

AGROWILL GROUP AB

To: Vilnius Stock Exchange
Konstitucijos Ave. 7

2009-03-02

CONFIRMATION OF RESPONSIBLE PERSONS

Agrowill Group AB hereby confirm that the attached unaudited interim consolidated financial statements of Agrowill Group AB for the 12 month period ended 31 December 2008, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of consolidated Agrowill Group AB.

Agrowill Group AB
General Director

Mindaugas Juozaitis

.....

Agrowill Group AB
CFO

Domantas Savičius

.....

Agrowill Group AB
Consolidated interim financial statements
for the year ended 31 December 2008

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I. GENERAL PROVISIONS

1. Accounting period covered by the Report

The report covers 12 month period ended 31 December 2008.

2. Key data on the issuer

Name of the company: Agrowill Group AB (hereinafter – AWG or the Company)
 Share capital: LTL 26.142.732
 Address of headquarters: Smolensko g. 10, LT-03201 Vilnius, Lietuva
 Telephone: (8~5) 233 53 40
 Fax: (8~5) 233 53 45
 E-mail address: info@agrowill.lt
 Website: www.agrowill.lt
 Legal-organizational form: Legal body, joint stock company
 Place and date of registration: 25 June 2003, Vilnius
 Register code: 1262 64360
 Register number: AB2003-926
 Registrant of the Register of legal bodies: State Enterprise Centre of registers

As at 31 December 2008 m. the Group is comprised of the Company and it's subsidiaries:

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
UAB „AVG Investment“	Joining stock company	2005-02-10, State Registrar	300087691	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB "AWG Investment 1"	Joining stock company	2008-06-18, State Registrar	301745765	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB "AWG Investment 2"	Joining stock company	2008-07-24, State Registrar	301807590	Smolensko g. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
UAB "AWG Investment 3"	Joining stock company	2008-07-24, State Registrar 2008-06-13, Registration department of the County Court of Tartu	301807601	Smolensko g. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
OU "Agrowill Eesti"	Joining stock company		11498115	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas“	Joining stock company	2004-09-28, State Registrar	300558595	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 1“	Joining stock company	2005-10-11, State Registrar	300151101	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 2“	Joining stock company	2005-10-11, State Registrar	300151126	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 3“	Joining stock company	2005-10-11, State Registrar	300151165	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 4“	Joining stock company	2006-08-10, State Registrar	300589669	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 5“	Joining stock company	2006-08-10, State Registrar	300589683	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 6“	Joining stock company	2006-08-10, State Registrar	300589719	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 7“	Joining stock company	2007-01-17, State Registrar	300634420	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
UAB „Žemės vystymo fondas 8“	Joining stock company	2007-07-16, State Registrar	300921776	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 9“	Joining stock company	2006-03-09, State Registrar	300547638	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 10“	Joining stock company	2008-01-10, State Registrar	301522723	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 11“	Joining stock company	2005-05-12, State Registrar	300114042	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 12“	Joining stock company	2005-03-08, State Registrar	300094383	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 14“	Joining stock company	2006-08-10, State Registrar	300589726	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 15“	Joining stock company	2006-08-10, State Registrar	300589733	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 16“	Joining stock company	2006-08-10, State Registrar	300589740	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 17“	Joining stock company	2007-01-17, State Registrar	300634388	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 18“	Joining stock company	2007-01-17, State Registrar	300634406	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 19“	Joining stock company	2007-06-21, State Registrar	300886948	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 20“	Joining stock company	2007-06-22, State Registrar	300887726	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 21“	Joining stock company	2007-07-16, State Registrar	300921783	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
UAB „Žemės vystymo fondas 22“	Joining stock company	2008-01-10, State Registrar	301522730	Smolensko st. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Žemės ūkio bendrovė „Spindulys“	Agricultural entity	1993-04-09, Radviliškis district municipality	171330414	Vaitiekūnai, Grinkiškis mun., LT-82380 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Panevėžio rajono Smilgių žemės ūkio bendrovė	Agricultural entity	1992-09-16, Panevėžys district municipality	168548972	Panevėžys str. 23, Smilgiai, Smilgiai mun., LT-38375	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Skėmių žemės ūkio bendrovė	Agricultural entity	1992-10-01, Radviliškis district municipality	171306071	Skėmiai, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Anykščių rajono Nausodės žemės ūkio bendrovė	Agricultural entity	1992-08-11, Anykščiai district municipality	154179675	Kirmėliai, Troškūnai mun., LT-29178 Anykščiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Raseinių rajono Dumšiškių žemės ūkio bendrovė	Agricultural entity	1992-09-29, LR Raseiniai district board	172276179	Paraseinis, Paliepiei mun., LT-60194 Raseiniai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Žadžiūnų žemės ūkio bendrovė	Agricultural entity	1992-06-30, Šiauliai district municipality	175706853	Gudeliai str. 30, Žadžiūnai, Kairiai mun. Liepos 6-osios str. 18, Mantviliškis, Dotnuva mun., LT-58332 Kėdainiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Kėdainių rajono Mantviliškio žemės ūkio bendrovė	Agricultural entity	1992-11-06, Kėdainiai district board	161274230	Ukmergės str. 7, Alanta mun. LT-33312 Molėtai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Molėtų rajono žemės ūkio bendrovė „Alanta“	Agricultural entity	1992-06-29, Molėtai district municipality	167527719		(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt

