 Group payments on behalf of agricultural produce growers in amount of LTL 6,531 thousand were pledged to banks as collateral for the loans (LTL 9,525 thousand as at 30 June 2010) (Note 21).

As at 30 June 2010 the Group's prepayments with the nominal value of LTL 3,251 thousand were impaired and fully provided for. The prepayments were fully written-down as at 30 June 2011.

14. PREPAYMENTS (CONT'D)

Prepayment allowance charges for the years ended 30 June 2011 and 2010 were included into operating expenses in the income statement.

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

	Individually impaired
Balance as at 30 June 2009	1,916
Charge for the year	1,335
Balance as at 30 June 2010	3,251
Written-down during the year	(3,251)
Charge for the year	262
Balance as at 30 June 2011	262

15. TRADE RECEIVABLES

	Group	
	As at 30 June 2011	As at 30 June 2010
Trade receivables from agricultural produce growers	133,600	79,196
Trade receivables from other customers	47,603	43,783
Less: allowance for doubtful trade receivables	(20,435)	(1,827)
	160,768	121,152

Changes in allowance for trade receivables for the years ended 30 June 2011 and 2010 were included into operating expenses in the income statement.

Trade receivables from other customers are non-interest bearing and are generally collectible on 30 - 90 days term. Trade receivables from agricultural produce growers are non-interest bearing and are generally settled within 120 - 360 days by delivering grain to the Group.

As at 30 June 2011 the Group's trade receivables with the nominal value of LTL 3,278 thousand (LTL 1,651 thousand as at 30 June 2010) were impaired and fully provided for.

As at 30 June 2011 the balance of trade receivables from agricultural produce growers is significantly higher than as at 30 June 2010 due to the fact that Group companies started to sell extensively fertilisers and plant protection products.

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

	Individually impaired
Balance as at 30 June 2009	1,216
Charge for the year	797
Reversed during the year	(186)
Balance as at 30 June 2010	1,827
Charge for the year	18,753
Reversed during the year	(145)
Balance as at 30 June 2011	20,435

15. TRADE RECEIVABLES (CONT'D)

The ageing analysis of the Group's trade receivables as at 30 June 2011 and 2010 is as follows:

	Trade receivables neither past due nor impaired	Past due but not impaired				Total
		Less than 90 days	91 - 180 days	180 - 270 days	More than 271 days	
2010	107,520	8,011	2,777	1,021	1,823	121,152
2011	145,858	12,903	416	931	660	160,768

As at 30 June 2011 the Group transferred rights to part of its trade receivables with the value of LTL 145,354 thousand (LTL 77,034 thousand as at 30 June 2010) to banks as collateral for the loans (Note 21). Additionally, as collateral for the loans to banks, as at 30 June 2011 the Group transferred rights to future receivables with the value of LTL 6,705 thousand (LTL 4,095 thousand as at 30 June 2010) arising from the investment property rent contracts.

16. OTHER ACCOUNTS RECEIVABLE

	Group	
	As at 30 June 2011	As at 30 June 2010
Financial assets		
National Paying Agency	4,328	4,357
Loans receivable	3,191	13,348
Loans to the Group employees	77	207
Other receivables	205	250
Less: allowance for doubtful loans receivable	(205)	(3,971)
	7,596	14,191
Non-financial assets		
VAT receivable	16,406	2,571
Import VAT receivable	1,980	1,190
Other recoverable taxes	66	769
	18,452	4,530
	26,048	18,721

As at 30 June 2010 the Group's loans receivable include loans provided to UAB Sinrena, UAB Consonus and UAB Invisco for the total amount of LTL 3,971 thousand. As at 30 June 2010 the Group accounted for LTL 3,971 thousand allowance for these loans receivable. Part of these loans receivable was fully written-down as at 30 June 2011 (LTL 3,766 thousand).

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

	Individually impaired
Balance as at 30 June 2009	2,969
Charge for the year	1,002
Balance as at 30 June 2010	3,971
Write-offs	(3,766)
Balance as at 30 June 2011	205

The ageing analysis of the Group's other receivables (except for non-financial assets) as at 30 June 2011 and 2010 is as follows:

	Other accounts receivable neither past due nor impaired	Past due but not impaired				Total
		Less than 90 days	91 - 180 days	181 - 270 days	More than 271 days	
2010	14,098	61	5	25	2	14,191
2011	6,785	811	-	-	-	7,596

17. OTHER CURRENT FINANCIAL ASSETS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

		Group	
		As at 30 June 2011	As at 30 June 2010
Other current financial assets			
Derivative financial instruments designated as hedges	Level 1	1,040	-
Foreign exchange forward contracts	Level 2	265	-
Other derivative financial instruments	Level 1	796	-
Restricted cash		1,381	1,304
		3,482	1,304
Derivative financial instruments (liabilities)			
Derivative financial instruments designated as hedges	Level 1	(394)	(3,091)
Other derivative financial instruments	Level 1	(224)	-
		(618)	(3,091)

The Group concludes forward agreements (with fixed price) with Lithuanian and Latvian agricultural production growers for purchase of agricultural produce. For part of such agreements the Group does not have agreed sales contracts with fixed price. As at 30 June 2011 the Group's total amount of such purchase commitments to buy agricultural produce was LTL 89,365 thousand (LTL 59,296 thousand as at 30 June 2010). To hedge the arising risk of price fluctuations, for the total amount of such purchase commitments the Group concluded futures contracts that are traded on NYSE Euronext Paris SA exchange.

Derivative financial instruments used to hedge the price risk were attributed to the category of fair value hedge. As at 30 June 2011 the fair value of such futures contracts was LTL 1,040 thousand gain and LTL 394 thousand losses (Level 1). These results are accounted for in cost of sales in the income statement. Hedged item (commitments to purchase agricultural produce) of LTL 935 thousand (LTL 2,922 thousand as at 30 June 2010) is accounted for as inventories in the statement of financial position and in cost of sales in the income statement by netting with gain and losses arising from the hedge instrument.

As at 30 June 2011 the Group had financial instruments held for trading. Change in fair value of these financial instruments for the year ended 30 June 2011, equal to LTL 837 thousand, was included in the income statement.

As of 30 June 2011 and 2010 restricted cash balance mostly consists of cash at bank account, held as a deposit for trading in the futures exchange.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
Cash at bank	7,588	18,955	2,049	202
Money market instruments with maturity of less than three months	-	15,000	-	15,000
Cash on hand	36	59	-	-
	7,624	34,014	2,049	15,202

As at 30 June 2010 the Company had money market instruments, with interest rate of 1.5 % and residual value of LTL 15,000 thousand.

Part of the Group's accounts at banks and cash inflows is pledged to banks as collateral for the loans. As at 30 June 2011 and 2010 there were no restrictions on use of cash balances held in the pledged accounts (Note 21).

19. RESERVES

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with International Financial Reporting Standards, are compulsory until the reserve reaches 10 % of the share capital.

Foreign currency translation reserve

The foreign currency translation reserve results from translation differences arising on consolidation of SIA Linas Agro, Rosenkrantz A/S and PJ-SC UKRAGRO NPK (Note 2.2.).

Other reserves

Other reserves are formed based on the decision of the General Shareholders' Meeting on appropriation of distributable profit. These reserves can be used only for the purposes approved by the General Shareholders' Meeting.

20. GRANTS AND SUBSIDIES

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

Balance as at 30 June 2009	11,810
Received	622
Amortisation	(1,875)
Balance as at 30 June 2010	10,557
Received	740
Amortisation	(1,824)
Balance as at 30 June 2011	9,473

The major part of the Group's grants consists of the funds received from the European Union and National Paying Agency for the purpose of an acquisition of machinery and equipment (property, plant and equipment).

The amortisation of grants of the Group for the years ended 30 June 2011 and 2010 was included into the following captions of the statement of financial position and the income statement:

	Group	
	Financial year ended	
	30 June 2011	30 June 2010
Cost of sales (reduces the depreciation expenses of related assets)	1,366	1,159
Biological assets	324	688
Raw materials and other inventories	125	23
Operating expenses (reduces the depreciation expenses of related assets)	9	5
	1,824	1,875

For the year ended 30 June 2011 and 2010 the Group also received subsidies for animals and livestock, crops and milk in the total amount of LTL 5,192 thousand and 5,572 thousand, respectively, which were accounted for in the sales caption of the income statement.

21. BORROWINGS

	Group		Company	
	As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
Non-current borrowings				
Bank borrowings secured by the Group assets	27,228	25,770	-	-
Other non-current borrowings	1,067	1,035	-	-
	28,295	26,805	-	-
Current borrowings				
Current portion of non-current bank borrowings	12,814	12,733	-	-
Current portion of other non-current borrowings (Note 34)	2,000	2,312	-	-
Current bank borrowings secured by the Group assets	160,109	83,111	-	-
Factoring with recourse liability	18,894	9,946	-	-
Other current borrowings	1,881	1,692	4,163	4,663
	195,698	109,794	4,163	4,663
	223,993	136,599	4,163	4,663

Interest payable is normally settled monthly throughout the financial year.

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

	Group		Company	
	As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
Current borrowings	6.51 %	3.35 %	3.88 %	4.56 %
Non-current borrowings	8.80 %	3.54 %	-	-

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

	Group		Company	
	As at 30 June 2011	As at 30 June 2010	As at 30 June 2011	As at 30 June 2010
Borrowings denominated in:				
EUR	116,559	92,326	4,163	4,663
USD	59,521	7,111	-	-
LTL	28,789	35,300	-	-
UAH	14,709	-	-	-
DKK	2,720	1,851	-	-
PLN	1,695	-	-	-
GBP	-	11	-	-
	223,993	136,599	4,163	4,663

As at 30 June 2011 Group not utilized credit lines comprise LTL 161,305 thousand (LTL 106,259 thousand as at 30 June 2010).

21. BORROWINGS (CONT'D)

As at 30 June 2011 property, plant and equipment, investment property, biological assets, inventories, prepayments, trade receivables and bank accounts were pledged to banks as a collateral for the loans (Notes 6, 7, 12, 13, 14, 15 and 18). Also as at 30 June 2011 and 2010 UAB Linas Agro Konsultacijos pledged shares of Biržai district Medeikių ŽŪB, Šakiai district Lukšių ŽŪB, Panevėžys district Aukštadvario ŽŪB, Sidabravo ŽŪB, Panevėžys district Ėriškių ŽŪB and Panevėžys district Žibartonių ŽŪB to bank as collateral for the loans.

Compliance with the covenants of the borrowings agreements

As at 30 June 2011 AB Linas Agro did not comply with the covenant of current borrowing agreement to maintain the net debt to EBITDA ratio (net financial debt / EBITDA) not more than 4. Also AB Linas Agro was not in compliance with the bank covenant, as it granted loan during current financial year without prior written permission of the bank. As at 30 June 2011 the management of the Group received a bank letter, in which bank confirms that it is aware about the breach and that no actions will be taken.
The amount of the loan as at 30 June 2011 is LTL 77,977 thousand. As described in Note 35, on 12 July 2011 AB Linas Agro prolonged the credit line agreement with AB SEB bank till 10 July 2012.

22. FINANCE LEASE OBLIGATIONS

The assets leased by the Group under finance lease contracts consist of land, buildings and structures, machinery and equipment, vehicles and other property, plant and equipment. Apart from the lease payments, the most significant liabilities under the lease contracts are maintenance and insurance. The terms of finance lease vary from 3 to 5 years. The split of the net book value of the assets acquired under finance lease is as follows:

	Group	
	As at 30 June 2011	**As at 30 June 2010**
Land	640	640
Investment property (land)	155	155
Buildings and structures	330	350
Machinery and equipment	1,480	1,511
Vehicles	1,152	1,461
Other property, plant and equipment	95	116
	3,852	4,233

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

	Group	
	As at 30 June 2011	**As at 30 June 2010**
EUR	1,853	1,890
LTL	964	616
	2,817	2,506

As at 30 June 2011 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR and EURIBOR and ranges from 1.19 % to 6.54 %. The interest rate for the remaining portion of the finance lease liability in LTL outstanding as at 30 June 2011 is fixed, i.e. from 2 % to 5 %.

As at 30 June 2010 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR and EURIBOR and ranges from 1.76 % to 4.97 %. The interest rate for the remaining portion of the finance lease liability in LTL outstanding as at 30 June 2010 is fixed, i.e. from 2 % to 6.59 %.

22. FINANCE LEASE OBLIGATIONS (CONT'D)

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

	Group	
	As at 30 June 2011	As at 30 June 2010
Within one year	1,072	1,000
From one to five years	1,653	1,383
After five years	400	400
Total finance lease obligations	3,125	2,783
Interest	(308)	(277)
Present value of finance lease obligations	2,817	2,506
Finance lease obligations are accounted for as:		
- current	1,028	928
- non-current	1,789	1,578

23. OPERATING LEASE

The Group concluded several contracts of operating lease. The terms of lease do not include restrictions on the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. For the year ended 30 June 2011 the lease expenses of the Group amounted to LTL 1,348 thousand (LTL 2,409 thousand for the year ended 30 June 2010).

Future lease payments according to the signed lease contracts are as follows:

	Group	
	As at 30 June 2011	As at 30 June 2010
Within one year	1,418	1,381
From one to five years	2,611	2,953
After five years	1,564	1,604
Total	5,593	5,938
Denominated in (LTL equivalent):		
- EUR	2,710	2,510
- LTL	2,610	3,397
- UAH	125	-
- DKK	85	-
- LVL	63	31

The Company does not have operating lease agreements as at 30 June 2011 and 2010.

24. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 60-day terms.

25. OTHER CURRENT LIABILITIES

	Group	
	As at 30 June 2011	As at 30 June 2010
Financial liabilities		
Accrual for professional services	318	285
Other liabilities	5,225	406
	5,543	691
Non-financial liabilities		
Accrued expenses (mainly bonuses to employees)	2,045	2,610
Vacation accrual	3,325	2,577
Advances received	14,182	1,866
Advances received from related parties (Note 34)	691	-
Payroll related liabilities	2,615	1,803
Import VAT payable	1,975	1,190
VAT payable	1,405	1,155
Other liabilities	968	267
	27,206	11,468
	32,749	12,159

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

Under other financial liabilities caption the Group included LTL 3,450 thousand payable related to acquired receivable from Trans Farm Ltd. as described in Note 11.

As at 30 June 2011 advances received balance is significantly higher than as at 30 June 2010 mainly due to PJ-SC UKRAGRO NPK acquisition as described in Note 3 and consolidation into the Group. The advances are received for the goods.

26. COST OF SALES

	Group	
	Financial year ended	
	30 June 2011	30 June 2010
Cost of inventories recognised as an expense	1,134,595	678,144
Logistics expenses	84,875	72,715
Wages and salaries and social security	11,253	9,121
Provision for onerous contracts	267	(5,433)
Depreciation	7,575	5,113
Utilities expenses	2,243	1,997
(Income) expense from change in fair value of biological assets (Note 12)	(8,932)	(5,269)
(Income) expense from change in fair value of financial instruments (Note 17)	(3,401)	(241)
Other	44,532	7,628
	1,273,007	763,775

The cost of sales has increased considerably for the year ended 30 June 2011 mainly due to PJ-SC UKRAGRO NPK acquisition as described in Note 3 and consolidation into the Group. The total PJ-SC UKRAGRO NPK cost of sales incurred since its incorporation to the Group is LTL 327,405 thousand.

The main part of other expenses is related to payments to customers due to inadequate grain quality and non-deliveries, which occurred as farmers failed to deliver contracted grain quantities.

27. OPERATING EXPENSES

	Group		Company	
	Financial year ended			
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Wages and salaries and social security	29,943	17,651	66	114
Change in allowance for receivables and prepayments (Notes 14, 15 and 16)	18,870	2,948	-	61
Consulting expenses	1,719	2,044	271	1,139
Depreciation and amortization	1,169	1,496	57	2
Change in impairment of property, plant and equipment (Note 6)	24	(190)	-	-
Change in impairment of investments into subsidiaries (Note 3)	-	-	(558)	258
Loss on disposal of subsidiary (Note 3)	-	-	851	-
Other	13,893	8,130	132	335
	65,618	32,079	819	1,909

The operating expenses of sales has increased considerably for the year ended 30 June 2011 due to PJ-SC UKRAGRO NPK acquisition as described in Note 3 and consolidation into the Group, and due to significant allowances recognised for trade account receivables. The total PJ-SC UKRAGRO NPK operating expenses incurred since its incorporation to the Group is LTL 12,754 thousand.

28. OTHER INCOME (EXPENSES)

	Group	
	Financial year ended	
	30 June 2011	30 June 2010
Other income		
Fees from farmers for grain non-deliveries	3,916	-
Rental income from investment property and property, plant and equipment	912	932
Gain from disposal of investment property and property, plant and equipment	180	261
Other income	108	93
Currency exchange gain	-	299
	5,116	1,585
Other (expenses)		
Currency exchange loss	(4,517)	-
Direct operating expenses arising on rental and non-rental earning investment properties	(233)	(164)
Loss from disposal of property, plant and equipment	(228)	(22)
Change in impairment of investment property (Note 7)	610	204
(Loss) recognized on acquisition of subsidiary (Note 3)	(670)	-
Other expenses	(214)	(181)
	(5,252)	(163)

29. INCOME (EXPENSES) FROM FINANCING ACTIVITIES

	Group	
	Financial year ended	
	30 June 2011	30 June 2010
Income from financing activities		
Interest income	2,132	1,954
Income from overdue payments	647	854
	2,779	2,808
(Expenses) from financing activities		
Interest expenses	(8,277)	(5,169)
Expenses for overdue payments	(1)	(10)
	(8,278)	(5,179)

30. INCOME TAX

	Group	
	Financial year ended	
	30 June 2011	30 June 2010
Current income tax expense	4,177	7,082
Income tax correction for prior periods	(29)	(216)
Deferred income tax (income) expense	(8,596)	(388)
Income tax expenses recorded in the income statement	(4,448)	6,478

	Group	
	As at 30 June 2011	As at 30 June 2010
Deferred income tax asset		
Tax loss carry forward (available indefinitely)	7,210	1,368
Accruals	661	573
Allowance for trade receivables	549	253
Impairment of investment property	159	208
Impairment of property, plant and equipment	71	43
Provision for onerous contracts	40	-
Fair value of financial instruments	-	29
Other	107	57
Deferred income tax asset	8,797	2,531
Deferred income tax liability		
Property, plant and equipment (difference between tax and accounting values)	(839)	(1,542)
Inventories (difference between tax and accounting values, Ukraine)	(829)	-
Fair value of biological assets	(678)	(464)
Investment into joint venture	(165)	-
Fair value of financial instruments	(61)	-
Other	(41)	-
Deferred income tax liability	(2,613)	(2,006)
Deferred income tax, net	6,184	525
Accounted for as deferred income tax asset in the statements of financial position	8,797	1,897
Accounted for as deferred income tax liability in the statements of financial position	(2,613)	(1,372)

30. INCOME TAX (CONT'D)

As at 30 June 2011 the Group recognised significant tax loss carry forward, which is available indefinitely, mostly related to the losses incurred by Group company Rosenkrantz A/S. The deferred tax asset was recognised as based on the budgets prepared by the Group management, the company expects to realise the tax loss carry forward during next five years.

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

As at 30 June 2011 and 2010 the Group has not recognised deferred tax asset for the following temporary differences:

	Group	
	As at 30 June 2011	**As at 30 June 2010**
Tax loss carry forward (available indefinitely)	322	357
Allowance for trade receivables	287	96
Impairment of investment property	36	89
Tax loss carry forward from investing activity (available till 30 June 2014)	29	41
Impairment of property, plant and equipment	8	31
Allowance for inventories	21	26
Accrued expenses	115	3
	818	643

Deferred tax asset has not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have a history of losses.

The temporary differences associated with investments in associates and joint ventures, for which deferred tax liability has not been recognized, aggregate to LTL 21,134 thousand and LTL 17,438 thousand as at 30 June 2011 and 2010, respectively.

