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

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PVM mokėtojo kodas LT108784411
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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)

	Notes	Group		Company	
		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**

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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)**

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

CASH FLOW STATEMENTS (CONT'D)

	Notes	Group		Company	
		Financial year ended		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 regist-ration	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	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	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:

		Effective share held by the Group		
	Place of registration	As at 30 June 2011	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:

2011	Purchases	Sales	Receivables		Non-current loans receivable	Payables and advances received	Current loans received
			Trade receivables	Current loans receivable			
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:

2010	Purchases	Sales	Receivables		Non-current loans receivable	Payables	Current loans received
			Trade receivables	Current loans receivable			
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:

2011	Purchases	Sales and dividends	Receivables		Non-current loans receivable and prepayments for financial assets	Payables	Current loans received
			Trade receivables	Current loans receivable			
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.