Name	Legal form	Date and place of registration	Company code	Address	Phone, fax and email
Eimučių žemės ūkio bendrovė	Agricultural entity	1992-06-29, Šiauliai district municipality	175705032	Eimučiai, Kairiai mun., 80101 Šiauliai distr. Ukmergė str. 44, Bukoniai, Bukoniai mun., LT-55075 Jonava distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Žemės ūkio bendrovė „AVG Lankesa“	Agricultural entity	1999-04-06, Jonava district municipality	156913032	Kairėnai, Grinkiškis mun., LT-82031 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Žemės ūkio bendrovė „Kairėnai“	Agricultural entity	1993-03-02, Radviliškis district municipality	171327432	Rytas str. 2, Jurbarkas, LT-74205 Jurbarkai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Jurbarko rajono žemės ūkio bendrovė „Jurbarkai“	Agricultural entity	1992-07-31, Jurbarkas district municipality	158174818	Vėriškės, Šeduva mun., LT-77199 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Žemės ūkio bendrovė „Vėriškės“	Agricultural entity	1992-07-31, Radviliškis district municipality	171305165	Želsva, Liudvinavas mun., LT-69193 Marijampolė mun.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Želsvelės žemės ūkio bendrovė	Agricultural entity	1992-07-03, Marijampolė district municipality	165666499	Gotlybiškių k., Šakių sen., LT-71372 Šakių raj.	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Grūduva, UAB	Joining stock company	1997-02-24, Marijampolė district municipality	174401546	Mammaste km., Polva sav., Polvamaa, Estija, EE-63309	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Polva Agro OU	Joining stock company		10063763	Kogalniceanu Mihail, 51, mun. Chisinau, Moldova	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
Agrowill group“ S.R.L.	Joining stock company	2008-07-01, Republic of Moldova	100860003153	Baimanskaja g. 7-20, Maskva, Rusija	(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt
ZAO „Agroprom“	Joining stock company	2008-09-01, Russia	1087746061237		(8~5) 233 53 40; fax: (8~5) 233 53 45, email info@agrowill.lt

3. Information on where and when the Report and the documents, on which the Report is based, are publicly available and the name of the mass media means

The report is available during working days from 8 a.m. to 17.00 at the headquarters of Agrowill Group AB at the address: Smolensko st. 10, Vilnius, or at the Company's internet website: www.agrowill.lt.

The announcements of the Company, including the information and other documents related to the Annual General meeting, also the information and other documents related to liquidation or reorganisation of the Company, minutes of the shareholder and Board meetings, other announcements and documents, which according to the law of Republic of Lithuania, the Statutes of the Company and the decisions of the Management that have to be announced publicly are announced in the daily newspaper „Respublika“ or delivered to each shareholder and other person personally – either by registered mail, or by signed delivery.