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

	Group	
	Financial year ended	
	30 June 2011	**30 June 2010**
Profit before tax	14,522	39,988
Income tax expenses, applying the statutory rate in Lithuania (15 % and 20%, respectively)	2,178	7,998
Effect of different tax rates in the Republic of Latvia, Denmark and the Republic of Ukraine, 5 % tax rate for the entities engaged in agricultural activities (Note 2.24.)	(2,328)	253
Deferred taxes in acquired subsidiaries	-	(58)
Utilization of previously unrecognised temporary differences in acquired subsidiary	(734)	-
Income tax correction for prior periods	(29)	(216)
Temporary differences for which no deferred taxes were recognised	175	(369)
Effect of changes in corporate income tax legislation (Ukraine)	(1,720)	-
Permanent differences	(2,155)	(413)
Effect of changes in foreign exchange rates	154	-
Effect of change in income tax rate	11	(717)
Total income tax (income) expenses	(4,448)	6,478

31. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares for the years ended 30 June 2011 and 2010 was as follows:

Calculation of weighted average for the year ended 30 June 2011	**Number of shares**	**Par value (LTL)**	**Issued/365 (days)**	**Weighted average**
Shares issued as at 30 June 2010	158,940,398	1	365/365	158,940,398
Shares issued as at 30 June 2011	158,940,398	1	365/365	158,940,398

Calculation of weighted average for the year ended 30 June 2010	**Number of shares**	**Par value (LTL)**	**Issued/365 (days)**	**Weighted average**
Shares issued as at 30 June 2009	41,000,000	1	365/365	41,000,000
16 November 2009	79,000,000	1	227/365	49,131,507
17 February 2010	38,940,398	1	134/365	14,295,927
Shares issued as at 30 June 2010	158,940,398	1	-	104,427,434

The Group does not have any potential shares, therefore basic and diluted earnings per share are the same. Calculation of the basic and diluted earnings per share is presented below:

	Financial year ended	
	30 June 2011	**30 June 2010**
Net profit, attributable to the shareholders of the parent	19,563	30,826
Weighted average number of ordinary shares outstanding for the year	.58,940,398	.04,427,434
Basic and diluted earnings per share (in LTL)	0.12	0.30

As at 30 October 2010 the shareholders meeting approved the dividends payment policy, according to which during the following three years the Company will distribute to its shareholders up to 20 % of the net profit of the Group as dividends annually. For the year ended 30 June 2010 the Company paid LTL 3,500 thousand dividends, or LTL 0.02 per share. Taking into consideration current financial year results, the Board of the Company does not plan to pay the dividends.

32. FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT

Credit risk

None of the Group's customers comprise more than 10 % of the Group's trade receivables, therefore there is no significant credit risk concentration in the Group.

The Group's procedures are in force to ensure that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. As at 2011 June 30 part of Rosenkrantz A/S trade receivables are insured with the insurance limit equal to equivalent of LTL 16,210 thousand (LTL 11,340 thousand as at 30 June 2010).

The Group does not guarantee obligations of other parties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the statements of financial position. Consequently, the Group considers that its maximum exposure is reflected by the amount of trade, related party and other accounts receivable, net of allowance for doubtful accounts recognised at the reporting date.

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

Interest rate risk

The major part of the Group's borrowings is with variable rates, related to LIBOR, which creates an interest rate risk. There were no financial instruments designated to manage the exposure to fluctuation in interest rates outstanding as of 30 June 2011 and 2010.

The sensitivity analysis of the pretax profit of the Group to possible changes in the interest rates, considering that all other variables will remain constant, is presented in the table below.

	Increase / decrease of basis points	Effect on the profit before income tax for the year ended	
		30 June 2011	30 June 2010
EUR	+ 150	(179)	(141)
EUR	- 150	179	141
LTL	+ 350	(102)	(127)
LTL	- 350	102	127
USD	+ 150	(89)	(11)
USD	- 150	89	11
DKK	+ 150	(4)	(3)
DKK	- 150	4	3
UAH	+ 150	(11)	-
UAH	- 150	11	-
PLN	+150	(3)	-
PLN	-150	3	-

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets – crops and inventories) / total current liabilities) ratios as at 30 June 2011 were 1.44 and 0.89, respectively (as at 30 June 2010 1.95 and 1.39, respectively).

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

Liquidity risk (cont'd)

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

Group	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current borrowings	1,270	2,196	12,718	9,200	11,294	8,630	45,308
Lease liabilities	-	218	782	951	432	400	2,783
Current borrowings	32,834	50,370	12,213	-	-	-	95,417
Derivative financial instruments	-	3,091	-	-	-	-	3,091
Current trade payables	335	13,139	668	-	-	-	14,142
Payables to related parties	78	3,001	33	-	-	-	3,112
Other liabilities	83	572	36	-	-	-	691
Balance as at 30 June 2010	**34,600**	**72,587**	**26,450**	**10,151**	**11,726**	**9,030**	**164,544**
Non-current borrowings	691	1,712	13,878	8,594	17,752	4,654	47,281
Lease liabilities	-	346	726	865	788	400	3,125
Current borrowings	7,966	177,701	2,106	-	-	-	187,773
Other non-current liabilities	-	-	-	-	2,246	-	2,246
Derivative financial instruments	-	618	-	-	-	-	618
Current trade payables	74	38,206	9,000	-	-	-	47,280
Payables to related parties	20	4,471	991	-	-	-	5,482
Other liabilities	165	1,886	3,492	-	-	-	5,543
Balance as at 30 June 2011	**8,916**	**224,940**	**30,193**	**9,459**	**20,786**	**5,054**	**299,348**

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

Company	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Current borrowings	-	-	4,728	-	-	-	4,728
Current trade payables	-	28	-	-	-	-	28
Other liabilities	-	63	-	-	-	-	63
Balance as at 30 June 2010	**-**	**91**	**4,728**	**-**	**-**	**-**	**4,819**
Current borrowings	-	-	4,212	-	-	-	4,212
Non-current payable to related parties	-	-	-	-	218	-	218
Current trade payables	-	31	-	-	-	-	31
Payables to related parties	24	-	73	-	-	-	97
Other liabilities	-	71	-	-	-	-	71
Balance as at 30 June 2011	**24**	**102**	**4,285**	**-**	**218**	**-**	**4,629**

Foreign exchange risk

Major currency risks of the Group occur due to the fact that the Group borrows foreign currency denominated funds as well as is involved in imports and exports. The Group's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency. When the Group opens a position in USD (i.e., goods are bought for USD and sold for EUR or vice versa), it manages USD exposure by changing positions in its credit line, i.e., buys or sells USD to close the open position.

The major part of the Group's monetary assets and liabilities as at 30 June 2011 and 2010 are denominated in LTL or EUR, to which LTL is pegged, consequently the management of the Group believes that foreign exchange risk on EUR is insignificant. The Group does not use any financial instruments to manage its exposure to foreign exchange risk other than aiming to borrow in EUR, to which LTL and LVL are pegged.

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

Foreign exchange risk (cont'd)

Monetary assets and liabilities stated in various currencies as at 30 June 2011 and 2010 were as follows (LTL equivalent):

Group	As at 30 June 2011		As at 30 June 2010	
	Assets	**Liabilities**	**Assets**	**Liabilities**
LTL	143,769	67,547	132,158	52,172
EUR	44,315	147,671	48,255	102,915
USD	9,609	62,170	20,563	10,419
DKK	8,405	5,331	119	4,433
LVL	370	2,331	2,406	1,181
UAH	15,800	19,028	-	-
Other currencies	3,235	1,863	9	38
	225,503	305,941	203,510	171,158

The Group did not present the sensitivity to a reasonably possible change in DKK and LVL currencies exchange, with all other variables held constant, of the profit before tax as the changes in those foreign currencies' exchange are not material.

The following table demonstrates the sensitivity to a reasonably possible change in respect of currency exchange rate, with all other variables held constant of the Group's profit before tax (due to change in the fair value of monetary assets and liabilities):

	Increase/ decrease in exchange rate	Effect on the profit before income tax for the year ended 30 June 2011	30 June 2010
USD	+ 15.00 %	(7,884)	1,522
USD	- 15.00 %	7,884	(1,522)
UAH	+ 15.00 %	(484)	-
UAH	- 15.00 %	484	-

Financial risk, arising from biological assets, management strategy

The Group is engaged in wholesale trade of milk and grains and is, therefore, exposed to risks arising from changes in milk and grain prices. The Group's wholesale agreements for milk and grains do not represent financial instruments but represent a significant price risk. The Group does not anticiPATe that milk and grain prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of the decline in milk and grain prices. The Group reviews its outlook for milk and grain prices regularly in considering the need for active risk management.

Fair value of financial instruments

The Group's principal financial instruments not carried at fair value are trade, related party and other accounts receivable, trade, related party and other payables, non-current and current borrowings.

Fair value is defined as the amount at which the instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying amounts of financial assets and liabilities of the Group are approximately equal to their fair value.

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

Fair value of financial instruments(cont'd)

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loans and other financial assets have been calculated using market interest rates.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) The carrying amount of trade, related party and other accounts receivable, current trade, related party and other accounts payable and current borrowings approximates fair value.
(b) The fair value of non-current debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current borrowings with variable and fixed interest rates approximates their carrying amounts.

Capital management

For capital management purposes the Group's capital includes share capital, share premium, legal reserve, foreign currency translation reserve and retained earnings amounting to LTL 263,358 thousand as at 30 June 2011 (LTL 250,531 thousand as at 30 June 2010).

The primary objective of the Group's capital management is to ensure that it maintains a strong creditworthiness and healthy capital ratios in order to support its business and maximise shareholder value. The Group holds high capital for possible future expansion and further development of the Group.

The Group manages its capital structure and makes adjustments to it in the light of changes in economics conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2011 and 2010.

The Company is obliged to keep its equity at no less than 50 % of its share capital, as imposed by the Law on Companies of the Republic of Lithuania. The Company complies with this requirement.

The Group manages capital using a leverage ratio, which is 1 minus total equity divided by total assets of the Group. The Group's policy is to keep the leverage ratio below 75 %.

	Group	
	As at 30 June 2011	As at 30 June 2010
Total equity	279,949	263,348
Total assets	610,236	448,301
Total equity / Total assets	46 %	59 %
Leverage ratio	54 %	41 %

33. COMMITMENTS AND CONTINGENCIES

As at 30 June 2011 the Group is committed to purchase property, plant and equipment for the total amount of LTL 9,960 thousand (LTL 1,194 thousand as at 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 modernization 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 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 2015, Sidabravo ŽŪB – up to 2013. UAB Linas Agro Grūdų Centras KŪB received grant from the European Union and National Paying Agency for grain handling and storage facility upgrade. UAB Linas Agro Grūdų Centras KŪB is committed not to discontinue operations related to preparation and warehousing of grains for trade agriculture up

33. COMMITMENTS AND CONTINGENCIES (CONT'D)

to 2015. 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 2,854 thousand as of 30 June 2011 (LTL 5,232 thousand as of 30 June 2010).

As at 30 June 2011 the balance of guarantees and warranties issued by the Company to the banks for the controlled companies (directly and indirectly controlled subsidiaries) amounted to LTL 22,444 thousand (LTL 23,298 thousand as at 30 June 2010). The Company's guarantees are issued for the loans granted to these companies. The Company is obliged to repay the companies' liabilities to banks in full, if the companies are not able to do it themselves. Guarantees issued are not secured with the assets of the Company. The management of the Group believes that the companies on behalf of which guarantees and warranties were issued will meet their liabilities to the creditors, therefore, no provisions in respect of these guarantees were accounted for in the financial statements as at 30 June 2011 and 2010.

34. RELATED PARTIES TRANSACTIONS

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

The related parties of the Company and Group for the years ended 30 June 2011 and 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

Subsidiaries:

List provided in Note 3.

Joint ventures (Note 8*)*:

UAB Dotnuvos Projektai;
ŽŪB Dotnuvos Agroservisas;
UAB Dotnuvos Technika;
SIA DOTNUVOS PROJEKTAI (related from 26 April 2010);
AS Dotnuvos Projektai (related from 11 November 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);
PJ-SC UKRAGRO NPK (Ukraine) (same ultimate controlling shareholders, subsidiary since 1 July 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).

34. RELATED PARTIES TRANSACTIONS (CONT'D)

The Group's transactions with related parties in 2011 were as follows:

			Receivables				
2011	**Purchases**	**Sales**	**Trade receivables**	**Current loans receivable**	**Non-current loans receivable**	**Payables and advances received**	**Current loans received**
Members of the board	47	-	-	-	-	-	656
Joint ventures	28,389	1,605	12	-	-	4,072	-
Associates	7,652	118	53	-	-	245	-
Akola ApS group companies	14,790	141,761	870	2,964	1,359	1,856	691
	50,878	143,484	935	2,964	1,359	6,173	1,347*

The Group's transactions with related parties in 2010 were as follows:

			Receivables				
2010	**Purchases**	**Sales**	**Trade receivables**	**Current loans receivable**	**Non-current loans receivable**	**Payables**	**Current loans received**
Members of the board	47	-	-	-	-	-	656
Joint ventures	23,484	2,124	1,534	-	-	2,346	-
Associates	6,911	45	41	-	-	401	-
Akola ApS group companies	7,300	86,481	1,924	3,431	1,303	365	970
	37,742	88,650	3,499	3,431	1,303	3,112	1,626*

* Loans borrowed from related parties are accounted for under current portion of non-current borrowings caption in the statement of financial position (Note 21).

The Company's transactions with related parties in 2011 were as follows:

			Receivables				
2011	**Purchases**	**Sales and dividends**	**Trade receivables**	**Current loans receivable**	**Non-current loans receivable and prepayments for financial assets**	**Payables**	**Current loans received**
Subsidiaries	489	4,923	1,064	35,366	-	288	4,163
Associates	-	2	-	-	-	-	-
	489	4,925	1,064	35,366	-	288	4,163

The Company's transactions with related parties in 2010 were as follows:

2010	**Purchases**	**Sales and dividends**	**Trade receivables**	**Current loans receivable**	**Non-current loans receivable and prepayments for financial assets**	**Payables**	**Current loans received**
Subsidiaries	317	1,472	1,121	21,473	26,605	-	4,663
Joint ventures	-	1,500	1,500	-	-	-	-
Associates	-	45	-	-	-	-	-
	317	3,017	2,621	21,473	26,605	-	4,663

34. RELATED PARTIES TRANSACTIONS (CONT'D)

As at 30 June 2011 annual interest rate of the Group's loans borrowed and non-current loans receivable from related parties are fixed and equal to 7.5 % and 8 %, respectively. Current loans receivable from related parties bear 1m EURIBOR + 2.45 % margin annual interest rate.

As at 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 at 30 June 2011 and 2010.

<u>Remuneration of the management and other payments</u>

The Group's management consists of the Company's board of directors and directors of each of the company in the Group. The Group's management remuneration amounted to LTL 10,303 thousand (including LTL 1,707 thousand of bonuses to the board of directors of AB Linas Agro) in the year ended 30 June 2011 (LTL 4,434 thousand (including LTL 638 thousand of bonuses to the board of directors of AB Linas Agro and LTL 160 thousand of bonuses to the board of directors of Rosenkrantz A/S) in the year ended 30 June 2010). For the year ended 30 June 2011 the Group's management has also received LTL 30 thousand of rent payments (LTL 17 thousand of rent payments and LTL 295 thousand of payments to life insurance funds for the year ended 30 June 2010).

The Company's management consists of the board of directors and a managing director. For the year ended 30 June 2011 the Company's management remuneration amounted to LTL 15 thousand (LTL 13 thousand for the year ended 30 June 2010).

No other payments or property transfers to/from the management were made or accrued; no other loans or guarantees were received/granted in the years ended 30 June 2011 and 2010. As described in Note 3, the management of Group subsidiary has a put option.

35. SUBSEQUENT EVENTS

Group

On 1 July 2011 the Group company Rosenkrantz A/S (registered and operating in Denmark) changed its name to Linas Agro A/S.

On 1 July 2011 the Group acquired additional 40 % interest of the voting shares of Linas Agro, A/S increasing its ownership interest to 100 %. Purchase price EUR 800 thousand will be paid by schedule till 15 July 2014. As part of the purchase agreement a contingent consideration has been agreed with the previous owner of Linas Agro A/S. There will be additional cash payment to the previous owner amounting to maximum EUR 400 thousand (undiscounted). Contingent consideration is related to collection of doubtful Linas Agro A/S trade receivables. The due date of contingent consideration arrangement is 1 October 2014.

The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between EUR 0 and EUR 400 thousand. The fair value of the contingent consideration arrangement is EUR 173 thousand as at acquisition date. It was estimated using probability-weighted payout approach.

On 12 July 2011 AB Linas Agro prolonged the credit line agreement with SEB bank till 10 July 2012. The total credit line limit was increased from LTL 132 million to LTL 144 million. According to the new agreement AB Linas Agro has increased the amount of inventories pledged from LTL 140 million to LTL 200 million and trade receivables pledged from LTL 60 million to LTL 120 million. Also, all current and future cash flows in AB SEB bank accounts up to LTL 148 million are pledged.

On 1 September 2011 UAB Linas Agro Grūdų Centras KŪB has signed new credit line agreement with AB SEB bank.

Company

As of the year end the Company has granted additional LTL 1,555 thousand loan to UAB Linas Agro Konsultacijos.

As of 1 July 2011 till the report date the Company has increased share capital of ŽŪB Landvesta 5 by LTL 224 thousand.

AB LINAS AGRO GROUP

CONSOLIDATED ANNUAL REPORT

FOR THE FINANCIAL YEAR 2010/2011

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

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1. MANAGING DIRECTOR'S ADDRESS

Dear shareholders,

In financial year 2010/2011, AB Linas Agro Group was further growing, despite the unfavorable market conditions.

In financial year 2010/2011 the Group reached the record sales of LTL 1,354 million, which is 62 % higher as compared to the previous year. Such growth was influenced by 22 % (up to 1.48 million tons) increase in our trade volumes and growing worldwide grain prices.

The biggest growth was achieved in the areas of strategic importance to the Group. We sold 4.7 times more fertilizers than last year. The trade in fertilizers was successful in Lithuania and Latvia, which grew one fifth times as compared to the previous year. Successful investment in the Ukrainian fertilizer production and trade company PJ-SC UKRAGRO NPK, the trade volumes of which grew 49 % during the reporting period, had the greatest effect on growth of fertilizer trade volumes.

We earned LTL 81 million of gross profit, which went up by 15 % since the last year. Agricultural inputs and agricultural production were the most profitable segments and totaled LTL 64 million of gross profit. However, trade in grains and oilseeds was not profitable for the first time in twenty years of the Company's history. Very poor grain harvest in Lithuania and Latvia (30 % decrease compared to 2009/2010 season) and non-standard quality of grains were among the negative factors that affected the business.

The biggest challenge was to secure the contract performance by our counterparties – we had never encountered such a mass of contract breach from our suppliers. We did not expect such behavior from partners whom we had built long-term cooperation with. The gross loss from these activities amounted to LTL 6.5 million and this was a good lesson for the future. The risk management policy was reviewed. We hope that additional risk management tools will help us avoid similar situations in the future.

Such extreme situation in grain and oilseed segment had a negative effect on Group's net profit, which was 43 % less than last year and totaled LTL 18.9 million.

This year we opened a department for trade with Poland and strengthened our position on Polish market, where trade in feedstuffs was successful.

Although we had lower profit from some of the business segments, we did not stop the planned investments in the development of grain processing infrastructure. The construction works of new grain storage facilities of total capacity of 25 thousand tons in Pasvalys, Vilkaviškis and Šakiai districts were started in 2010/2011 financial year and have already been finished. We invested LTL 14 million and the total capacity of the Group's storage facilities now amounts to almost 175 thousand tons.

We are glad that, despite the poor trading year, SEB bank increased a 2011/2012 financial year credit limit by LTL 52 million up to LTL 132 million for our Group company AB Linas Agro, engaged in international trade in agricultural produce. This will help us to further strengthen important business directions, i.e. fertilizer trade in Lithuania and Latvia and feedstuff trade on Polish market.

The business of our Group is diversified, as our activities are concentrated on five business segments and each of them earns profit every year. All our business areas are related to an end product – food. We are part of a food production chain that is important to all mankind and our mission is to create added value in the chain of agricultural produce, processing and trade. Today, we are increasing this value by strengthening our infrastructure. Being familiar with strong sides of the Group's employees, I can assure that we will have work to do in the future. We have a motivated team, strong asset base and ambitions targets, therefore are planning further successful growth.

Sincerely yours,

Managing Director

Darius Zubas

2. REPORTING PERIOD OF THE ANNUAL REPORT

Financial year of AB Linas Agro Group starts on 1 July of each calendar year and ends on 30 June of the next year; therefore, this Report has been prepared for 2010/2011 financial year, and all the figures are stated as of 30 June 2011 unless it is indicated otherwise.

3. REFERENCES AND ADDITIONAL EXPLANATORY NOTES ON THE INFORMATION DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS

All the financial data disclosed in this Annual Report have been calculated in accordance with the International Accounting Standards and have been audited unless it is indicated otherwise.

The auditor of the Company is UAB Ernst & Young Baltic.

In this Annual Report, AB Linas Agro Group is referred to as the Company or the Group as the context may require.

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4. ABOUT THE COMPANY

4. 1. AB LINAS AGRO GROUP AND ITS GROUP OF COMPANIES

AB Linas Agro Group together with its subsidiaries and joint ventures is an integrated agribusiness developing Group of companies engaged in the production of and trade in agricultural produce, feed raw materials and other agriculture-related products. The Group is the leading exporter of grains and secondary products of food industry in the Baltic countries and the leader in supplies of agricultural inputs (such as certified seeds, fertilisers and agricultural machinery) in Lithuania. The Group carries out its trading operations mostly through AB Linas Agro (Lithuania) and Linas Agro A/S (former Rosenkrantz A/S, Denmark). Both companies enhance the international reputation, are GTP (European Good Trading Practice) certified companies and ensure their position among the key players of the European market. The Group is a major grains and milk producer in Lithuania. In order to improve its operations, the Group has formed and further expands an extensive network of grain storages.

The Group's activities are subdivided into five basic operating segments: Grains and Oilseeds, Feedstuffs, Farming, Agricultural Inputs, and Other Activities. Division into separate segments is dictated by different types of products and character of related activities; however, activities of the segments are often interconnected. The holding company performs only the management function and is not involved in any trading or production activities.

The total headcount of the Group amounts to 775 employees performing their functions in four countries. The financial year of most of the companies of the Group begin on 1 July.

4. 2. HISTORY AND DEVELOPMENT OF LINAS AGRO GROUP

The Group's history dates back to 8 July 1991, when several Lithuanian individuals lead by Darius Zubas established UAB Linas ir Viza (currently named AB Linas Agro) in Lithuania. Darius Zubas remains to be actively involved in business development and currently shares the positions of the Board Chairman of the Company and the Head of the Company. During the initial years of operations, UAB Linas ir Viza was engaged in international trade in agricultural produce, mostly rapeseed. UAB Linas ir Viza, renamed as AB Linas Agro in 2006, is the Group's oldest enterprise.

With a view to ensuring supplies of grains and rapeseed, in 1993 the Group started concluding cooperation agreements with Lithuanian farmers, which later on developed into the Rapeseed and Grains Cultivation Programme. The Programme was aimed at developing the relationships with farmers by consulting them on yield improvement issues as well as at expanding the Group's activities in the area of agricultural inputs covering such products as certified seeds, fertilisers, agricultural machinery etc. In 1998, by acquiring a 50 % stake in UAB Dotnuvos projektai, the Group started its operations in the agri-supplies market. The initial business model of UAB Dotnuvos Projektai was based on the resale of agricultural machinery and agricultural produce of other producers to Lithuanian farmers; however, in 2001 the company put into operation its own seed processing factory and started trade in certified seeds of own processing.

In 2002, the Group continued the expansion in the area of agricultural produce by starting trade in plant protection products and microelement fertilisers through another joint venture, UAB Kustodija. The same year, the Group constructed the first innovative grains storage and started to provide grain processing and storage services.

In 2003, the Group entered the market of primary agricultural production and for the purpose acquired several Lithuania farms engaged in dairy farming, crop production, and cultivation of rape and sugar beet.

In 2006, the Group started trading in solid biofuel. The same year, the legal form of UAB Linas ir Viza was changed, and the company was renamed as AB Linas Agro. The new name provided a better reflection of the direction and activities of the Group. In 2007, the Group strengthened its positions in the area of rapeseed processing by launching UAB MESTILLA, the operator of the biggest rapeseed processing and bio-diesel production facility in the Baltic countries (the company operates in Klaipėda). Shareholders of UAB MESTILLA include Akola ApS (the majority holder in AB Linas Agro Group) and Statoil. UAB MESTILLA is not a part of the Group although remains an important trading partner and client.

In 2008, the Group acquired a grain storage facility in Šiauliai. The same year, the Company was reorganised by changing its legal form and was renamed from UAB Agriveta into AB Linas Agro Group. In September 2008, all shares of AB Linas Agro were contributed to the authorised capital as an asset contribution. Finally, in 2008, the Group acquired 60 % of its long-term trading partner Rosenkrantz A/S (since 01-07-2011 Linas Agro A/S). In 2010, AB Linas Agro Group completed initial public offering of shares and attracted LTL 98 million. Starting from 17 February 2010, the Company has been listed on NASDAQ OMX Vilnius Stock Exchange.

In 2010, the Company acquired UAB Lignineko, a lignin biofuel feedstock operator, and Farmer Service centres in Joniškis and Kėdainiai, acquired additional 50 % of PJ-SC UKRAGRO NPK shares and obtained control of the company. UAB Dotnuvos projektai in Estonia established its subsidiary AS Dotnuvos Projektai.

In 2011, the Group together with partners established Užupės ŽŪB and acquired 70 % of its shares. In the last quarter of the financial year, the Company started construction works of grain storage facilities in Pasvalys, Šakiai district and accomplished expansion works at the Vilkaviškis elevator.

4. 3. STRATEGY AND GOALS

The long-term goal of Linas Agro Group is to develop in the markets of the Baltic countries and neighbouring markets, becoming the leader of the agribusiness in the Baltic countries. The development is implemented by expanding the available market shares and acquiring promising companies and recruiting best specialists in their respective fields. In the subsidiaries and other controlled companies, the Company implements its management model based on decentralised management, advanced internal culture, and professionalism. The main emphasis is placed on the quality of services in order to ensure that our key customers will wish to cooperate with us and that such cooperation would be carried out on a long-term and win-win basis.

The goal of the Group of companies AB Linas Agro Group is to achieve the trade turnover of agricultural raw materials amounting to 1.6 million tons and to carry out activities in five countries: Lithuania, Latvia, Estonia, Denmark, and Ukraine in 2012/2013.

4.4. MISSION AND VISION

The mission of the Group covers the following three aspects important to the company management: creation of value for the clients, creation of value for the Company, and creation of a valuable workplace. All components of the mission are mutually related, and each of them is no less important than the others.

The mission of the Group:

- to create value for clients along the chain of production, processing, and trading of agricultural produce;
- to seek constant growth of the company's value while ensuring maximum return on investments for shareholders and investors;
- to seek opportunities for professional development for employees in the organisation maintaining a high level of internal culture.

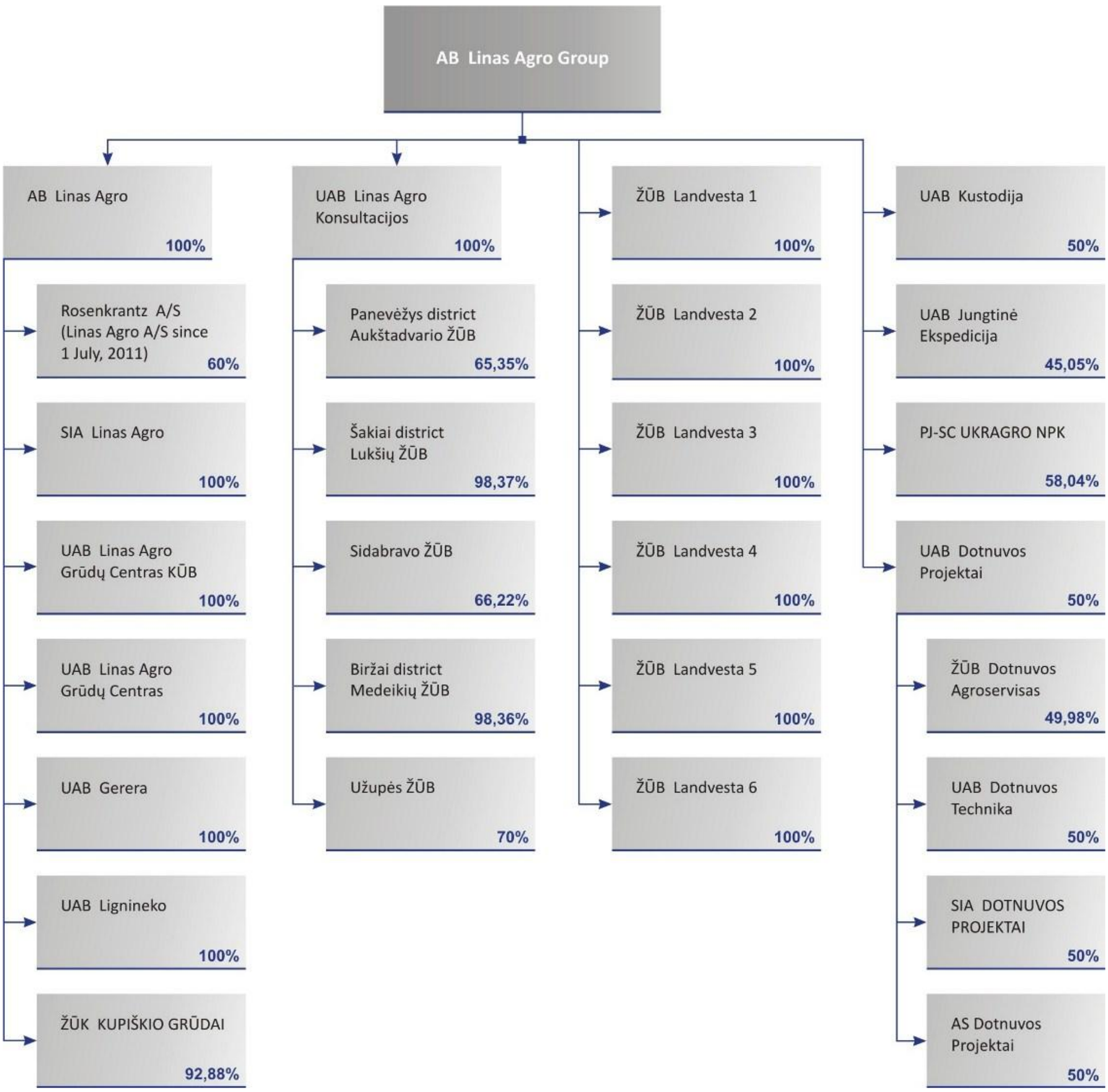
The latter part of the mission, i.e. the creation of an organisation with a high level of culture, is inseparable from the values which are cherished and implemented by the holding Company in its subsidiaries with the purpose to ensure that the values, which have been fostered during the nineteen years of the existence of the Group, are of importance for each employee of the Group in each country where the Group operates. No matter how the Group may develop and grow, the values fostered within the Group will never change. They include striving for progress, teamwork, long-term partnership, attention, tolerance, and respect to every person and the society.

The Company's vision is the ambitious dream to become the leader of the agribusiness in the Baltic countries not only in terms of size or turnover, but also in terms of the number of satisfied employees and customers as well as constant innovation.

4.5. STRUCTURE OF THE GROUP OF COMPANIES

Controlling company AB Linas Agro Group consolidates twenty one subsidiaries; six joint ventures and one associated company in Lithuania, Latvia, Estonia, Ukraine and Denmark.

STRUCTURE OF AB LINAS AGRO GROUP (AS OF 30 JUNE 2011):



4.6. KEY EVENTS

On 1 June 2010, AB Linas Agro Group from UAB Arvi ir ko acquired 50 % of shares of the Ukrainian company CJ-SC UKRAGRO NPK (present company name – PJ-SC UKRAGRO NPK) in amount of EUR 3,694,800 (LTL 12,757,405). On 30 December 2010 and 10 January 2011, AB Linas Agro a part of shares – accordingly 381 and 489 units transferred to the CJ-SC UKRAGRO NPK management.

On 10 July 2010, AB Linas Agro increased share capital of UAB Lignineko, from LTL 1,229.6 thousand to LTL 1,729.6 thousand. Part of authorized capital, i. e. LTL 25,000 was not paid until the end of the year.

On 13 July 2010, authorized capital of AB Linas Agro increased from LTL 7 million to LTL 31 million.

On 27 July 2010, UAB Linas Agro Konsultacijos increased share capital of Biržai district Medeikių ŽŪB LTL 920 thousand.

On 27 July 2010, Biržai district Medeikių ŽŪB has acquired 36.36% shares of ŽŪK KUPIŠKIO GRŪDAI for LTL 920 thousand, on 18 October 2010 AB Linas Agro has acquired additional 18.18 % shares of ŽŪK KUPIŠKIO GRŪDAI, the effective share of ŽŪK KUPIŠKIO GRŪDAI owned by the Group increased to 92.88 %.

On 9 August 2010 AB SEB bank increased credit limit to AB Linas Agro by LTL 52 million. More than 50 %, from LTL 80 to LTL 132 million, increased financing was committed to improve the activities and increase circulating assets.

On 11 November 2010 UAB Dotnuvos projektai established its subsidiary in Estonia AS Dotnuvos Projektai.

On 6 April 2011 UAB Linas Agro Konsultacijos together with partners established Užupės ŽŪB and acquired 70 % of shares.

On 30 June 2011, AB Linas Agro Group increased share capital of UAB Linas Agro Grūdų centras KŪB LTL 3,900 thousand.

In 2010/2011 financial year UAB Linas Agro Konsultacijos acquired additional 229,719.5 shares of Šakių district Lukšių ŽŪB and 133,490.38 shares of Sidabravo ŽŪB.

In 2010/2011 financial year AB Linas Agro Group increased share capital of ŽŪB Landvesta 1 LTL 109 thousand, ŽŪB Landvesta 2 – LTL 97,000, ŽŪB Landvesta 4 – LTL 90,000, ŽŪB Landvesta 5 – LTL 296,855 and ŽŪB Landvesta 6 – LTL 98,000.

MOST RECENT EVENTS

On 1 July 2011, AB Linas Agro has acquired additional 40 % shares of Rosenkrantz A/S and controls 100 % of this company. Company name Rosenkrantz A/S was changed into Linas Agro A/S.

5. THE COMPANY'S ACTIVITY RESULTS

5.1. INFORMATION ON ACTIVITY RESULTS OF THE COMPANY

In 2010/2011 financial year, the Group's reached the record sales of LTL 1,354 million, which makes it 62 % higher as compared to the previous year. Growth in sales was influenced by increase in trade volumes and worldwide grain prices. The trade volumes of AB Linas Agro Group grew up to 1.48 million tons and were 22 % higher as compared to the respective period last year (1.21 million tons). The biggest trade volumes were in grains and oilseeds, amounting to LTL 579 million (or 41 % of total sales), and agricultural inputs, amounting to LTL 481 million (or 34 % of total sales). The growth was most extensive in fertilizer trade, the tonnage of which increased almost 4.7 times. Such growth in sales was influenced by successful fertilizer trading in Lithuania and Latvia (19 % growth) and growing trade volumes of the Ukrainian daughter company PJ-SC UKRAGRO NPK that sold 335 thousand tons of fertilizers (225 thousand tons in financial year 2009/2010).

Lithuania was the Group's biggest supply market, providing 418 thousand tons of products, mostly wheat (209 thousand tons) and rapeseed (71 thousand tons). The second largest supplier was represented by the CIS member countries, where 226 thousand tons of various products were sourced, with protein raw materials for feedstuffs accounting for 76 % of the volume. European countries (other than Scandinavian countries and Lithuania) were the third largest supply market with a purchase volume of 115 thousand tons of products, mostly maize (105 thousand tons).

Highest export volumes were taken by the European Union countries (products worth LTL 432 million were sold) and CIS countries (products worth almost LTL 400 million were sold). Major part of products was shipped through Baltic Sea and Black Sea ports. Cargoes dispatched through Baltic Sea ports amounted to 486 thousand tons, with the biggest volumes transhipped by the Lithuanian ports. Black Sea ports handled goods from Ukraine, Russia, Moldova and Romania totaling to 156 thousand tons. 55 thousand tons of products were shipped from Western European ports.

The Group earned LTL 80.9 million of gross profit, which went up by 15 % since the last year (LTL 70.3 million). The biggest growth in gross profit was from agricultural inputs and agricultural production and totaled LTL 44.6 million and LTL 19.2 million respectively. However, trade in grains and oilseeds was not profitable for the first time in the Company's history. Gross loss in this segment amounted to LTL 6.5 million.

Even though the sales volumes were increasing, due to unfavourable market situation the Group's earnings before tax (EBT) totaled LTL 14.5 million and dropped by almost 64 % as compared to the respective previous period (LTL 39.9 million). The Group's profitability was negatively affected by provision for bad debts, amounting to LTL 18.9 million (AB Linas Agro – LTL 1.5 million, SIA Linas Agro – LTL 1.3 million and Linas Agro A/S (former Rosenkrantz A/S) – LTL 15.6 million). Provisions were necessary because of the suppliers' failure to carry out their obligations to the Group (the major sum is from Linas Agro A/S (former Rosenkratz A/S) suppliers in Serbia). The Group's profit before tax, financial costs and depreciation (EBITDA) went down from LTL 49.7 million to LTL 30.1 million.

The gross profit of the whole Group totaled LTL 18.9 million and dropped 43 % as compared to gross profit of 2009/2010 season (LTL 33.5 million).

The performance of all companies controlled by the Group (except Linas Agro A/S (former Rosenkrantz A/S)) was profitable.

KEY PERFORMANCE INDICATORS

	2010/2011	2009/2010
Sales (LTL)	1,353,976,000	834,116,000
Operating profit (LTL)	80,969,000	70,341,000
Net profit (loss) attributable to the Group (LTL)	19,563,000	30,826,000
Turnover (in tons)	1,483,064	1,211,865

One of the major negative factors affecting profitability of the Group was an extremely rapid rise in worldwide agricultural commodity prices placing the Company at higher risk of breach of contracts by counterparties and generating unexpected loss. The UN's Food Price Index indicated sharp price rise throughout 2010 and reached its highest level since its records began in 1990 (it was 107). The index rose to 231 in December 2010, and went up 38 % over the 2010/2011 season (Cereals Price Index grew 67 %). The increase in worldwide grain prices was different for each grain type, exceeding 55 % on the average. The price increase of the Group's most important segment of wheat, rapeseed and maize was respectively 88 %, 55 % and 40 %. To control the risk of price fluctuations, the Group followed conservative risk management policy and hedged major part of its forward contracts at commodity exchange (NYSE Euronext). Under bullish market conditions, accounting losses from commodity exchange contracts grew correspondingly. Usually, such losses are compensated when commodities are sold in the physical market (spot market). However, the Group faced the risk of contract breach conditioned by increased grain prices when part of the clients did not deliver their production at the contracted prices that were markedly lower than current market prices.

Another important factor that negatively impacted the profitability of the Group was very poor grain harvest in Lithuania and Latvia – decrease of 30 % from the 2009/2010 season – and non-standard quality of grains related to unfavorable weather conditions.