Announcements of the Company are placed on the Vilnius stock exchange CNS system and the news agencies.

4. Persons in charge of the information contained in the Prospectus

4.1. Responsible for the Prospectus are the management of the Company, employees and the Head of administration:

Mindaugas Juozaitis, Agrowill Group AB, General Director, tel. (8~5) 233 53 40, fax. (8~5) 233 53 45.

Domantas Savičius, Agrowill Group AB, CFO, tel. (8~5) 233 53 40, fax. (8~5) 233 53 45.

4.2. Consultants:

5. Confirmation of the members of Issuer's managing bodies, its employees and head of administration responsible for the preparation of this report that information contained herein is true and there are no suppressed facts which could have an impact on investors' decisions to buy or sell the Company's securities, as well as the market price of those securities and their valuation.

Agrowill Group AB, represented by the General director Mindaugas Juozaitis and Chief Financial Officer Domantas Savičius, confirm that the information contained in the Prospectus is true and correct and that there are no concealed facts, which might have essential influence on the decisions of investors.

AB „Agrowill Group“
General Director
Mindaugas Juozaitis

CFO
Domantas Savičius

2 March 2009

A.V.

Prospectus prepared in Vilnius, in February 2009

II. INFORMATION ABOUT THE LARGEST SHAREHOLDERS AND ISSUERS MANAGEMENT

6. Share capital

6.1. Share capital registered in the Register of companies

The share capital registered in the Register of the companies is LTL 26.142.732. The share capital is composed of 26.142.732 ordinary shares with nominal value of LTL 1 each. All shares are fully paid.

6.2. Information on the prospective increase of the share capital by converting issued debt securities or derivative securities into shares

7. Shareholders

The shareholders owning more than 5 per cent of all the company shares as at 26 February 2009 were:

Name, surname / name of the company	Company / personal code	Address	Votes held by shareholder	Shares held by shareholder
UAB "ŽIA valda"	1242 11277	Smolensko st. 10, Vilnius	7.939.836	30,37%
Linas Strėlis	-	-	4.841.942	18,52%
SEB AB finnish clients	502032-9081	Sergels torg 2, 10640 Stokholm, Sweden	2.140.715	8,19%
Hansabank clients	10060701	Liivalaia 8, 15040 Tallinn, Estonia	1.766.349	6,76%
Indrė Mišeikytė	-	-	1.600.735	6,12 %

*SEB AB, Hansabank an MP Investment bank act as securities accounts operators in the name of clients who have securities accounts with them.

8. Members of the managing bodies

The managing bodies of the company are general meeting of the shareholders, the Supervisory Council, the Board of Directors and Managing Director. The Supervisory Council (consisting of 3 members) is elected by the shareholder meeting. The Board of directors is formed from 5 members. The chairman is elected by the Board. The Boardmembers are elected by the Supervisory Council. The Board of Directors elect and recall the Director, decide upon remuneration and other working conditions, approves official rulebook, awards and handles penalties. The Director is the manager of the Company.

Information on managing bodies of the Company as at 31 December 2008:

Name, surname	Position	End of current term in office	Term in office
Ramūnas Audzevičius	Chairman of Supervisory council	Until annual shareholder meeting in 2009	Supervisory council member since 2007-12-05
Hugh Miles Thomas	Member of Supervisory council	Until annual shareholder meeting in 2009	Supervisory council member since 2007-12-05
Edvardas Makelis	Member of Supervisory council Member of the Board	Until annual shareholder meeting in 2009 Board member until annual shareholder meeting in 2009	Supervisory council member since 2007-12-05 Member of the Board since 2007-12-14
Mindaugas Juozaitis	General Director	General Director term in office coincides with Board members term in office: Until annual shareholder meeting in 2009	Appointed as General Director on 2007-12-05
Domantas Savičius	Member of the Board	Until annual shareholder meeting in 2009	Member of the Board since 2007-12-14
Vladas Bagavičius	Member of the Board	Until annual shareholder meeting in 2009	Member of the Board since 2007-12-14
Linas Strėlis	Member of the Board	Until annual shareholder meeting in 2009	Member of the Board since 2007-12-14
Gediminas Žiemelis	Chairman of the Board	Until annual shareholder meeting in 2009	Member of the Board since 2007-12-14

8.1 Positions, names and surnames, information on participation in the share capital:

Name Surname	Position	Shares owned, percent	Votes owned, percent
Ramūnas Audzevičius	Chairman of Supervisory council	0	0
Hugh Thomas	Member of Supervisory council	0	0
Edvardas Makelis	Member of Supervisory council	0	0
Mindaugas Juozaitis	Board member	0	0
Gediminas Žiemelis	Chairman of the Board	0,02	0,02
Linas Strėlis	Board member	18,52	18,52
Domantas Savičius	Board member	0,07	0,07
Vladas Bagavičius	Board member	0	0

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

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

8.2 Participation in other companies capital:

Name, surname	Participation in other companies equity (name of company, position)	Participation in other companies equity (over 5 percent)
Ramūnas Audzevičius	Law firm „Motieka ir Audzevičius“ partner, UAB „Finhill“ member of the Board, AB „BSA Construction“ Chairman of Supervisory Council	n.d.
Hugh Miles Thomas, OBE	None	n.d.
Edvardas Makelis	NGO „Baltijos agroverslo institutas“ prezident, UAB „Baltijos agroverslo projektai“ General director.	n.d.
Gediminas Žiemelis	AB „flyLAL Group“ chairman of the board, UAB „Finhill“ general director, UAB „LAL development“ director, UAB „ŽIA valda development“ director, partner	Re Invest UAB 48 percent ŽIA valda UAB 90 percent
Mindaugas Juozaitis	UAB „Invisco“ member of the board, UAB „Ukrepellets“ (Ukraina) member of the board, UAB „Kraštovaizdis“ member of the board, UAB „Gruntinvesta“ member of the board	n.d.
Linas Strėlis	Amber pasta UAB consultant, chairman of the board, Vilkyškių pieninė AB member of the board, „Socialinių įmonių asociacijos“ chairman of the council	n.d.
Domantas Savičius	None	None
Vladas Bagavičius	None	None

III. FINANCIAL SITUATION

All figures in Groups financial statements and explanatory notes are in LTL thousand, unless otherwise stated.

9. Consolidated income statement

	Year ended 31 December 2008		3 months ended 31 December 2008	
	2008	2007	2008	2007
Sales	71 830	44 634	35 740	15 421
Revaluation of investment property	8 883	27 093	8 883	1 117
Cost of sales	56 470	27 951	37 176	8 609
Gross profit	24 243	43 776	7 447	7 929
Operating expenses	20 467	9 227	8 939	5 203
Operating profit	3 776	34 549	(1 492)	2 726
Financial income	2 552	1 499	2 542	(111)
Release of negative goodwill as income	164	6 965	0	3 207
Other income, net	415	(359)	(428)	79
Financial expenses	(13 072)	(5 788)	(22 017)	(10 170)
Profit before tax	(6 165)	36 866	(3 505)	4 495
Profit tax	1 332	4 884	1 332	990
Group profit before minority interest	(7 497)	31 982	(4 837)	3 505
Attributable to:				
Equity holders of the Company	(7 422)	31 288	(4 577)	3 142
Minority interest	75	694	(260)	363
Net profit	(7 497)	31 982	(4 837)	3 505