The Group has successfully accomplished investment program, the major investments were made to finance the development of fertilizer segment and grain storage network. The construction of new grain storages of total capacity of 25 thousand tons in Pasvalys, Vilkaviškis and Šakiai districts was started in spring and finished after the end of financial year 2010/2011. Since then the total capacity of UAB Linas Agro Grūdų Centras KŪB storage facilities is almost 175 thousand tons. As every year, the modernization works of grain storage facilities were performed. The renovation of Šiauliai elevator was finished: the facade of administration building was renewed, automatic sample mixer was purchased to accelerate the work workflow of the laboratory and increase analysis precision, weighing and laboratory works were reorganized by shifting them to new premises, therefore, one-stop principle is now applied when providing services to farmers. The construction works of ŽŪK KUPIŠKIO GRŪDAI administration building with new spacious laboratory and modern domestic premises were also finished. Storages in Kėdainiai and Vilkaviškis were first in Lithuania to have purchased unique grain analyzers Infratec 1241 that are capable of measuring hectolitre mass together with other grain parameters.

In order to improve service to farmers, the Group has continued the e-communication project since the beginning of 2009, by providing clients with useful information by e-mail and on www.rapsai.lt website. A similar website www.rapsim.lv was launched in Latvia.

UAB Dotnuvos projektai continued its expansion in the Baltic region and established a daughter company in Estonia AS Dotnuvos projektai in the end of autumn 2010. At present UAB Dotnuvos projektai performs its activities in all Baltic States.

AB Linas Agro, SIA Linas Agro, UAB Dotnuvos projektai and UAB Kustodija took part in exhibitions “Agrovizija 2010”, “Sprendimų ratas 2010”, “Ką pasėsi 2011” and “Pavasaris 2011”. Not only new products that received gold medals were introduced, but also the scope of partners was expanded.

The validity period of Good Trading Practice certificates to Group companies AB Linas Agro and Linas Agro A/S (former Rosenkrantz A/S) was extended. AB Linas Agro has also received International Sustainability and Carbon Certification.

The former interest of farmers in solutions implemented in demo crop fields and the continuation of tradition encouraged 2010 -2011 the Group to introduce rapid rapeseed growing technologies used in demo crop fields to the Lithuanian farmers in Panevėžys district Aukštadvario ŽŪB. Rapeseed growers had a possibility to evaluate the effects of agrotechnological solutions and agrochemical products offered by the Group and the advantages of linear and hybrid rapeseed varieties.

2010/2011 financial year was most unsuccessful throughout the Group’s history. The Group is planning considerably better activity results in 2011/2012 financial year. The major influential factors will be reorganized risk management policy, growing trade volumes and return on investments made. The Group has a sufficiently strong team and assets to expand fertilizer and grain trading volumes and further implement the planned investment programme.

5.2. ACTIVITY RESULTS BY SEGMENTS

The Group's activities are subdivided into five basic operating segments: Grains and Oilseeds, Feedstuffs, Farming, Agricultural Inputs, and Other Products and Services. Division into separate segments is dictated by different types of products and character of related activities. Activities of the segments are often interconnected. For example, activities of the crops production programmes in Lithuania and Latvia involve the sectors of Agricultural Inputs, Farming, and Other Activities. The final product of the crops production programmes – the agricultural produce of farmers – already form a part of the supply chain of another segment, Grains and Oilseeds.

ACTIVITY PROFIT (LOSS) (LTL) BY SEGMENTS:

	2010/2011	2009/2010
Grains and oilseeds	-33,303,000	11,657,000
Feedstuffs	878,000	5,069,000
Agricultural inputs	27,543,000	10,428,000
Farming	15,475,000	5,856,000
Other products and services	6,022,000	7,994,000

GRAINS AND OILSEEDS

The segment of grains and oilseeds is formed by supplies of and international trade in various grains and oilseeds. Grains mean wheat, barley, maize, and some other types of grains. Oilseeds mean rapeseed, sunflower seed, and linseed. The Company has been operating in this sector since 1991, and this activity generates its biggest incomes. Trade of grains grown in Lithuania and Latvia form the major part of this segment's activities.

GRAINS AND OILSEEDS ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	564,324	868,486	770,618	695,847	(74,771)	-10%
Sales (LTL in thousands)	476,096	662,145	450,736	579,480	128,744	29%
Gross profit (LTL in thousands)	17,679	33,513	26,925	-6,481	(33,406)	-124%
Gross margin	3.7%	5.1%	6.0%	-1.1%	-7.1%	-119%

The largest business segment of the Group generated the sales of LTL 579 million in 2010/2011 financial year (LTL 451 million in 2009/2010 season, respectively) and the operating loss amounted to LTL 33.3 million (operating profit in 2009/2010 totaled LTL 11.7 million). More than 696 thousand tons of various grain crops and oilseeds were sold (771 thousand tons in 2009/2010 season). The leading position was held by rapeseeds and wheat. The decline in segment sales is mainly explained due to bad harvest in Lithuania and Latvia.

The trade in grains and oilseeds was unprofitable for the first time in the Company's history and generated gross loss of LTL 6.5 million. The biggest losses of this segment were recorded in barley from the Baltic region and maize purchased in Serbia due to failure to deliver the products under conditions of forward contracts and provision for bad debts. The losses were also experienced due to wash-outs that the Group had to pay for failing to fulfill its obligations to the buyers, poor grain quality as well as provisions for bad debts. The Group has made provision for bad debts from Lithuanian (LTL 1.5 million), Latvian (LTL 1.3 million) and Serbian (LTL 15.6 million) activity. Under such complicated conditions, the Group decided to discontinue trading with the Serbian suppliers or trade only with full hedging mechanism.

The Group reviewed its risk management policy, formed strict crediting conditions to the farmers, reviewed sales contracts, implemented farmer solvency analysis system and hired a risk evaluation expert. It is expected that these measures will prevent or minimize product non-delivery risk.

FEEDSTUFFS

This segment of activities includes international supply of and trade in secondary products of the food industry (such as sunflower cake and sunflower meal, sugar beet pulp, rapeseed cake etc). Such feed-related products as soya beans, soybean cake and vegetable oil also fall within the scope of this segment. The Group purchases various secondary products of the food industry and consolidates them into bigger lots suitable for export.

FEEDSTUFFS ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	420,791	412,688	284,072	246,028	(38,044)	-13%
Sales (LTL in thousands)	329,983	349,382	254,745	265.138	10,393	4%
Gross profit (LTL in thousands)	30,628	18,395	12,156	15,156	3.000	25%
Gross margin	9.3%	5.3%	4.8%	5.7%	0.9%	20%

Sales of feedstuffs amounted to LTL 265 million and the profit from this activity reached LTL 0.9 million, which was a big drop from the last year's profit (LTL 5.06 million). The sales volumes totaled 246 thousand tons or 13 % less than in the corresponding period of the previous year (284 thousand tons). The main reason was decreased sales volumes in vegetable oil (by 19 %) due to export ban for this product from Belarus. The trade of all other feedstuffs was quite successful. The Group expanded its sales area by opening a department for feedstuff trade on Polish market, which generated sales of LTL 43 million. Poland is expected to become quite an important trade region for this activity segment in the future.

AGRICULTURAL INPUTS

This segment covers supplies of such important products for crop production as certified seeds, fertilizers, plant protection products, and agricultural machinery to farmers.

A major part of agricultural inputs are sold through the joint ventures UAB Dotnuvos projektai and UAB Kustodija. The operating results of these companies are not shown on the segment reports because they are not consolidated in the Group (their results are accounted by the equity method).

AGRICULTURAL INPUTS ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	52,840	33,971	95,595	450,006	354,411	371%
Sales (LTL in thousands)	73,314	58,176	101,644	481,260	379,616	373%
Gross profit (LTL in thousands)	7,560	3,817	12,638	44,593	31,955	253%
Gross margin	10.3%	6.6%	12.4%	9.3%	-3.1%	-25%

During financial year 2010/2011, this segment grew more than 4 times as compared to the previous financial year and left behind the feedstuffs segment in terms of sales volumes and tonnage, which used to be the second best activity segment of the Group by sales volumes and operating profit. After consolidation of the Ukraine based company PJ-SC UKRAGRO NPK the segment's turnover totaled LTL 481 million (LTL

101.6 million last year) and the sales volumes of fertilizers increased to 447 thousand tons. The operating profit of the segment grew from LTL 10.42 million to LTL 27.5 million. The year was especially successful to PJ-SC UKRAGRO NPK that earned LTL 12.6 million profit before tax.

The sales of agricultural inputs was also successful in the Baltic countries – more than 112 thousand tons of fertilizers were sold in Lithuania and Latvia, which is a 19 % increase from last year's figures. Plant protection products worth LTL 22 million were sold, i. e. 28 % more than last year. The sales of seeds reached LTL 7 million and were 67 % higher than last year. The total turnover from these activities amounted to LTL 114 million in Lithuania and LTL 34 million in Latvia.

Group plans further expand this important segment of the business.

FARMING

This segment covers primary production of agricultural produce: diary production as well as cultivation of grains, rape, and sugar beet. The Group controls four agricultural companies which are based in the most yielding Lithuanian areas – Panevėžys district Aukštadvario ŽŪB, Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB and Sidabravo ŽŪB. In spring, together with partners the Group established Užupės ŽŪB which cultivates more than 1,000 ha of land, therefore the Group's agricultural companies cultivated land area exceeded 11,000 ha.

These enterprises provide a part of resources required by the Grains and Oilseed Segment. They also produce various types of feedstuffs which are mostly used for feeding the Company's own livestock.

FARMING ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	36,628	49,332	42,335	41,221	(1,114)	-3%
Sales (LTL in thousands)	32,644	37,056	31,021	39,446	8,425	27%
Gross profit (LTL in thousands)	11,978	5,368	8,694	19,247	10,553	121%
Gross margin	36.7%	14.5%	28.0%	48.8%	20.8%	74.1%

Activity results of this segment were among the best results of 2010/2011 financial year. Due to growing grain prices the sales of the segment grew from LTL 31 million to LTL 39 million. The operating profit totaled LTL 15.5 million and was 2.6 times higher than last year (LTL 5.85 million). The activities of all agricultural companies controlled by the Group were profitable and the total gross profit amounted to LTL 6.2 million.

The companies together produced 32 thousand tons of grains and rapeseeds. Winter and spring wheat matched best of all, with yields reaching 4.9 t/ha and 4.4 t/ha correspondingly, the overall production reaching 16.5 thousand tons.

In autumn 2010, the agricultural companies sowed over 6 thousand ha of winter crops and rapeseeds. 1,060 ha of rapeseed and 1,770 ha of winter wheat were destroyed by winter frost and were re-sown with spring wheat and rapeseed. In spring 2011, almost 7 thousand ha were sown up for 2011 harvest, mostly with summer rapeseed (2.4 thousand ha) and wheat (2 thousand ha). The agricultural companies sowed up 9.4 thousand ha of land in total.

The Group sold 11.8 thousand tons of milk, i. e. 14.5 % more than in 2009/2010 (10.3 thousand tons). The growth of milk production was conditioned by 8 % increase of the number of dairy cows and increased milk yield. During the financial year Group sold 476 tons of meat.

OTHER PRODUCTS AND SERVICES

This segment includes all other activities which cannot be attributed to any of the aforementioned key segments. This segment covers sales of solid biofuel, services of grain storage facilities as well as other products and services. This business segment is dominated by services provided to farmers by the Group’s grain storage facilities (grain cleaning, drying, storing, loading).

OTHER PRODUCTS AND SERVICES ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	13,933	22,244	19,245	49,962	30,717	160%
Sales (LTL in thousands)	32,172	43,216	33,040	38,280	5,240	16%
Gross profit (LTL in thousands)	8,084	14,645	9,928	8,454	(1,474)	-15%
Gross margin	25.1%	33.9%	30.0%	22.1%	-8.0%	-26.5%

The total income from sales of this segment reached LTL 38 million, the greatest portion of which was generated by income from Group’s grain storage facilities. The profitability of this business segment remained in the leading position as compared to other business segments and reached 16 %. The profit of the segment totaled LTL 6 million (LTL 7.9 million in 2009/2010 financial year).

The segment was less profitable than last year with gross profit amounting to LTL 8.4 million, i. e. 15 % less than last year (LTL 9.9 million). The profit earned from grain storage facilities was lower due to dryer season and less income from grain drying services. The profit of the segment was also negatively affected by investments in processing of lignin biofuel.

5.3. FINANCIAL REVIEW

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales	**907,006**	**1,113,880**	**834,116**	**1,353,976**	**519,860**	**62%**
Gross profit	75,929	75,739	70,341	80,969	10,628	15%
EBITDA	**66,331**	**56,001**	**49,740**	**30,120**	**(19,620)**	**-39%**
Profit from operations	52,201	44,531	39,684	15,215	(24,469)	-62%
Earnings before taxes (EBT)	49,986	40,348	39,988	14,522	(25,466)	-64%
Net profit	**41,269**	**31,771**	**33,510**	**18,970**	**(14,540)**	**-43%**
Margins						
Gross margin	8.4%	6.8%	8.4%	6,0%	-2.4%	-29%
EBITDA margin	7.3%	5.0%	6.0%	2.2%	-3.7%	-63%
Operating profit margin	5.8%	4.0%	4.8%	1.1%	-3.6%	-76%
Earnings before taxes margin	5.5%	3.6%	4.8%	1.1%	-3.7%	-78%
Net profit margin	4.6%	2.9%	4.0%	1.4%	-2.6%	-65%
Solvency ratios						
Current ratio	1.2	1.2	1.95	1.44	-0.51	-26%
Debt / Equity ratio	1.4	1.0	0.5	0.8	0.28	53%
Net financial debt / EBITDA	2.7	2.6	2.1	7.3	5.18	247%
ROE	31.2%	20.4%	12.7%	7.4%	-5.3%	-42%
ROCE	20.0%	16.0%	10.6%	4.0%	-6.6%	-63%
Basic and diluted earnings per share (LTL) (EPS)	0.94	0.69	0.30	0.12	-0.18	-60%
Total volume (in tons)	**1,088,516**	**1,386,721**	**1,211,865**	**1,483,064**	**271,199**	**22%**

Alongside with increased sales, the cost of the Group's products and services also grew to LTL 1,273 million (LTL 764 million in 2009/2010). The cost of inventory increased from LTL 678 million to LTL 1,135 million, i. e. by 67 %. Logistics expenses, which normally account for up to 10 % of the total cost, amounted to LTL 85 million, i.e. 16 % up from the previous year (LTL 73 million) as a result of higher transportation rates and volumes. The Group earned LTL 80.9 in gross profit, or 15 % more than in 2009/2010 season (LTL 70.2 million). Under the influence of the mentioned negative factors, the gross profitability of the Group dropped from 8.4 % to 6 %, but surpassed the sector's currently prevailing gross profitability level of 5.5-6.5 %.

Operating expenses reached LTL 65.6 million and were twice as high as last year (LTL 32 million). The increase is mostly attributed to consolidation of the Ukrainian company PJ-SC UKRAGRO NPK into the Group (LTL 12.7 million) and provisions for bad debts (LTL 18.9 million).

As a result of increasing prices of grains and fertilizer sales volumes, the Group's demand for working capital increased correspondingly. This became one of the main reasons that predetermined higher financial expenses. Interest expenses went up from LTL 5.1 million to LTL 8.3 million. The average interest rate of the Group reached 3.7 %.

CASH FLOW AND LIQUIDITY

The objective of the Group is to have sufficient financial resources, maintain high liquidity and quality of the balance sheet, have sufficient flexibility and space for borrowing and satisfying the Group's needs in working capital and investments.

As of the balance-sheet date, the Group had LTL 7.6 million in cash and money equivalents, and its current solvency ratio was 1.44 (compared to 1.95 in 2009/2010 season). The debt to equity ratio was 0.8 (in the previous year, it was equal to 0.5). The Group's relative net debt to EBITDA ratio was 7.3, the growth of which was the result of lower profitability. The Group's financial net debts totaled LTL 224 million (LTL 137 million in 2009/2010 season) with long-term debts accounting for 12.6 %. All short-term debts of the Group, the major part of which is allocated to financing of working capital, are covered with inventories and receivables.

Cash flows from operating activities before the changes in the working capital amounted to LTL 35.9 million and minus LTL 34.6 million after the changes (minus LTL 21.9 million in 2009/2010 financial year). Such changes were mainly caused by an increase in trade receivable and inventories accounts. The increase in trade receivable amounts is related to the expansion of the fertilizers activities, while the increase in inventories accounts is conditioned by increased level of grain prices. Farmers are the main buyers of fertilizers, and this service is critical for them; however, they lack financial resources for making payments within a short period of time. Such form of providing credits to farmers enables the Group to expand its client base and plan larger volumes of grain purchase in the future.

The Group's investment cash flow was negative and amounted to LTL 10.8 million. This was the result of the Group's expansion. Agricultural companies of the Group invested up to LTL 4.9 million in tangible fixed assets (modernization and purchase of agricultural machinery and equipment). LTL 14 million was invested in the expansion of the Group's grain storage network.

The Group's cash flows from financial activities were positive and amounted to LTL 19.1 million. Such cash flows were determined by increased loans for current assets to finance the demand of working capital. The Group finances its working capital in three banks: AB SEB Bankas, BNP Paribas, and ABN Amro Bank N.V, Bank of Netherlands. The credit limits in the aforementioned banks exceeds LTL 250 million.

6. SCOPE OF RISK AND MANAGEMENT THEREOF

In 2010/2011 financial year, the Company did not succeed in avoiding the risks declared by the Company.

6. 1. MARKET RISK

Market risk shall be understood as a risk to generate a profit lower than planned if the tone of market prices is unfavourable. This may happen if market price fell below the intervention prices (minimal purchase prices for grains established by state authorities) as it would prevent the Company from receiving surplus profit. In a market situation when grain purchase prices fall due to certain reasons, intervention prices are used as a leverage to uphold a certain price level and thus to ensure guaranteed income to farmers. When intervention prices are higher than or identical to market prices, the company of the Group sell the purchased grains to the agency and thus earn certain income which under regular market conditions would be lower than market prices. Starting from 2005, intervention prices are set by the EU and are calculated for two years in advance. The mechanism has not been applied so far; however, if intervention prices were applied, the Group would have been deprived of surplus profit.

In 2010/2011 financial year, this risk did not manifest itself as regards the Company and its Group companies.

6. 2. RISK RELATED TO ACTIVITIES OF CONTROLLED COMPANIES

The companies controlled by the Group are involved in trade in agricultural inputs, implementation of crop programmes, warehousing of agricultural products and other activities. Although operations of a majority of controlled companies are profitable, negative changes in the markets, where the parent company and controlled companies operate, may affect its profitability. Managers of in charge of corresponding activities constantly monitor and analyse the activities of companies controlled by the Group, essential transactions, provide budgets of activities of the controlled companies to the Group management and, correspondingly, control their execution and material changes.

In 2010/2011 financial year, this risk did not manifest itself as regards the Company and its Group companies.

6. 3. POLITICAL RISK

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

For example, reduction of subsidies to agriculture may affect the activities of agricultural companies controlled by the Group.

In 2010/2011 financial year, this risk did not manifest itself as regards the Company and its Group companies.

6. 4. SOCIAL RISK

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

In 2010/2011 financial year, this risk did not manifest itself as regards the Company and its Group companies.

6. 5. COUNTERPARTY RISK

The Group enters forward contracts with more than 1,300 clients who commit the delivery of production under terms and conditions of the contract. As the prices of products increase, the risk of breach of forward contracts and non-delivery of production by counterparties emerges. The bigger the difference between the contract price and the current market price on the day of delivery, the higher is the risk.

In 2010/2011 financial year, the companies of the Group encountered counterparty risk and it was important throughout the whole season. In order to control counterparty risk, the Group revised the contracts signed with the clients, was constantly analyzing and observing the situation, assessed possible losses and took respective decisions to control it (for example, setting limits on forward contracts, evaluation and assessment of client's credit rating, capacity of cultivated land etc.).