Agrowill Group AB
General director
Mindaugas Juozaitis

CFO
Domantas Savičius

10. Consolidated balance sheet

	31 December 2008	31 December 2007
Assets		
Non-current assets		
Property, plant and equipment	224 908	134 966
Intangible assets	26 539	2 652
Accounts receivable	487	271
Investments held for sale	301	70
	<u>252 235</u>	<u>137 959</u>
Biological assets	<u>47 715</u>	<u>31 718</u>
Current assets		
Inventory	26 102	12 796
Receivables, prepayments and deferred charges	30 010	15 549
Cash and cash equivalents	3 185	4 421
	<u>59 297</u>	<u>32 766</u>
Total assets	<u>359 247</u>	<u>202 443</u>
Equity		
Share capital	26 143	20 000
Share premium	22 532	-
Revaluation reserve	27 562	26 498
Legal reserve	2 000	1 000
Retained earnings	23 761	30 303
	<u>101 998</u>	<u>77 801</u>
Minority interest	<u>4 054</u>	<u>1 376</u>
Total equity	<u>106 052</u>	<u>79 177</u>
Liabilities		
Non-current liabilities		
Borrowings	128 397	61 558
Deferred capital grants	10 707	5 218
Deferred tax liability	8 634	6 741
	<u>147 738</u>	<u>73 517</u>
Current liabilities		
Borrowings	63 029	34 900
Trade and other payables	42 428	14 849
	<u>105 457</u>	<u>49 749</u>
Total liabilities	<u>253 195</u>	<u>123 266</u>
Total equity and liabilities	<u>359 247</u>	<u>202 443</u>

Agrowill Group AB
General director
Mindaugas Juozaitis

CFO
Domantas Savičius

11. Consolidated statement on changes in equity

	Share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Equity attributable to the shareholders of the company	Minority interest	Total
Balance as at 31 December 2006	200	-	16 657	15	17 362	34 234	6 627	40 861
Payment for shares	6	-	-	-	-	6	-	6
Increase in share capital from reserves	19 794	-	-	-	(19 794)	-	-	-
Revaluation of fixed assets, net of taxes	-	-	10 523	-	-	10 523	-	10 523
Acquisition of minority	-	-	1 476	-	-	1 476	(5 671)	(4 195)
Decrease of revaluation reserve due to depreciation of assets	-	-	(2 020)	-	2 283	263	(263)	-
Decrease of revaluation reserve due to sale of assets	-	-	(138)	-	149	11	(11)	-
Transfer to reserves	-	-	-	985	(985)	-	-	-
Net profit of the period	-	-	-	-	31 288	31 288	694	31 982
Balance as at 31 December 2007	20 000	-	26 498	1 000	30 303	77 801	1 376	79 177
Payment for shares	6 143	24 571	-	-	-	30 714	-	30 714
Cost of capital increase	-	(2 039)	-	-	-	2 039	-	2 039
Decrease of revaluation reserve due to depreciation of assets	-	-	(1 586)	-	1 634	48	(48)	-
Acquisition of minority	-	-	-	-	-	-	2 812	2 812
Transfer to reserves	-	-	-	1 000	(1 000)	-	-	-
Net profit of the period	-	-	-	-	(2 845)	(2 845)	185	(2 660)
Balance as at 30 September 2008	26 143	22 532	24 912	2 000	28 092	103 679	4 325	108 004
Revaluation of fixed assets, net of taxes	-	-	2 885	-	-	2 885	-	2 885
Decrease of revaluation reserve due to depreciation of assets	-	-	(235)	-	246	11	(11)	-
Net profit of the period	-	-	-	-	(4 577)	(4 577)	(260)	(4 837)
Balance as at 31 December 2008	26 143	22 532	27 562	2 000	23 761	101 998	4 054	106 052

Agrowill Group AB
General director
Mindaugas Juozaitis

CFO
Domantas Savičius

12. Consolidated cash flow statement

	Year ended 31 December	
	2008	2007
Operating activities		
Net profit for the period	(7 422)	31 288
– Minority interest	(75)	695
– Profit tax	1 332	4 884
Net profit before tax and minority interest	(6 165)	36 866
Adjustments:		
– Depreciation	7 423	6 234
– Amortization	77	56
– Write-offs of fixed assets	68	27
– Profit from sale of fixed assets	-	(58)
– Revaluation of investment property	(8 883)	(27 093)
– Interest expense	12 841	5 604
– Interest income	(162)	(206)
– Release of negative goodwill to revenues	(165)	(6 965)
– Write offs and provisions of inventory	1 003	83
– Write offs and provisions of receivables	-	194
– Revaluation of biological assets	125	(1 947)
– Amortization of deferred capital gains	(1 231)	(306)
Changes in working capital:		
– Biological assets	(6 458)	(7 315)
– Accounts receivable, prepayments and deferred expenses	(7 421)	(1 619)
– Inventory	1 974	(3 625)
– Amounts payable	15 411	3 638
Cash flows from operating activities	8 437	3 568
Interest paid	(10 223)	(4 860)
Net cash flows from operating activities	(1 786)	(1 292)
Investing activities		
Acquisitions of subsidiaries (net of cash acquired)	(79 092)	(3 564)
Sale of subsidiaries	-	(59)
Purchases of property, plant and equipment	(26 977)	(33 456)
Purchases of intangible assets	-	(241)
Proceeds from sale of fixed assets	-	704
Long-term loans (provided) returned	(215)	1 221
Capital grants received	3 620	850
Net cash flows from investing activities	(102 664)	(34)
Financing activities		
Payments for issued shares	27 964	6
(Purchases) sales of investments held for sale	(118)	(4)
Net proceeds (repayments) of borrowings	66 093	32 483
Net proceeds (repayments) of other financial activities	12 691	4 738
Net increase (decrease) of financial leasing liabilities	(3 416)	1 340
Net cash flows from financing activities	103 214	38 563
Increase (decrease) in cash and cash equivalents	(1 236)	2 726
Cash and cash equivalents at the beginning of the period	4 421	1 695
Cash and cash equivalents at the end of the period	3 185	4 421

13. Comments to the financial statements

13.1. General information

Agrowill Group AB (hereinafter the Company) is a public company, located in the capital of Republic of Lithuania Vilnius. The Company was established on 25 June 2003. The main operations of the Company include management of subsidiaries.

The consolidated Group (hereinafter the Group) consists of the Company and forty-five subsidiaries (2007.12.31: thirty-five subsidiaries). The subsidiaries included in the Group's consolidated financial statements are indicated below:

Subsidiary	Country	Group ownership interest, %		Profile
		31 December 2008	31 December 2007	
AVG Investment UAB	Lithuania	100,00 %	100,00 %	The subsidiary specializes in acquisitions of agricultural companies
AWG Investment 1 UAB	Lithuania	100,00%	-	The subsidiary specializes in acquisitions of agricultural companies
AWG Investment 2 UAB	Lithuania	100,00%	-	The subsidiary specializes in acquisitions of agricultural companies
AWG Investment 3 UAB	Lithuania	100,00 %	-	The subsidiary specializes in acquisitions of agricultural companies
Agrowill Eesti OU	Estonia	100,00%	-	acquisitions of agricultural companies
ZAO „Agroprom“	Russia	75 %	-	Management of subsidiaries
„Agrowill group“ S.R.L.	Moldova	100 %	-	Acquisitions and rent of land
Žemės vystymo fondas UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 1 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 2 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 3 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 4 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 5 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 6 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 7 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 8 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 9 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 10 UAB	Lithuania	100,00%	-	Acquisitions and rent of land
Žemės vystymo fondas 11 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 12 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 14 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 15 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 16 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 17 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 18 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 19 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 20 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 21 UAB	Lithuania	100,00%	100,00%	Acquisitions and rent of land
Žemės vystymo fondas 22 UAB	Lithuania	100,00%	-	Acquisitions and rent of land
Agricultural company „Agrowill Spindulys“	Lithuania	99,96 %	99,96 %	Agricultural operations
Agricultural company „Agrowill Smilgiai“	Lithuania	99,95 %	99,95 %	Agricultural operations
Agricultural company „Agrowill Skėmiai“	Lithuania	99,87 %	99,87 %	Agricultural operations
Agricultural company „Agrowill Nausodė“	Lithuania	99,81 %	99,81 %	Agricultural operations