In order to manage the risk related to certain products, the Group concludes forward contracts on commodity exchange NYSE Euronext Paris SA. The Group trades in forwards to control the price risk arising from purchasing rapeseeds and wheat from farmers. The Group has approved an internal trade risk management system and established the credit risk management committee that analyses trade transactions entered into by the company as well as their amounts and limits. Some of the buyers (buyers' solvency risk) are insured with international insurance companies.

In 2010/2011 financial year, the Company and its Group companies did not avoid this kind of risk, which resulted in losses.

7. EMPLOYEES

As of 30 June 2011 the number of employees of the Group was 775 or 243 employees more as of 30 June 2010 (at that time was 532). This increase is the result of acquiring 50 % of shares PJ-SC UKRAGRO NPK. As at 30 June 2011 AB Linas Agro Group owned 58.04% of shares, thus 222 employees of PJ-SC UKRAGRO NPK were included in the total number of employees of the Group.

As of 30 June 2011 the number of employees of the Company was 9 (9 as of 30 June 2010).

Distribution of employees of the Group by positions and average monthly salary before taxes:

	The number of employees at the end of financial year		Average monthly salary before taxes in LTL	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Managers	43	36	8,503	7,639
Specialists	259	164	2,855	3,037
Workers	473	332	1,507	2,060
Total for the Group	**775**	**532**		

Distribution of employees of the Group by education degree held:

	Employee education	
	30 June 2011	30 June 2010
Graduate academic	244	151
Higher education	138	104
Secondary education	369	251
Primary	24	26
Total for the Group	**775**	**532**

Distribution of employees of the Group by geographical locations:

	Geographical distribution employees	
	30 June 2011	30 June 2010
Lithuania	533	515
Latvia	12	9
Denmark	8	8
Ukraine	222	
Total for the Group	**775**	**532**

AB Linas Agro Group has no collective agreement.

All employment contracts concluded by AB Linas Agro Group with the Company’s employees are entered into in accordance with the Labour Code of the Republic of Lithuania. Both hiring and dismissal of employees is carried out pursuant to the requirements of the Labour Code. No special rights or obligations of employees are provided for in employment contracts.

Employees have undertaken the obligation of non-disclosure of confidential information. Some Board members and key executives have signed confidentiality and non-competition agreements.

7. 1. AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF ITS BODIES, MEMBERS OF ESTABLISHED COMMITTEES, OR EMPLOYEES THAT PROVIDE FOR COMPENSATIONS IN CASE OF RESIGNATION OR DISMISSAL OF THE AFOREMENTIONED PERSONS WITHOUT A JUSTIFIED REASON, OR IF THEIR EMPLOYMENT IS TERMINATED AS A RESULT OF THE CHANGE IN THE CONTROL OVER THE COMPANY

There are no separate agreements between the Company and either its Board members or employees that would provide for any compensations in case of their resignation or dismissal without a justified reason.

8. MANAGEMENT BODIES AND COMPANY MANAGEMENT

8.1. STRUCTURE OF THE BOARD

The Board of the Company consists of seven members to be elected for a period of four years.

Name	Position within the Company
Darius Zubas	Chairman of the Management Board, Managing Director
Vytautas Šidlauskas	Deputy Chairman of the Management Board
Arūnas Zubas	Member of the Management Board
Dainius Pilkauskas	Member of the Management Board
Arūnas Jarmolavičius	Member of the Management Board
Andrius Pranckevičius	Member of the Management Board, Deputy Managing Director
Tomas Tumėnas	Member of the Management Board, Finance Director

As of 30 June 2011 (as well as currently), the Board of the Company consisted of the following members:

Chairman of the Management Board **Darius Zubas**, born in 1965, is the main founder of the Group. Graduated from Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) in 1988 and obtained a diploma of Veterinarian. Darius Zubas has 21 years of experience in strategic management and business organization.

Since 1997, he is Managing Director of the Company. Managing Director of AB Linas Agro since 1991 and occupies the position of the Chairman of the Management Board of said company since 2006. In 1993–1999 he was the Deputy Managing Director of UAB Gerera. Chairman of the Management Boards of UAB Mestilla and Linas Agro A/S (former Rosenkrantz A/S).

Responsible for the organization and strategy, development and expansion of the Group.

Vytautas Šidlauskas, Deputy Chairman of the Management Board, born in 1963, is a graduate of Faculty of Chemistry, Kaunas University of Technology (former Kaunas Polytechnic Institute), where in 1987 obtained a diploma in Public Nutrition Technology and Management. Vytautas Šidlauskas has twenty years of experience in business management.

Since 1993 he acts as the Managing Director in UAB Gerera. Since 1999 he acts as the Trade Director of AB Linas Agro, and in addition since 2006 serves as the Member of the Management Board. He serves as a Member of the Management Board in UAB Mestilla and Linas Agro A/S (former Rosenkrantz A/S).

Vytautas Šidlauskas is responsible for the international trading strategy of the Group and trade risk management.

Arūnas Zubas, Member of the Management Board, born in 1962, graduated from Kaunas University of Technology (former Kaunas Polytechnic Institute) in 1985 and holds a diploma in Chemical Technology. Arūnas Zubas has over twenty one year of experience in project, production and business management.

He worked as the Technologist in Panevėžys Meat Processing Factory (1985–1988), as well as the Project Manager of the factory (1989–1992), later, as the Director in AB Krekenavos agrofirma (1992–1994).

He joined the Group in 1995 as the Commerce Director in AB Linas Agro (1996–2005). Since 2006 he serves as a Member of the Management Board in AB Linas Agro, and since 2005 he serves as Managing Director in biodiesel production company UAB Mestilla.

Responsible for the formation and implementation rapeseed processing strategy development.

Dainius Pilkauskas, Member of the Management Board, born in 1966, is a graduate of Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) where in 1991 he obtained a diploma of Zoo Engineer. He is highly experienced in business management and business organization.

He joined the Group in 1991 started as the Commerce Director in AB Linas Agro (former UAB Linas ir Viza).

Since 2006 he was promoted to and currently serves as the Trade Director for Baltic States and a Member of the Management Board in AB Linas Agro.

Responsible for the formation and implementation of plant cultivation programs' strategy in the Baltic States.

Arūnas Jarmolavičius, Member of the Management Board, born in 1964, in 1991 graduated from Vilnius University and holds a diploma in Economics and Industry Planning. His experience in business, marketing and investments fields already counts for 18 years.

In 1991–1992 he was the Controller in the State Control Department, 1993–1994 – the Sales Manager in UAB Prieglius, 1994–1997 – the Sales and Marketing Director in AB Kalnapilis, 1997–1999 – the Sales and Marketing Director in AB Baltic Beverage Holding, 1999–2001 – Director in UAB Jungtinis Alaus Centras.

Arūnas Jarmolavičius joined the Group 10 years ago. In 2001 he started his carrier within the Group as the Project Director in AB Linas Agro. In 2008 he was elected as a Member of the Management Board.

Responsible for the production companies' strategy development and activity control, organization of investment projects of the Group.

Andrius Pranckevičius, Member of the Management Board, born in 1976, is a graduate of Kaunas Technological University where in 1998 he obtained a bachelor's degree in Business Administration and, in 2000, master's degree in Marketing Management. He also took executive education programs in Harvard Business School, Wharton Business School, Stanford and Berkeley Business School (2004–2007) and program of leadership development in Harvard Business School (2009). He has considerable experience in project management, marketing, investment and finance.

Prior to joining the Group, he was the Customer Service Manager UAB DHL International Lietuva (1998-1999).

Joined the Group in 1999, he served as the Marketing Manager (1999–2000) in AB Linas Agro (former UAB Linas ir Viza), 2000-2003 as the Project Manager, and Business Development Manager (2003–2005). Since 2005 he serves as the Deputy Managing Director and since 2006 as a Member of the Management Board in AB Linas Agro. Andrius Pranckevičius also occupies the position of the Deputy Managing Director in AB Linas Agro Group and holds the position of the Board Member of the Lithuanian Agricultural Companies Association.

Responsible for the coordination and management of agricultural supply companies, organization of investment projects of the Group.

Tomas Tumėnas, Member of the Management Board, born in 1972, holds the diploma in Economics from Vilnius University (in 1995) and a certificate in International Business Economics from Aalborg University (in 1995). Since 2007 he studies at Manchester Business School and expects to obtain MBA in finance. Tomas Tumėnas works in the spheres of investments and finance management for more than 16 years.

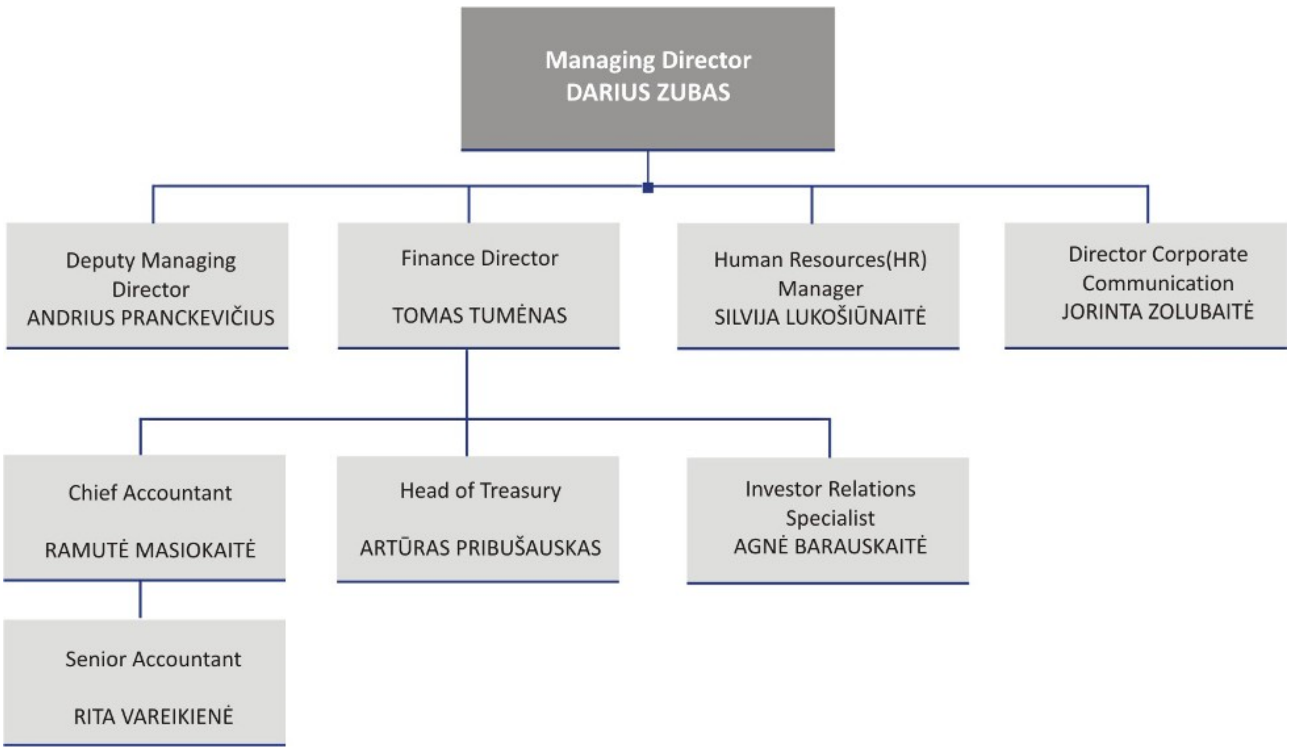
Prior to joining the Group he was the Financial Broker Analyst in AB Akcinis inovacinis bankas (1995-1996), Insurance Analyst in ADB Preventa (1996) and the Financial Analyst in the Representative Office of Baltic Management LLC (1996-2001). Since 2003 he was the Director in UAB Baltic Fund Investments.

Tomas Tumėnas started his carrier within the Group since 2001 by becoming Finance Director in AB Linas Agro and serves in this position since then. Since 2009 acts as a Member of the Management Board in AB Linas Agro, since 2009 serves as Finance Director in AB Linas Agro Group.

Responsible for the management of finance, formation of the Group's financial strategy.

8.2. COMPANY ADMINISTRATION

THE SCHEME OF ADMINISTRATIVE MANAGEMENT



COMPANY MANAGEMENT

Name and surname	Position	Main areas of activities
Darius Zubas	Managing Director	Strategy, development and expansion of the Group of Companies; organisation of everyday activities; and representation of the Group.
Andrius Pranckevičius	Deputy Managing Director	Expansion and development of the Group of Companies; implementation and development of investment projects of the Group; coordination and management of the activities of the companies providing services and supplying goods to agriculture entities in the Baltic states.

Name and surname	Position	Main areas of activities
Tomas Tumėnas	Finance Director	Formation of the financial policy of the Group; management of financial resources; cooperation with financial and credit institutions.
Ramutė Masiokaitė	Chief Accountant	Accounting and financial control of the Group of Companies.

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

Ramutė Masiokaitė, Chief Accountant, born in 1971, graduated from Vilnius University in 1994 and acquired the qualifications of an economics, financial and credit specialist.

Prior to starting her employment with the Group, she worked as the Deputy Chief Accountant in AB Lietuvos Taupomasis Bankas (AB Lithuanian Savings Bank, currently AB Swedbank). She started her employment with the Group in 1998 in the capacity of the Chief Accountant of AB Linas Agro. In 2001, she was appointed as the Finance Controller of AB Linas Agro and holds this position so far.

INFORMATION ON THE PAYMENTS TO THE MANAGERS DURING THE REPORTING PERIOD:

	Group company	Position	Amount LTL in thousand	Type of payment
MANAGEMENT BOARD				
Darius Zubas	AB Linas Agro Group	Chairman of the Management Board, Managing Director	12	Salary
	AB Linas Agro	Chairman of the Management Board, Managing Director	312	Salary
			350	Bonus
Total			**674**	
Vytautas Šidlauskas	AB Linas Agro	Deputy Chairman of the Management Board, Trade Director	228	Salary
			245	Bonus
	UAB Gerera	Managing director	12	Salary
Total			**485**	
Dainius Pilkauskas	AB Linas Agro	Member of the Management Board, Trade Director for Baltic States	265	Salary
			427	Bonus
Total			**692**	
Arūnas Zubas	AB Linas Agro	Member of theManagement Board	161	Bonus
Total			**161**	
Andrius Pranckevičius	AB Linas Agro Group	Member of the Management Board,	1	Salary

	Group company	Position	Amount LTL in thousand	Type of payment
		Deputy Managing Director		
	AB Linas Agro	Member of the Management Board, Deputy Managing Director	238	Salary
			150	Bonus
Total			**389**	
Tomas Tumėnas	AB Linas Agro Group	Member of the Management Board, Finance Director	1	Salary
	AB Linas Agro	Member of the Management Board, Finance Director	260	Salary
			340	Bonus
Total			**601**	
Arūnas Jarmolavičius	AB Linas Agro	Member of the Management Board, Project Director	203	Salary
			35	Bonus
Total			**238**	
ADMINISTRATION (CHIEF ACCOUNTANT)				
Ramutė Masiokaitė	AB Linas Agro Group	Chief Accountant	1	Salary
	AB Linas Agro	Finance Controller	150	Salary
Total			**151**	

ACTIVITIES OF THE BOARD MEMBERS AND COMPANY MANAGEMENT IN OTHER COMPANIES

Person / Companies	Position	Since	Until	Held currently
Darius Zubas				
Group companies:				
AB Linas Agro	Managing Director	1991	-	Yes
	Chairman of the Management Board	2006	-	Yes
Linas Agro A/S (former Rosenkrantz A/S)	Chairman of the Management Board	2005	-	Yes
Other companies:				
UAB MESTILLA	Chairman of the Management Board	2006	-	Yes
Vytautas Šidlauskas				
Group companies:				
AB Linas Agro	Trade Director	1999	-	Yes
	Deputy Chairman of the Management Board	2006	-	Yes
UAB Gerera	Managing Director	1993	-	Yes
Linas Agro A/S (former Rosenkrantz A/S)	Member of the Management Board	2004	-	Yes
Other companies:				

Person / Companies	Position	Since	Until	Held currently
UAB MESTILLA	Member of the Management Board	2006	-	Yes
Arūnas Zubas				
Group companies:				
AB Linas Agro	Member of the Management Board	2006	-	Yes
	Commerce Director	1995	2005	-
Other companies:				
UAB MESTILLA	Managing Director	2005	-	Yes
Dainius Pilkauskas				
Group companies:				
AB Linas Agro	Trade Director for Baltic States	2006	-	Yes
	Member of the Management Board	2006	-	Yes
	Commerce Director	1991	2006	-
Arūnas Jarmolavičius				
Group companies:				
AB Linas Agro	Project Director	2001	-	Yes
	Member of the Management Board	2006	-	Yes
Other companies:				
UAB MESTILLA	Member of the Management Board	2006	-	Yes
Akola ApS	Authorised Representative in Lithuania and Ukraine	2001	-	Yes
Andrius Pranckevičius				
Group companies:				
AB Linas Agro	Deputy Managing Director	2005	-	Yes
	Member of the Management Board	2006	-	Yes
	Business Development Manager	2003	2005	-
Other companies:				
Lithuanian agricultural companies association	Member of the Management Board	2008	-	Yes
Tomas Tumėnas				
Group companies:				
AB Linas Agro	Finance Director	2001	-	Yes
	Member of the Management Board	2009	-	Yes
Other companies:				
UAB Baltic Fund Investments	Director	2003	-	Yes
Ramutė Masiokaitė				
Group companies:				
AB Linas Agro	Finance Controller	2001	-	Yes

9. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

9.1. SOCIAL RESPONSIBILITY

AB Linas Agro Group pays sufficient attention to public activities, sponsorship and charity. Projects related to sports, education, culture, healthcare, and social activities are of great importance to the Group.

For seven successive years, the Group in cooperation with the 5th Secondary School of Panevėžys have been arranging the competition *the School's Citizen* for pupils. Within the framework of this project, school student leaders, who are capable of combining outstanding learning performance and active participation in social activities, are elected. Those pupils who appear to be the best citizens are granted scholarships established by the companies of the Group.

This year the Group contributed to financing the publishing of a book about Panevėžys Puppet Wagon Theater, supported Sūduva Cultural Foundation, the staging of performance "Onegin" by Bohemiečiai group and charity concert "Ateitis gyvai" arranged by association Mentor Lietuva, undertaking youth drug prevention programs. It has also become a tradition to support the events dedicated to Panevėžys City birthday.

Part of support funds were allocated to Aukštaitija Cerebral Palsy Society, Panevėžys Disabled Centre, the support project dedicated to children suffering from diabetes "Dia Bitės", children cancer charity and support foundation Rugutė etc.

The Group has also traditionally contributed to the financing of the Lithuanian national environment cleaning campaign "We Do It 2011" and invited employees of the companies of the Group, partners and customers to take an active part in and contribute to the cleaning of Lithuania's environment.

Employees of the companies of the Group are granted social guarantees: allowance in case of death of a family member; allowance in case of birth of a child; benefit on the occasion of the 50th birthday of the employee; and benefit on the occasion of 20 years of uninterrupted employment with the Company.

Employees are provided with conditions for education, qualification improvement, participation in various seminars and various trainings.

Employees of the companies of the Group are granted the possibility of using medical services and they are insured with voluntary health insurance.

9.2. ENVIRONMENTAL RESPONSIBILITY

In the course of performing their activities, the companies of the Group follow various environmental regulations stipulating the marking, use, storage, and disposal of various hazardous substances used in the activities of a certain company (with application of the Procedure for the Classification and Marking of Hazardous Chemical Substances and Preparations approved in the Republic of Lithuania by Order No

532/742 of the Minister of Environment and the Minister of Health of 29 December 2000 with regard to Directives 67/548/EEC and 1999/45/EC and others).

In order to meet environmental requirements, agricultural companies of the Group invested in implementation of Nitrates Directive. In the following two years, the Group is planning additional investments in environmental protection.