Subsidiary	Country	Group ownership interest, %		Profile
		31 December 2008	31 December 2007	
Agricultural company „Agrowill Dumšiškės“	Lithuania	99,36 %	99,36 %	Agricultural operations
Agricultural company „Agrowill Žadžiūnai“	Lithuania	99,02 %	99,02 %	Agricultural operations
Agricultural company „Agrowill Mantviliškis“	Lithuania	98,79 %	98,79 %	Agricultural operations
Agricultural company „Agrowill Alanta“	Lithuania	98,56 %	98,56 %	Agricultural operations
Agricultural company „Agrowill Eimučiai“	Lithuania	98,41 %	98,41 %	Agricultural operations
Agricultural company „Agrowill Vėriškės“	Lithuania	98,41 %	98,41 %	Agricultural operations
Agricultural company „Agrowill Želsvelė“	Lithuania	97,17 %	97,17 %	Agricultural operations
Agricultural company „Agrowill Lankesa“	Lithuania	95,93 %	95,93 %	Agricultural operations
Agricultural company „Agrowill Kairėnai“	Lithuania	94,82 %	94,82 %	Agricultural operations
Agricultural company „Agrowill Jurbarkai“	Lithuania	87,78 %	87,78 %	Agricultural operations
UAB „Grūduva“	Lithuania	97,28 %	-	Agricultural operations
OU „Polva agro“	Estonia	96,45 %	-	Agricultural operations

13.2 Accounting policies

Financial statements for the year ended 31 December 2008 are prepared in accordance with International Financial Reporting Standards (hereinafter – IFRS).

Certain figures of financial statements for the year ended 31 December 2007 were reclassified in order to correctly reflect the comparative information of 31 December 2008.

13.3 Revenues and expenses

During the 2008, the Group earned LTL 71,8 million in agricultural activity revenues (2007 – LTL 44,6 million). The significant increase as compared to previous year is due to directed investments into subsidiary companies milk production facilities and increase in average raw milk price. Additionally, two new subsidiaries were acquired in 2008 – Polva Agro OU and Grūduva UAB, which significantly contributed to the Group revenues growth.

The operating expenses totalled LTL 20.467 thousand (2007: LTL 9.227 thousand). The operating expenses increase significantly because the rapid expansion of the Group started – new companies were acquired, the management team was strengthened, as well as significant consulting and legal expenses incurred.

In 2007, a LTL 27 million profit from revaluation of investment property was received, as according to International Financial Reporting Standards, after the acquisition of Žemės vystymo fondas group, all the investment property, i.e. agricultural land owned, had to be reevaluated. In 2008, such revaluations totalled LTL 8,9 million.

In 2007, the negative goodwill written off amounted to LTL 6,9 million due to acquisition of Žemės vystymo fondas group.

Financing costs almost doubled in 2008 as compared to 2007, as the rapid expansion of the Group (land acquisitions, investment projects, modernisation) are being financed by borrowings and bonds issues.

13.4 Balance sheet

Fixed assets of the Group over the 2008 increased significantly – modern equipment was acquired, manure storage places and silo storages are being built, and certain farms reconstructed. The group expanded agricultural land owned by around 1.000 Ha. Long-term assets also increased due to the acquisitions of agricultural companies Grūduva UAB and Polva agro A/S.

The biological assets of the Group in 2008 increased due to investments to increase the milking cows herd and acquisition of two new agricultural entities.

In 2008, the Group issued an IPO of 6.143 thousand number of shares. The attracted funds (LTL 27,7 million) were be used for financing of the Group's investment programme.

Groups long-term financial liabilities increased up to LTL 191 million due to signed long-term credit agreements with DnB Nord bank, and Snoras bank regarding land acquisitions financing. A loan with Hansapank A/S and 4 new bonds issues were made in order to finance the expansion of Group.

Accounts and other payables amount increased more than 3 times, as the Groups agricultural entities made investments into farm modernisation and equipment renewal. Payable amounts also increased because of the liabilities acquired in Grūduva UAB and Polva agro OU.

14. Information on audit

Consolidated financial statements of the Group for the year ended 31 December 2008 will be audited by PricewaterhouseCoopers UAB.