Wherever necessary, the companies of the Group concluded agreements regarding the recycling of packaging. Relevant costs may increase depending on trade volumes and tasks for the use and recycling of packaging.

AB Linas Agro received ISCC (International Sustainability and Carbon Certification) confirming that rapeseed, triticale and rye purchased by the company from farmers are grown following ISCC requirements, i. e. not using underage workforce, deforestation nor releasing excessive amounts of CO_2 into the atmosphere.

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

All the shares of the Company are ordinary shares with the nominal value of LTL 1 as of 30 June 2011. The shares are subscribed and were fully paid as of 30 June 2011.

During the reporting period from 1 July 2010 to 30 June 2011, all 158,940,398 ordinary registered shares of the Company were included in the Official List of NASDAQ OMX Vilnius Stock Exchange (ISIN Code of the shares is LT0000128092). The ticker of the shares on NASDAQ OMX Vilnius Stock Exchange is LNA1L.

Trading in the Company's shares on NASDAQ OMX Vilnius Stock Exchange started on 17 February 2010.

10. 1. TRADE IN THE COMPANY'S SHARES

During the reporting period, the highest price of the Company's shares was EUR 0.614, the lowest one was EUR 0.489, and the average price was EUR 0.549.

Information on the automated execution transactions, prices of shares sold on Vilnius Stock

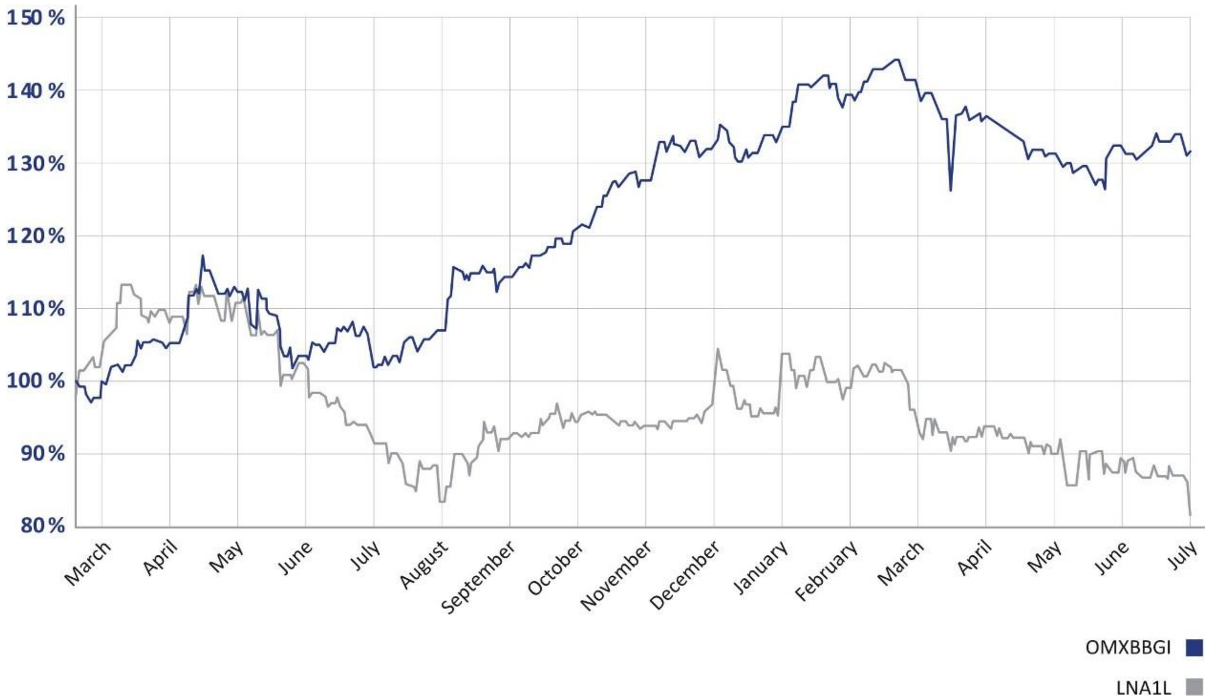
Exchange and turnovers during the period from 1 July 2010 to 30 June 2011 is provided in the table below:

Year and quarter	Price LTL		Turnover LTL		Last trading days of the period			Total turnover	
	Max.	Min.	Max.	Min.	Price LTL	Turnover LTL	Date	Units	LTL
2010 III	1.97	1.69	3,464,952.91	0.00	1.92	85,827.65	30-09-2010	9,369,353	16,679,496.37
2010 IV	2.13	1.89	3 180 697,09	0.00	2.10	907,078.73	30-12-2010	8,164,771	16,044,763.21

Year and quarter	Price EUR		Turnover EUR		Last trading days of the period			Total turnover	
	Max.	Min.	Max.	Min.	Price EUR	Turnover EUR	Date	Units	EUR
2011 I	0.609	0.52	405,615.7	0.00	0.55	11,617.96	31-03-2011	4,603,560	2,676,032.33
2011 II	0.56	0.469	1,017,241.5	0.00	0.48	332,823.51	30-06-2011	4,935,131	2,513,947.38

AB LINAS AGRO GROUP SHARE PRICE AND TURNOVER

AB LINAS AGRO GROUP SHARE PRICE VS OMX BALTIC BENCHMARK GI INDEX FLUCTUATION



AB Linas Agro Group is included in the composition of the comparative index OMX Baltic Benchmark of the stock exchanges of the Baltic countries from 1 July 2010.

10. 2. CAPITALISATION OF THE COMPANY'S SHARES

The capitalisation of ordinary registered shares in 2010 - 2011 is provided in the following table:

Date	Capitalization, LTL	Share Price, LTL
30-09-2010	305,165,564.16	1.92
31-12-2010	333,774,835.80	2.10

Date	Capitalization, EUR	Share Price, EUR
31-03-2011	87,417,218.90	0.55
30-06-2011	76,291,391.04	0.48

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

Information on OTC transactions in ordinary registered shares of AB Linas Agro Group is provided in the following table:

Year and quarter	Price, LTL		Total turnover for the quarter units	
	Max.	Min.	Cash payments	Non-cash payments
2010 III	1.95	0.87	7,873,718	6,000
2010 IV	1.97	0.56	8,853,943	187,769
2011 I	2.20	0.54	5,871,019	103,000
2011 II	2.24	0.50	7,439,215	2,138,133

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

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

11. STRUCTURE OF THE AUTHORISED CAPITAL AND SHARES OF THE COMPANY

On 30 June 2011, the authorised capital of the Company amounts to LTL 158,940,398.00 (one hundred and fifty-eight million, nine hundred and forty thousand, three hundred and ninety-eight litas). The authorized capital of the Company is divided into 158,940,398 ordinary registered non-certificated shares. The nominal value of one share is LTL 1.00 (one litas).

Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Portion in the authorised capital (%)
Ordinary registered shares	158,940,398	1	158,940,398	100
Total	**158,940,398**	**-**	**158,940,398**	**100**

All the shares of the Company are fully paid and they are not subject to any restrictions of the transfer of securities with the exception of those specified in Part 14 *RESTRICTIONS OF THE TRANSFER OF SECURITIES AND RESTRICTIONS OF VOTING RIGHTS* of this Annual Report.

All shares issued by the Company grant equal rights to the Company's shareholders. The Company has not issued any shares of a class other than the aforementioned ordinary shares.

Neither limitations of the rights granted by the Company's shares nor special control rights for shareholders are provided for in the Company's Articles of Association.

The Company and its subsidiaries (or other companies acting on their own behalf under instructions of the former) have not acquired any shares of the Company, nor acquired or transferred any shares of the Company during the reporting period. Also, the Company's bodies have not issued any authorisations for the issue or redemption of the Company's shares. The Company has not issued any convertible, variable-value, guaranteed or other securities.

The Company's ordinary shares shall grant the following rights to the shareholders:

Property rights of the shareholders:

1) to receive a part of the Company's profit (dividend);
2) to receive a part of the funds of the Company when the authorised capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
3) to receive a part of the shares without payment when the authorised capital of the Company is increased from the funds of the Company, with the exception of the cases stipulated in the Law on Companies of the Republic of Lithuania;
4) to have the pre-emption right in acquiring newly issued shares or convertible debentures of the Company except in case when the General Meeting of Shareholders decides, in accordance with the procedure stipulated by the Law on Companies of the Republic of Lithuania, to withdraw the pre-emption right for all shareholders;
5) to lend money to the Company in the manners and in accordance with the procedure stipulated by the laws of the Republic of Lithuania; however, the Company shall not have the right to pledge its assets to its shareholders when borrowing from the shareholders. When the Company borrows from a shareholder, the interest rate may not exceed the average interest rate of commercial banks located in the place of residence or business of the lender effective at the moment of the conclusion of the loan agreement. In this case, the Company and shareholders shall be prohibited to agree on higher interest rates;
6) to receive a part of the assets of the Company in liquidation;
7) other property rights provided for by the laws and the Articles of Association.

Non-property rights of the shareholders:

8) to take part in the General Meeting of Shareholders;
9) to submit in advance to the Company any questions related to the issues of the agenda of the General Meetings of Shareholders;

10) to vote at the General Meetings of Shareholders in accordance with the rights granted by the shares;
11) to receive information on the business activities of the Company to the extent as stipulated in the Law on Companies of the Republic of Lithuania;
12) to file a claim with the court for the reparation to the Company of damage resulting from non-execution or improper execution by the Manager or Members of the Board of the Company of their duties stipulated in the laws of the Republic of Lithuania and in the Articles of Association as well as in other cases stipulated by laws;
13) other non-property rights provided for by the laws and the Articles of Association.

The voting right at the General Meeting of Shareholders shall be granted only by fully paid shares. A shareholder's right to vote at the General Meeting of Shareholders may be prohibited or limited in the cases stipulated by the laws of the Republic of Lithuania as well as when the right of ownership of the share is disputed.

Each share of the Company shall grant one vote at the General Meeting of Shareholders.

The shareholders shall have no property obligations towards the Company with the exception of the obligation to pay all subscribed shares at the issue price in the established procedure.

12. SHAREHOLDERS POSSESSING SPECIAL CONTROL RIGHTS AND AGREEMENTS BETWEEN SHAREHOLDERS

12. 1. SHAREHOLDERS POSSESSING SPECIAL CONTROL RIGHTS

There are no Company shareholders possessing special control rights; the Company's ordinary non-certificated shares grant equal rights to all shareholders of the Company.

12. 2. AGREEMENTS BETWEEN SHAREHOLDERS

The General Meeting of Shareholders of the Company has approved the Company's Dividend Payment Plan, according to which up to 20 (twenty) per cent of the net consolidated Company's profit of each financial year will be allocated for paying dividends to shareholders during 3 years in succession starting from the approval of the Company's Set of Annual Financial Statements for 2009/2010. Taking into consideration current financial year results, the Board of the Company does not plan to pay the dividends.

The Company does not have any further information about any other agreements between shareholders due to which the shareholders' and/or voting rights might be limited.

13. RESTRICTIONS OF THE TRANSFER OF SECURITIES AND RESTRICTIONS OF VOTING RIGHTS

AB Linas Agro Group Public Share Offering Prospectus of 7 January 2010 stipulates that the Company and Akola ApS, the shareholder of the Company that provided the Company's shares for the public share offering, without a prior written consent of AB Swedbank (code: 112029651) will not issue, offer, sell, contract to sell, nor otherwise dispose of any shares of the Company owned by them at any time or any securities convertible into or exercisable or exchangeable for the shares of the Company, nor enter into any swap or other agreement or any transaction to transfer the economic consequence of ownership of the shares of the Company, nor publicly announce an intention to effect any such transaction, during the period that commenced on the date of approval of the aforementioned Prospectus (07 January 2010) and ended 9 months after the commencement of trading in the shares of the Company on NASDAQ OMX Vilnius, i. e. 17 November 2010. This Agreement did not apply to the shares of the Company that were offered at the time of the initial public offering.

The Company is not aware of any other restrictions of the transfer of the Company's shares or voting rights.

14. PROCEDURE FOR AMENDING THE COMPANY'S ARTICLES OF ASSOCIATION

The Company's Articles of Association shall be amended in accordance with the procedure provided for in the laws of the Republic of Lithuania and the Company's Articles of Association. Adoption of a decision to amend the Company's Articles of Association shall be the jurisdiction of the Company's General Meeting of Shareholders subject to a qualified majority of 2/3 of votes of the shareholders participating in the Meeting, with the exception of cases specified in the Law of the Republic of Lithuania on Companies.

Following the decision by the General Meeting of Shareholders to amend the Articles of Association of the Company, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Meeting of Shareholders.

All and any amendments to the Articles of Association of the Company shall enter into force only after registering them in accordance with the procedure stipulated by the legal acts of the Republic of Lithuania.

15. THE COMPANY'S MANAGEMENT BODIES AND THEIR COMPETENCE

The Company's bodies shall be as follows:

1. The supreme body of the Company – the General Meeting of Shareholders;
2. The collegial management body – the Board;
3. The single-person management body – the Head of the Company (Managing Director).

The Supervisory Board shall not be formed in the Company.

In their activities, the Company's bodies must follow the following principles:

1. The activities of all bodies of the Company should be focused on the implementation of the strategic goals of the Company taking into account the need of increasing the equity of the Company's shareholders.
2. The Company's management and supervisory bodies should maintain close mutual cooperation seeking maximum possible benefit to the Company and shareholders.
3. The Company's bodies should ensure that not only the rights and interests of the shareholders would be respected, but also those of other persons participating in the activities of the Company or related to those activities (employees, creditors, suppliers, customers, and local communities).
4. A member of a management body of the Company may not use the assets of the Company for private purposes, the use whereof was not discussed with him/her specifically, with his/her own assets or to use such assets or information received by such person in the capacity of a member of a body of the Company for personal benefit or for the benefit of a third person without consent of the Board of the Company.
5. A member of a management body of the Company should refrain from voting when decisions related to transactions or other issues, wherewith he/she is related by personal or business interest, are to be adopted.
6. The Company's bodies should act in a fair, diligent and responsible manner in respect to the benefits and interests of the Company and its shareholders taking into account the interests of the employees and public welfare.
7. The Company's management bodies, when adopting decisions assigned to their competence, should follow the recommendations specified in the Management Code for companies listed on Vilnius Stock Exchange as far as it is reasonable and relevant according to the activities carried out by the Company and its objectives.

15. 1. THE COMPANY'S SHAREHOLDERS

The Company's General Meeting of Shareholder shall be the Company's supreme body.

The rights of the shareholders are specified in Part 11 *STRUCTURE OF THE AUTHORISED CAPITAL AND SHARES OF THE COMPANY* of this Annual Report.

In addition to the exclusive rights of a general meeting of shareholders specified in Article 20 of the Law of the Republic of Lithuania on Companies, the Company's General Meeting of Shareholders, with the right of consultative vote (which is not obligatory unless it is approved by the Company's Board) shall consider and approve, at an Annual General Meeting of Shareholders, the following:

1. The Company's Remuneration Policy or any material change in the Company's Remuneration Policy as well as the report on the Remuneration Policy;
2. Schemes (including changes thereof), under which the Head of the Company and Board Members of the Company are to be remunerated in the form of the Company's shares, share options or other rights for the acquisition of shares, or are to be remunerated on the basis of changes in share prices. The approval should be related to the scheme itself, and the shareholders shall not be entitled to decide on the share-based benefit to be granted to separate persons according to that scheme;
3. In addition to the aforementioned schemes and changes thereof:
    a. Allocation of the remuneration to the Head of the Company and Board Members of the Company on the basis of share-based schemes including share options;
    b. Establishment of the maximum number of shares and basic conditions of the procedure for the granting of shares;
    c. The period during which options can be exercised;
    d. Conditions for establishing the change in the price of each further exercise of options provided that it is allowed by laws;
    e. All other long-term schemes for the motivation of the Head of the Company and Board Members of the Company which are not offered to all other employees of the Company on similar conditions.

As of the end of the reporting period, i.e. 30 June 2011, the number of the Company's shareholders totalled to 1,016.

The shareholders controlling more than 5% of the Company's shares directly on the basis of the right of ownership or jointly with other related parties included Akola ApS, Company Code: 2517487; registration address: Sundkrogsgade 21, DK-2100 Copenhagen, Denmark; as well as the natural persons related to the aforementioned company as of 30 June 2011, who are indicated in the table below and Skandinaviska Enskilda Banken (Sweden), Swedbank AS (Estonia).

As of 30 June 2011, the Company's shareholders were as follows:

	Financial year ended on 30 June 2011	
	Number of shares held	Portion in the authorised capital and voting rights
Akola ApS (Denmark)	86,081,551	54.16%
Skandinaviska Enskilda Banken (Sweden) clients	21,221,849	13.35%
Darius Zubas	17,049,995	10.73%
Swedbank AS (Estonia) clients	9,816,217	6.18%
Other shareholders (private and institutional investors)	24,770,786	15.58%
Total	158,940,398	100.00%

15. 2. THE COMPANY'S BOARD

The Company's Board shall be responsible for the strategic management of the Company and other essential management functions.

The Company's Board consists of 7 (seven) members to be elected for a period of 4 (four) years. The Company's Board shall be elected by the Company's General Meeting of Shareholders pursuant to the following procedure and rules:

1. The Company shall be obliged to disclose to the Company's General Meeting of Shareholders all reasonably required information about the candidates to the Company's board members in order to enable the Company's General Meeting of Shareholders to adopt a document decision on the election of the Company's board members. The information should be provided prior to the Company's General Meeting of Shareholders, while providing the shareholders with a sufficient time reserve for deciding as for which candidate to vote.
2. During the election of the Company's board members, each shareholder of the Company shall have the number of votes which is equal to the number of votes carried by the shares held by him/her as multiplied by the number of members of the Board being elected. The shareholder shall distribute the votes at his/her own discretion, giving them for one or several candidates. Candidates who receive the greatest number of votes shall be elected.
3. If the number of candidates who received an equal number of votes is larger than the number of vacancies on the Company's Board, a repeat voting shall be held in which each shareholder may vote only for one of the candidates who received an equal number of votes.

The Board shall perform its functions during the term for which it was elected, or until the new board has is elected and starts functioning; however, not longer than until the Company's General Meeting of Shareholders to be held in the year of the expiration of the term of the Board.

The number of terms of Board members shall be unlimited.

The General Meeting of Shareholders may remove from office the entire Board in corpore or its individual members before the expiry of their term.

A member of the Company's Board shall have the right to resign from his/her office in the Company's Board prior to the expiry of his/her term upon giving a written notice thereof to the Company's Board Chairperson 14 (fourteen) calendar days prior to the resignation.

The Board shall perform the functions and have authorities provided for in the Law of the Republic of Lithuania on Companies and other legal acts of the Republic of Lithuania, the Company's Articles of Association and decisions of the General Meeting of Shareholders.

The Company's Board shall elect the Chairperson of the Board from among its members.

As of 30 June 2011, the number of the Company's board members was 7.

Name	Participation in Company's authorized capital	Cadence starts	Cadence ends
Darius Zubas	10,73 % shares and votes	12 September 2008	11 September 2012
Vytautas Šidlauskas	3,78 % shares and votes	12 September 2008	11 September 2012
Andrius Pranckevičius	-	12 September 2008	11 September 2012
Arūnas Jarmolavičius	0,025 % shares and votes	12 September 2008	11 September 2012
Arūnas Zubas	0,3 % shares and votes	12 September 2008	11 September 2012
Dainius Pilkauskas	0,3 % shares and votes	12 September 2008	11 September 2012
Tomas Tumėnas	0,001 % shares and votes	1 October 2008	11 September 2012

Darius Zubas is the Company's Board Chairperson.

Tomas Tumėnas combines his capacity with the post of the Company's Finance Director.

The Board shall consider and approve the following:

1. The Company's business strategy. The Board shall be responsible for preparing the Company's Business strategy. The Company's business strategy and objectives shall be made public. Shareholders shall be familiarised with the implementation of the strategy at the General Meeting of Shareholders.
2. The Company's annual report.
3. The Company's management structure and personnel positions.

4. Positions to which employees shall be employed only by holding competitions.
5. The Company's Remuneration Policy.
6. Reports on the Company's Remuneration Policy (with regard to the voting of the General Meeting of Shareholders).
7. The regulations of the Company's branches and representative offices.

The Board shall elect and remove from the office the Head of the Company, establish his/her remuneration and other conditions of his/her employment contract, approve his/her office regulations, motivate and impose penalties on him/her.

The Board shall stipulate the information to be treated as commercial (industrial) secret of the Company. No information which must be public in accordance with the Law of the Republic of Lithuania on Companies and other laws of the Republic of Lithuania may be treated as commercial (industrial) secret.

The Board shall adopt the following:

1. Decisions on the Company's becoming an incorporator or participant of other legal entities;
2. Decisions on the establishment of branches and representative offices of the Company;
3. Decisions on the investment, transfer, and lease of fixed assets, the book value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas) (to be calculated separately for each type of the transactions).
4. Decisions on the pledge or mortgage of fixed assets, the book value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas) (to be calculated for the total amount of the transactions).
5. Decisions on offering surety or guarantee for the discharge of obligations of third persons, the amount whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas).
6. Decisions on the acquisition of fixed assets, the price whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas).
7. Decisions on the Company's transactions, the value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas).
8. Decisions on taking and providing loans, the value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas).
9. Decisions to issue the Company's debentures.
10. Decisions to restructure the Company in the cases stipulated by the Law of the Republic of Lithuania on Restructuring of Enterprises.
11. Other decisions assigned to the competence of the Board in the Articles of Association and decisions of the General Meeting of Shareholders.

The Board shall analyse and evaluate the materials provided by the Head of the Company on the following:

1. Implementation of the business strategy of the Company.
2. Organisation of the activities of the Company.
3. Financial condition of the Company.
4. Results of the business activities, estimates of incomes and expenses, and data of inventorying and other data of other accounting of changes in the assets.

The Board shall analyse and evaluate the set of the annual financial statements and the draft of the profit (loss) appropriation of the Company, and shall provide them to the General Meeting of Shareholders alongside with the Annual Report of the Company. The Board shall establish the calculation methods for depreciation of tangible assets and amortisation of intangible assets to be applied in the Company.

The Board shall be responsible for the timely convening and arrangement of the General Meetings of Shareholders.

15. 3. THE HEAD OF THE COMPANY

The Head of the Company shall be the single-person management body of the Company.

Darius Zubas is the Head (Managing Director) of the Company and combines this capacity with the post of the Board Chairperson of the Company.

The Head of the Company shall be responsible for the following:

1. Organisation of the Company's activities and implementation of its objectives.
2. Drawing up of the set of the annual financial statements and preparation of the Annual Report of the Company.
3. Conclusion of the agreement with the firm of auditors when audit is obligatory in accordance with the laws or the Company's Articles of Association.
4. Submission of information and documents to the General Meeting of Shareholders and the Board in the cases stipulated by Law of the Republic of Lithuania on Companies or at the request of the aforementioned bodies.
5. Submission of documents and particulars of the Company to the Administrator of the Register of Legal Entities.
6. Provision of the Company's documents to the Securities Commission and the Central Securities Depository of Lithuania if it is required according to the effective legal acts.
7. Publication of the information stipulated by the Law of the Republic of Lithuania on Companies in the daily specified in the Company's Articles of Association.

8. Provision of information to shareholders.
9. Performance of other duties stipulated in the Law on Companies and other laws and legal acts of the Republic of Lithuania as well as in the Company's Articles of Association and office regulations of the Head of the Company.

The Head of the Company, within the scope of his/her competence, shall conclude transactions with third persons and represent the Company in all institutions and relations with third persons. The Head of the Company shall be obliged to receive a written approval of the Board of the Company for transactions to be concluded on behalf of the Company with third persons when the approval of such transactions lies within the scope of the competence of the Board. The Board's approval shall not annul the responsibility of the Head of the Company for the conclusion of the transactions specified in this Clause.

The Head of the Company shall organise daily activities of the Company, employ and dismiss employees, conclude and terminate employment contracts with them, and motivate and impose penalties on them.

Board shall elect and remove from the office the Head of the Company, establish his/her remuneration and other conditions of his/her employment contract, approve his/her office regulations, motivate and impose penalties on him/her.

The Head of the Company shall establish the rates of depreciation of assets to be applied in the Company and has the right to issue procuratories.

In his/her activities, the Head of the Company shall follow laws, other legal acts, the Articles of Association, decisions of the General Meeting of Shareholders and the Board, and his/her office regulations.

15.4. COMMITTEES FORMED BY THE COMPANY

The Ordinary General Meeting of the Company's Shareholders held on 28 October 2010 formed the Audit Committee and elected the members of the Audit Committee. The Audit Committee consists of 3 members, including an independent member. The members of the Committee are elected for the term of office of 4 (four) years. The elected members of the Committee began their service from the moment the General Meeting of the Company's Shareholders during which they had been elected was over.

THE MEMBERS OF AUDIT COMMITTEE as of 30 June 2011:

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

Artūras Pribušauskas – member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Treasury Manager of the Company and shareholder of the Company – owns 5,000 shares of the Company or 0.003% of all shares and votes of the Company. Also employed as a Treasury Manager at AB Linas Agro.

Kristina Prūsienė – member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Does not own any shares of the Company. Employed at AB Linas Agro as an Accountant.

16. ESSENTIAL AGREEMENT TO WHICH THE COMPANY IS A PARTY AND WHICH MAY BE IMPORTANT IN CASE OF CHANGE IN THE CONTROL OF THE COMPANY

During the reporting period, no essential agreements to which the Company is a party and which entered into force, were amended or expired in case of change in the control of the Company.

17. MAJOR TRANSACTIONS WITH RELATED PARTIES

Major transactions of the Company with related parties are provided in Note No.34 of the Explanatory Note to the Consolidated Annual Financial Statements for 2010/2011 financial year.

18. INFORMATION ABOUT THE COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company complies with the company management procedures stipulated in the Law of the Republic of Lithuania on Companies. The Company complies with the essential management principles for the company listed on NASDAQ OMX Vilnius; however, the Company complies with the Code partially. The information about compliance with the Management Code for companies listed on Vilnius Stock Exchange is disclosed in Annex 1 to this Annual Report in accordance with the form approved by the Stock Exchange.

19. DATA ON THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended 30 June 2011, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system the following information:

AB Linas Agro Group to strengthen its name in international trade buying 40 pct. shares of Danish company Rosenkrantz A/S	Notification on material event	En, Lt	2011-06-09 09:00:30 EEST

AB Linas Agro Group sells shares of UAB Kustodija	Other information	En, LT	2011-06-02 09:00:32 EEST
AB Linas Agro Group notification about interim nine months financial results of the financial year 2010/2011	Interim information	En, Lt	2011-05-30 09:00:30 EEST
SEB bank issued a LTL 16.4 million loan for the expansion of Linas Agro Grūdų centras	Notification on material event	En, Lt	2011-04-06 09:00:33 EEST
AB Linas Agro Group notification about interim six months financial results of the financial year 2010/2011	Interim information	En, Lt	2011-02-25 09:00:34 EET
AB Linas Agro Group Notification about acquisition of voting rights	Notification about acquisition (disposal) of a block of shares	En, Lt	2010-12-01 09:00:33 EET
AB Linas Agro Group notification about interim 3 month financial results of the financial year 2010-2011	Interim information	En, Lt	2010-11-22 09:00:30 EET
Procedure for the payout of dividends for the financial year ended 30 June 2010	Notification on material event	En, Lt	2010-10-29 09:49:35 EEST
AB Linas Agro Group notification about the Annual information of the financial year 2009/2010	Annual information	En, Lt	2010-10-29 09:48:36 EEST
Decisions of the Annual General Meeting of AB Linas Agro Group Shareholders, held on 28 October 2010	Notification on material event	En, Lt	2010-10-29 09:45:35 EEST
Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	En, Lt	2010-10-06 17:15:32 EEST
AB Linas Agro Group sells a part of Ukrainian company‘s shares to its management	Other information	En, Lt	2010-10-04 09:00:30 EEST
CORRECTION: AB Linas Agro Group notification about interim 12 month financial results of the financial year 2009-2010	Interim information	En	2010-08-30 11:56:31 EEST
AB Linas Agro Group notification about interim 12 month financial results of the financial year 2009-2010	Interim information	En, Lt	2010-08-30 09:00:30 EEST
SEB Bank increased lending volume to PLC “Linas Agro Group” up to LTL 132 million	Other information	En, Lt	2010-08-16 09:00:30 EEST
AB Linas Agro Group completed the takeover of Ukraine-based producer and trader of fertilizers	Notification on material event	En, Lt	2010-07-01 17:56:30 EEST

Inclusion of the stock exchange's newcomer into the list of OMX Baltic Benchmark index - a good sign to investors	Other information	En, Lt	2010-07-01 09:00:31 EEST

20. GENERAL INFORMATION ABOUT AB LINAS AGRO GROUP, AND THE GROUP OF COMPANIES OF AB LINAS AGRO GROUP

20. 1. AB LINAS AGRO GROUP, AND ITS CONTACT INFORMATION

Company name:	AB Linas Agro Group
Legal form:	Public company (limited liability legal person)
Date of registration:	27-11-1995
Company code:	148030011
Company VAT code:	LT480300113
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT07 7044 0600 0263 7111, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 73 03
Fax:	+370 45 50 73 04
E-mail:	group@linasagro.lt
Website:	www.linasagro.lt
NASDAQ OMX ISIN code:	LT0000128092
Trading code:	LNA1L

20. 2. GROUP OF COMPANIES LINAS AGRO GROUP AND ITS CONTACT INFORMATION

As of 30 June 2011, AB Linas Agro Group controlled, either directly or indirectly, the following companies:

Company	Status	Share of the stock held by companies					Share of the stock held by the Group
		AB Linas Agro Group	AB Linas Agro	UAB Linas Agro Konsultacijos	UAB Linas Agro Grūdų Centras	UAB Dotnuvos Projektai	
AB Linas Agro	Subsidiary	100%					100%
Rosenkrantz A/S(Linas Agro A/S as of 01/07/2011)	Subsidiary		60%				60%
SIA Linas Agro	Subsidiary		100%				100%
UAB Linas Agro Grūdų Centras	Subsidiary		100%				100%

UAB Linas Agro Grūdų Centras KŪB*	Subsidiary	24.69%	75.29%		0.02%		100%
UAB Gerera	Subsidiary		100%				100%
UAB Lignineko	Subsidiary		100%				100%
UAB Linas Agro Konsultacijos	Subsidiary	100%					100%
Panevėžys district Aukštadvario ŽŪB	Subsidiary			65.35%			65.35%
Sidabravo ŽŪB	Subsidiary			66.22%			66.22%
Šakiai district Lukšių ŽŪB	Subsidiary			98.37%			98.37%
Biržai district Medeikių ŽŪB	Subsidiary			98.36%			98.36%
Užupės ŽŪB	Subsidiary			70%			70%
ŽŪB Landvesta 1	Subsidiary	99.52%	0.48%				100%
ŽŪB Landvesta 2	Subsidiary	99.49%	0.51%				100%
ŽŪB Landvesta 3	Subsidiary	99%	1%				100%
ŽŪB Landvesta 4	Subsidiary	84.68%	15.32%				100%
ŽŪB Landvesta 5	Subsidiary	92.02%	7.98%				100%
ŽŪB Landvesta 6	Subsidiary	87.13%	12.87%				100%
ŽŪK KUPIŠKIO GRŪDAI	Subsidiary	Lukšių ŽŪB, Aukštadvario ŽŪB and Sidabravo ŽŪB helds 9.09%, Medeikių ŽŪB – 45.46%, AB Linas Agro – 27.27% of ŽŪK KUPIŠKIO GRŪDAI					92.88%
PJ-SC UKRAGRO NPK	Subsidiary	58.04%					58.04%
UAB Kustodija	Joint ventures	50%					50%
UAB Dotnuvos Projektai	Joint venture	50%					50%
SIA DOTNUVOS PROJEKTAI	Joint venture					100%	50%
ŽŪB Dotnuvos Agroservisas	Joint venture					99,95%	49,975%
UAB Dotnuvos Technika	Joint venture					100%	50%
AS Dotnuvos Projektai	Joint venture					100%	50%

UAB Jungtinė Ekspedicija	Associate	45,05%	45,05%

** AB Linas Agro Group and UAB Linas Agro Grūdų Centras hold 50 % of votes each in UAB Linas Agro Grūdų Centras KŪB;*

ACQUISITIONS AFTER THE REPORTING PERIOD:

On 1 July 2011, the Company acquired additional 40 % share Linas Agro A/S (former Rosenkrantz A/S) and controls 100 % of this company.

SUBSIDIARIES OPERATING IN LITHUANIA:

Name:	AB Linas Agro
Legal form:	Public company (limited liability legal company)
Registration date:	08-07-1991
Company code:	1473 28026
Company VAT code:	LT473280219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT63 7044 0600 0263 5812, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 73 33
Fax:	+370 45 50 74 44
E-mail:	info@linasagro.lt
Website:	www.linasagro.lt
Activity:	Grain and rapeseed contracting, agricultural products trading company
Certificates:	GTP and ISCC certified company

Name:	UAB Linas Agro Grūdų Centras
Legal form:	Limited liability company
Registration date:	05-07-2002
Company code:	148450944
Company VAT code:	LT484509415
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT67 7044 0600 0280 9952, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507 365
Fax:	+370 45 507 344
E-mail:	grudai@linasagro.lt
Activity:	Management services

Name:	UAB Linas Agro Grūdų Centras KŪB
Legal form:	Limited partnership
Registration date:	10-07-2002
Company code:	148451131
Company VAT code:	LT484511314
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT18 7044 0600 0281 0640, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507 343
Fax:	+370 45 507 344
E-mail:	grudu.centras@linasagro.lt
Activity:	Grain processing and storage

Name:	UAB Linas Agro Konsultacijos
Legal form:	Limited liability company
Registration date:	23-06-2003
Company code:	248520920
Company VAT code:	LT485209219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT11 4010 0419 0010 9807, DnB NORD bankas, bank code 40100
The principal place of business:	Kėdainių elevator, Žibuoklių St. 1A, Kėdainiai, LT-57130, Lithuania
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 688 67 429
Fax:	+370 347 41 528
E-mail:	konsultavimas@linasagro.lt
Activity:	Farming companies management and consulting company

Name:	Panevėžys district Aukštadvario ŽŪB
Legal form:	Agricultural company
Registration date:	09-03-1993
Company code:	168573274
Company VAT code:	LT685732716
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT94 4010 0412 0000 0143, AB DnB Nord bankas, bank code 40100
The registered address	Pirties St. 3, Aukštadvario vill., Panevėžys district, LT-38255, Lithuania
Phone:	+370 45 59 26 51
Fax:	+370 45 59 26 51

E-mail: aukstadvaris@linasagro.lt
Activity: Growing and sale of crops and cattle growing, including milk production

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Name: Biržai district Medeikių ŽŪB
Legal form: Agricultural company
Registration date: 05-10-1992
Company code: 154771488
Company VAT code: LT547714811
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT59 4010 0413 0001 0198, AB DnB Nord bankas, bank code 40100
The registered address Medeikių vill., Parovėjos sen., Biržai district, LT-41462, Lithuania
Phone: +370 450 58 422
Fax: +370 450 58 412
E-mail: medeikiai@linasagro.lt
Activity: Growing and sale of crop

Name: Sidabravo ŽŪB
Legal form: Agricultural company
Registration date: 20-04-1993
Company code: 171331516
Company VAT code: LT713315113
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT40 4010 0448 0006 0085, AB DnB Nord bankas, bank code 40100
The registered address Pergalės St. 1A, Sidabravas, Radviliškis district, LT-82251, Lithuania
Phone: +370 422 47 727
Fax: +370 422 47 618
E-mail: sidabravas@linasagro.lt
Activity: Mixed agricultural activities

Name: Šakiai district Lukšių ŽŪB
Legal form: Agricultural company
Registration date: 30-10-1992
Company code: 174317183
Company VAT code: LT743171811
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT12 4010 0421 0005 0263, AB DnB Nord bankas, bank code 40100
The registered address Lukšių vill.,Lukšių sen., Šakiai district, LT-71176, Lithuania

Phone:	+370 345 44 288
Fax:	+370 345 44 225
E-mail:	luksiai@linasagro.lt
Activity:	Mixed agricultural activities

Name:	Užupės ŽŪB
Legal form:	Agricultural company
Registration date:	06-04-2011
Company code:	302612561
Company VAT code:	LT100006041114
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT31 1010 0419 0037 1347, AB DnB Nord bankas, bank code 40100
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507 333
Fax:	+370 45 507 444
E-mail:	uzupe@linasagro.lt
Activity:	Mixed agricultural activities

Name:	UAB Gerera
Legal form:	Limited liability company
Registration date:	15-01-1993
Company code:	147676584
Company VAT code:	Not VAT payer
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT47 7044 0600 0263 5809, AB SEB bankas, bank code 70440
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507302
Fax:	+370 45 507499
E-mail:	gerera@linasagro.lt
Activity:	Lease of real estate

Name:	UAB Lignineko
Legal form:	Limited liability company
Registration date:	05-10-1994
Company code:	134231520
Company VAT code:	LT342315219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT82 7044060003200204, AB SEB bankas, bank code 70440
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania

Phone:	+370 45 50 73 33
Fax:	+370 45 50 74 44
E-mail:	info@lignineko.lt
Activity:	Lignin biofuel trading company

Name:	ŽŪK KUPIŠKIO GRŪDAI
Legal form:	Cooperative society
Registration date:	08-04-1999
Company code:	160189745
Company VAT code:	LT601897417
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT37 7400 0154 3382 3810, Danske bankas A/S Lithuania branch
The registered address	Technikos St. 6, LT-40122 Kupiškis, Lithuania
Phone:	+370 688 67477
Fax:	+370 688 67471
E-mail:	info@kupiskiogrudai.lt
Activity:	Preparation and warehousing of grains for trade

Name:	ŽŪB Landvesta 1
Legal form:	Agricultural company
Registration date:	21-10-2005
Company code:	300501060
Company VAT code:	LT100002055516
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT 62 4010 0412 0035 3120, AB Dnb NORD Bankas, bank code 40100
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 2
Legal form:	Agricultural company
Registration date:	21-10-2005
Company code:	300501085
Company VAT code:	LT100003415619
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT 29 4010 0412 0036 3123, AB Dnb NORD Bankas, bank code 40100
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania

Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 3
Legal form:	Agricultural company
Registration date:	21-10-2005
Company code:	300501092
Company VAT code:	LT100002615717
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT52 4010 0412 0033 3124, AB Dnb NORD Bankas, bank code 40100
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 4
Legal form:	Agricultural company
Registration date:	23-04-2007
Company code:	300709428
Company VAT code:	LT100003415710
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT59 7290 0000 0064 3914, AB „Parex“ bankas, bank code 72900
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 5
Legal form:	Agricultural company
Registration date:	16-08-2007
Company code:	301019661
Company VAT code:	LT100003415810
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT80 7290 0000 0064 3924, AB Parex bankas, bank code 72900
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania

Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Activity:	Rent and management of agricultural purposes land

Name:	ŽŪB Landvesta 6
Legal form:	Agricultural company
Registration date:	14-01-2008
Company code:	301520074
Company VAT code:	Ne PVM mokėtoja
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT79 4010 0412 0044 9717,AB DnB NORD bankas, bank code 40100
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 74 06
Fax:	+370 45 50 74 04
E-mail:	info@landvesta.lt
Activity:	Rent and management of agricultural purposes land

JOINT VENTURES AND ASSOCIATES OPERATING IN LITHUANIA:

Name:	UAB Kustodija
Legal form:	Limited liability company
Registration date:	18-07-1995
Company code:	123229863
Company VAT code:	LT232298610
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT15 7044 0600 0109 4182, AB SEB bankas, bank code 70440
The registered address	Laisvės av. 117A, LT-06118 Vilnius, Lithuania
Phone:	+370 5 230 17 25
Fax:	+370 5 230 17 24
E-mail:	info@kustodija.lt
Website:	www.kustodija.lt
Activity:	Sale of plant protection products

Name:	UAB Jungtinė Ekspedicija
Legal form:	Limited liability company
Registration date:	17-02-1998

Company code:	141642963
Company VAT code:	LT416429610
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT58 7044 0600 0053 4300, AB SEB bankas, bank code 70440
The registered address	Plytų g. 10 Klaipėda , Lithuania
The principal place of business:	I. Kanto 12-3, LT-92235 , Klaipėda, Lithuania
Phone:	+370 46 310163
Fax:	+370 46 312529
E-mail:	info@je.lt
Website:	www.je.lt
Activity:	Expedition and representation services

Name:	UAB Dotnuvos projektai
Legal form:	Limited liability company
Registration date:	05-03-1996
Company code:	261415970
Company VAT code:	LT614159716
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT62 7044 0600 0180 5025, AB SEB bankas, bank code 70440
The registered address	Parko St. 6, Akademija, Kėdainiai district, LT-58351, Lithuania
Phone:	+370 347 37030
Fax:	+370 347 37040
E-mail:	info@dotnuvosprojektai.lt
Website:	www.dotnuvosprojektai.lt
Activity:	Sale of seeds, agricultural machinery

Name:	UAB Dotnuvos Technika
Legal form:	Limited liability company
Registration date:	11-05-1998
Company code:	161452398
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT02 7044 0610 3510 9275, AB SEB bankas, bank code 70440
The registered address	Parko st. 6, Akademija, Kėdainiai district, LT-58351, Lithuania

Phone:	+370 347 37030
Fax:	+370 347 37040
Activity:	Dormant

Name:	UAB Dotnuvos Agroservisas
Legal form:	Agricultural company
Registration date:	24-10-2005
Company code:	300153440
Company VAT code:	LT100001988413
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT41 7044 0600 0522 5041, AB SEB bankas, bank code 70440
The registered address	Parko St. 6, Akademija, Kėdainiai district, LT-58351, Lithuania
Phone:	+370 347 77016
Fax:	+370 347 37114
E-mail:	info@dotnuvosprojektai.lt
Website:	www.dotnuvosprojektai.lt
Activity:	Agricultural equipment maintenance and related services

SUBSIDIARIES OPERATING IN FOREIGN COUNTRIES:

Name:	Linas Agro A/S (former Rosenkrantz A/S)
Legal form:	Limited liability company
Registration date:	15-03-1994
Company code:	CVR 17689037
Company VAT code:	17689037
Company register:	Danish Commerce and Companies Agency
Information on bank account:	9380 3828850562, Sparnord Bank A/S, SWIFT: SPNODK22
The registered address	Vinkel Alle 1, DK-9000 Aalborg, Denmark
Phone:	+45 98 84 30 70
Fax:	+45 98 84 40 07
E-mail:	info@linasaqgro.dk
Website:	www.linasagro.dk
Activity:	Wholesale trade of grains and oilseeds, feedstuffs and other similar products and services
Certificates:	GTP certified company

Name:	SIA Linas Agro
Legal form:	Limited liability company
Registration date:	23-04-2003
Company code:	53603019011

Company VAT code:	LV53603019011
Company register:	Register of Enterprises of Republic of Latvia
Information on bank account:	LV53HABA0551007915427, A/s Swedbank
The registered address	Bauskas iela 2, Jelgava, LV-3001, Latvia
Phone:	+371 630 840 24
Fax:	+371 630 842 24
E-mail:	info@linasagro.lv
Website:	www.linasagro.lv, www.rapsim.lv
Activity:	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs

Name:	PJ-SC UKRAGRO NPK
Legal form:	Limited liability company
Registration date:	28-03-2002
Company code:	31961067
Company VAT code:	32331820
Company register:	Unified State Register of Legal Entities and Natural Persons-Enterpreneurs of Ukraine
Information on bank account:	26003010000642 Unikredit OOO bank branch in Kiev, MFO 300744, SWIFT: DEKRUA22KIE
The registered address	Promyslova St. 1, Cherkasy district, Ukraine
The principal place of business:	Silver Center, av. I.Lepse 4, 03680Kiev, Ukraine
Phone:	+380 044 351 15 97
Fax:	+380 044 351 15 99
E-mail:	info@urozhai.ua
Website:	www.urozhai.ua
Activity:	Producer and trader of fertilizers

JOINT VENTURES AND ASSOCIATES OPERATING IN FOREIGN COUNTRIES

Name:	SIA DOTNUVOS PROJEKTAI
Legal form:	Limited liability company
Registration date:	26-04-2010
Company code:	43603041881
Company VAT code:	LV43603041881
Company register:	Register of Enterprises of Republic of Latvia
Information on bank account:	LV88 UNLA 0050 0153 60381 ,AS „SEB Banka”

The principal place of business:	Jūrmalas iela 13c, Pinki, Babītes novads, LV–2107, Latvia
The registered address	Bauskas iela 2, Jelgava, LV-3001, Latvia
Phone:	+371 679 131 61
Fax:	+371 677 602 52
E-mail:	info@dotnuvospro.lv
Website:	www.dotpro.lv
Activity:	Sale of seeds, agricultural machinery

Name:	AS Dotnuvos Projektai
Legal form:	Limited liability company
Registration date:	11-11-2010
Company code:	12019737
Company VAT code:	EE101409762
Company register:	Business Register
Information on bank account:	10220121562226 AS SEB Pank
The principal place of business:	Technika 2, Viljandi 71011, Estonia
Phone:	+372 661 2800
Fax:	+372 661 8004
E-mail:	info@dotpro.ee
Website:	www.dotnuvosprojektai.ee
Activity:	Sale of seeds, agricultural machinery

ANNEX 1

TO ANNUAL REPORT

OF AB LINAS AGRO GROUP

FOR FY 2010-2011

INFORMATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR THE COMPANIES LISTED ON NASDAQ OMX

AB Linas Agro Group, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules of AB NASDAQ OMX Vilnius, discloses its compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY

Principle I: Basic Provisions

The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.

1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	YES	The main trends of the Company's development are publicly announced in Company's annual reports and interim reports. Also, the trends of the Company's development are disclosed by its corporate actions and reports to investors about the activities of the Company, communications presented in the statements of the Company's management in the press.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	YES	The Board of the Company has formed the long-term and short-term strategic objectives of the development of the Company's activities. The Company's management and managers of respective fields make every effort for the implementation of those objectives. Managers of the Company and the Group's companies are responsible for the furtherance of the objectives and the optimization of shareholder value.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	YES	The Board is formed in the Company, which represents the interests of the Company's shareholders. The Board makes the strategic decisions, adopts the strategy of the Company's activities, annual budget, main material contracts, etc. The decisions adopted by the Board are implemented by the Company's Director General, who is directly responsible to the Board, and

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
		responsible managers of respective fields, who are subordinate to him. The Company's Board also acts as a supervisor of the implementation of the mentioned strategic decisions. The Board representing the shareholders' interests holds sessions according to the need.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	YES	The Company's managing bodies seek, in their activities, to ensure the interests of all people related to the Company's operations. The Company's management and managers of separate fields of the Group's companies give much time to communication with clients, suppliers, creditors in order to find the most optimum solutions. The Company follows the obligations undertaken and set in the legal acts, and it helps to maintain the long-term development of the Company's activities. The Company's employees are continuously informed by the management and managers of separate fields about news in the Company's activities, achievements, losses and other internal changes via the Company's channels of internal communication.

Principle II: The corporate governance framework

The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	NO	There is one collegiate managing body in the Company – the Board, which consists of 7 (seven) members. The collegiate supervisory body, or the Supervisory Board, is not formed. The Board of the Company performs certain functions of the Supervisory Board as far as it concerns the supervision of the activities of the Company and complies with the provisions of the Law on Companies. The Company's Director General is responsible to the Board and periodically reports to the Board on the Company's activities and implementation of the strategic decisions.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	NOT APPLICABLE	The Board performs these functions in the Company, as specified in Clause 2.1.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	NO	So far the Board is able to properly perform the supervision of implementation of adopted strategic decisions and the control of the management of the Company. If needed, the Supervisory Board may be formed in the future.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not	YES	The set principles are followed as specified in Clauses 2.1. and 2.3. The essential requirements are not violated.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
contradict the essence and purpose of this body.[1]		
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	YES	The Board of the Company consists of 7 (seven) members responsible for different fields of activities. The Board can adopt a decision only when at least two thirds of its members are in attendance and with a majority vote. It means that at least 3 votes of the Board's members are required to make the decision.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	NOT APPLICABLE	The Supervisory Board is not formed in the Company, and the Company's general manager can be removed according to the decision of the Company's Board.

[1] *Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board (e.g. formation of the committees), should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.*

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

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	NO	The head of the Company – Director General - and the Chairman of the Board is the same person. Thus the impartiality of the decision-making is ensured. The decisions are adopted in compliance with the order stipulated in the Articles of the Association of Company, which clearly indicates the competence as well as its limits of the manager's decision-making.

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting

The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[3]

3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	YES	The mechanism of the formation of the Company's Board, set in the Articles of the Association of Company, ensures the objective supervision of managing bodies.

[3] *Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	YES	These provisions are set in the Articles of the Association of Company and are followed.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	YES	The Company follows this provision.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	YES	The composition of the Board and the number of its members meets the scope of the Company's activities and the size of the current structure. The members of the Company's Board have sufficient experience in the fields, where the Company performs its main activities; also, all members have versatile knowledge in the fields of finance, economics, investment management and maintenance. The Audit Committee members have experience in the fields of finance and accounting of the listed companies. Remuneration Committee has not been formed yet.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	NOT APPLICABLE	Members of the Company's Board are employees of the Group's companies; therefore, they are well aware of the Company's activities. The Board's members update their skills and knowledge while performing their functions.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient[4] number of independent[5] members.	NO	The issue of independent members as well as their sufficient number in the collegiate managing body (the Board) may be discussed in the future. The Audit Committee has one independent member.

[4] *The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.*

[5] *It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[6] The general	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.

[6] *It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the only form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
shareholders' meeting should approve the amount of such remuneration.		

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[7] of the company's management bodies and protection of interests of all the company's shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[8]	YES	The member of the Board responsible for the finance policy and its supervision in the Company continuously maintains the contact and holds regular meetings with the Company's Chief Accountant, the Group's Head of Treasury to discuss the financial state of the Company as well as last essential financial changes, if any. The Chairman of the Board continuously maintain the contact and regularly meets with the managers to discuss the changes that occurred or are occurring in the activities of the Company, essential issues of organization of operations, the development of the Company's activities. The Company's Board analyses and assesses the material about the Company's activities and finance supplied by the Company's Director General and Finance Director, if necessary give recommendations and suggestions, initiate urgent meetings and visits.

[7] *See Footnote 3.*

[8] *See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.*

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	YES	The members of the Board act responsibly and in goodwill in favor of the Company and its shareholders, seek to maintain their independence in making the decisions and taking into consideration the interests of the third parties.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half [9] of the meetings of the collegial body throughout the financial year of the company, shareholders of the company	YES	Members of the Company's Board, each individually and all collectively, pay sufficient time and attention to have the function attributed to the competence of the Board duly performed. The members of the Board take part in the sessions, the time of which is agreed among the members so that all members of the Board could take part in the session. If any of the members cannot participate in the session due to a valid excuse, the conditions are arranged for the member to cast his advance vote in writing.

[9] *It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
should be notified.		
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	YES	The Board of the Company seeks, in its work, to conduct in good faith and impartially with all shareholders, and, according to the available data, there has been no case, so far, that it were vice versa. The Chairman of the Board is, by adjusting and coordinating interactions with other members of the Board and managers, obliged and authorized to, in the name of the Board, communicate with the shareholders, inform the shareholders about the Company's activities, strategy, other essential matters and provide official binding clarifications.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	YES	All transactions specified in this recommendation, if they are not insignificant due to their low value, are concluded upon the decision and agreement of the Board. The decision of the Board can be adopted only in case of the required quorum and majority and following the provisions of the Article of the Association of Company that comply with the Law on Companies. The same order is applied in all the Group's companies.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies[10]. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	YES	The Board of the Company adopts the decision following only the interests of the Company, therefore, the independence of the members in making the decision significant to the activities and strategy of the Company have to be assessed in accordance with the interest of the Company and its shareholders. The members of the Board are provided with all possibilities and they have the right to all resources necessary to properly perform their duties, including the possibilities to apply to the independent external legal, accounting and other specialists. The Company's Director General ensures that the managers or employees of separate fields provide the members of the Board with all required information directly or through the Director General so that they are able to duly perform their functions and solve the issues attributed to their competence.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore	YES	The Company has formed the Audit Committee. According to the scope of the Company's activities, results and objective needs as well as the fact that the Board consists of 7 (seven) members, the Company is not in need of establishment of other committees indicated in this recommendation though the foundation of Nomination and Remuneration Committees will be

[10] *In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees[11]. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.		considered in the future.

[11] *The Law of the Republic of Lithuania on Audit (Official Gazette, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).*

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	YES	The Audit Committee chooses its operation order and procedures autonomously and operates in accordance with the Regulations of the Audit Committee.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that	YES	The Audit Committee is composed of three members, including one independent member.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
committee membership is refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	YES	
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	YES	

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior	NOT APPLICABLE	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.		
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Ensure that remuneration of individual executive directors or members of management body is	NOT APPLICABLE	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 7) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment,	YES	

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
without referral to the committee; 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.		
4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.		
4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.		
4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of	NO	So far there has been no practice in the Company for the Board to perform the assessment of its activities and to separately inform the shareholders about it as the controlling shareholder, by appointing the members of the Board, thoroughly checked and evaluated each member's experience, competence and determination to act for the interest of the Company. The Company's management structure is

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.		announced in the Company's report.

Principle V: The working procedure of the company's collegial bodies

The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.

5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	YES	The Chairman of the Board heads the Board, he implements all the requirements set out in this clause.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential	YES	The sessions of the Company's Board are held once a quarter according to the Schedule approved in advance. In need, the sessions of the Board are held more frequently.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month[12].		
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	YES	The work procedure of the Board is stipulated in the regulations of the Board's work and ensures the compliance with this clause's provisions. So far there have been no cases of absenteeism of Board's members in the Board's sessions.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	NOT APPLICABLE	Only one collegiate managing body – the Board - is formed in the Company.

[12] *The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	The Company's capital consists only of ordinary nominal intangible shares which grant the same rights to the Company's shareholders.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Articles of the Association of Company which complies with the Law on Companies guarantee the rights to shareholders. The Company's Articles of the Association are publicly accessed to all investors on the Company's website in the Lithuanian and English languages.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13] All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	NO	The approval of the indicated decisions in the general shareholders' meeting could interfere with the effectiveness and efficiency of the Company's acitivities.

[13] *The Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.*

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	YES	The information about the general meeting of shareholders will be announced through the information system of NASDAQ OMX Globe Newswire as well as on the Company's website in the Lithuanian and English languages. The place for the general shaereholders' meeting will be selected according to the shareholders' interests so that everyone willing to participate will be able to do that. The meetings will be held on the working day at 10 a.m. so that all shareholders could easily arrive and participate in the session.
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	YES	The Company announces to the general meeting of shareholders the prepared draft decisions through the information system NASDAQ OMX Globe Newswire and on the Company's website in the Lithuanian and English languages. The decisions adopted by the general shareholders' meeting are announced through the information system NASDAQ OMX Globe Newswire no later than within one day since their adoption in the Lithuanian and English languages. The decisions adopted by the general meeting of shareholders are also provided on the Company's website.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the Company may exercise their righ to take part in the general shreholders' meeting both in person and through a representative, if the latter has a due authority or the contract on transfer of the voting right which was concluded according to the order stipulated by the legal acts. The Company provides the shareholders with the possibility to vote by completing a voting ballot as is indicated in the Law on Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	In the future the Company will discuss such possibilities by taking into account necessary financial resources, current legal regulations and objective distribution of the Company's shareholders as well as their wishes.

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within	YES	The members of the Board avoid situations where their personal interests may conflict with the interests of the Company. The members of the Board abstain from voting or refuse to vote when the matter is related to his person.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.		
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	YES	The members of the Boart act in favour of the Company's interests, and their competence as well as their personal traits allow to claim that they conduct so that the conflicts of interest would not arise and they did not occur in the practice so far.
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	YES	The members of the Company's Board have not concluded the transactions of high value of those under non-standrad conditions with the Company.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	YES	The Law on Companies stipulates that the member of the Board has no right to vote when the session of the Board deals with the question related to his activities or that of his liability. The members of the Board are aware of this provision and apply it

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
		broader than required by the Law, i.e. they abstain from voting of refuse to vote when it is related to his person and the Company or when it may cause the conflict of interest.

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	NO	The Company has not prepared the remuneration approval, revision and publication procedure; therefore, it does not prepare renumeration policy statement. The information about the Company's payments to the members of the issuer's managing bodies and the senior management during the previous period is announced according to the order stipulated by the legal acts. In the opinion of the Company and the Board, such information is off-the-record (confidential) and is currently considered as a trade secret of the Company according to the competitive environment and economic conditions for activities in Lithuania and other markets where the Company operates. The issue on the need for and preparation of the remuneration policy report is expected to be dealt with in the future alongside with the change of market conditions and competitive environment.

PRINCIPLES/ RECOMMENDATIONS	YES NO NOT APPLICABLE	COMMENTARY
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) Sufficient information on deferment periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and performance; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code;	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;		

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
performance criteria.		
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
		Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.19. Schemes anticipating remuneration	NOT	The Company has no remuneration

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	APPLICABLE	statement due to the reasons specified in Clause 8.1.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		

Principle IX: The role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	YES	The Company performs its activities and is managed following the legal and other normative acts of the Republic of Lithuania, according to the reasonable and lawful interests of the community and the third parties, which do not contradict and and do not cause the threat to violate the reasonable and lawful interests of the Company.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	YES	All persons concerned and the third parties may access the announceable public information about the activities of the Company on the websites of NASDAQ OMX Vilnius Stock Exchange or the Company. All persons concerned can address the Company's Investor Relations Specialist orally or in written form.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	All necessary information can be accessed on the websites of NASDAQ OMX Vilnius Stock Exhange and the Company.

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	YES	The information about the Company specified in this clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange, the reports (periodical information) of the Company prepared according to the order stipulated by the legal acts of the Republic of Lithuania, also, on the website of the Company. By presenting the information specified in this clause the Company announces the consolidated information of both the Company and the Group of companies.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	By presenting the information specified in this clause the Company announces the consolidated information of both the Company and the Group of companies.
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	YES	The company supplies the information specified in this clause in its annual report.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	YES	The company supplies the information specified in this clause in its annual report.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	YES	The information specified in this clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange and on the Company's website in the Lithuanian and English languages. All corporate actions and information to investors are presented not during the trade session, in all cases – before the session starts or after it ends.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	YES	The Company ensures impartial, timely and inexpensive access to the information by announcing it on the Company's website or through NASDAQ OMX Vilnius Stock Exchange's information system in the Lithuanian and English languages.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	YES	This recommendation is fully implemented in the Company.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY

Principle XI: The selection of the company's auditor

The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.

11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	YES	This recommendation is implemented partly. The independent firm of auditors assesses the annual report and the annual statements. Since the legal acts of the Republic of Lithuania do not stipulate the assessment of interim financial reports and since it would cause additional costs and time expenses, the Company does not audit interim reports. Despite that, the Company's interim reports are prepared according to TFAS requirements.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	YES	This recommendation is fully implemented.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	YES	The firm of auditors provided the Company with the consultations on tax and hedging policy issues in the financial year 2010/2011.