

AB LINAS AGRO GROUP

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE 3 MONTH PERIOD OF THE YEAR
2011/2012 (UNAUDITED)**

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





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 30 September 2011	As of 30 June 2011
ASSETS			
Non-current assets			
Intangible assets	5	562	366
Property, plant and equipment	6	127,635	123,208
Investment property	7	8,996	9,012
Animals and livestock		13,888	14,007
Non-current financial assets			
Investments into associates	8	430	347
Investments into joint ventures	8	26,894	25,821
Other investments	9	313	365
Prepayments for financial assets	9	2,826	2,223
Non-current receivables		8,511	10,317
Non-current receivables from related parties	16	1,359	1,359
Total non-current financial assets		40,333	40,432
Deferred income tax asset		8,136	8,797
Total non-current assets		199,550	195,822
Current assets			
Crops		7,117	29,682
Inventories		269,147	128,226
Prepayments		16,141	49,674
Accounts receivable			
Trade receivables		120,087	160,768
Receivables from related parties	16	6,379	3,899
Other accounts receivable		42,616	26,048
Income tax receivable		-	3,209
Total accounts receivable		169,082	193,924
Other current assets		6,033	3,482
Cash and cash equivalents		11,045	7,624
Total current assets		478,565	412,612
Assets classified as held for sale		1,844	1,802
Total assets		679,959	610,236

(cont'd on the next page)

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

	Notes	As of 30 September 2011	As of 30 June 2011
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	1	158,940	158,940
Share premium	1	79,545	79,545
Legal reserve		4,151	4,151
Foreign currency translation reserve		(2,001)	(3,208)
Retained earnings		30,274	23,930
Total equity attributable to equity holders of the parent		270,909	263,358
Non-controlling interest		23,463	16,591
Total equity		294,372	279,949
Liabilities			
Non-current liabilities			
Grants and subsidies		9,409	9,473
Non-current borrowings	10	29,564	28,295
Finance lease obligations		1,799	1,789
Deferred income tax liability		2,202	2,613
Other non-current liabilities		4,422	2,329
Total non-current liabilities		47,396	44,499
Current liabilities			
Current portion of non-current borrowings	10, 16	14,950	14,814
Current portion of finance lease obligations		852	1,028
Current borrowings	10	168,880	180,884
Trade payables		105,764	47,280
Payables to related parties	16	8,220	5,482
Income tax payable		5,790	2,933
Derivative financial instruments		-	618
Other current liabilities		33,735	32,749
Total current liabilities		338,191	285,788
Total equity and liabilities		679,959	610,236

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 July to 30 September)

	Notes	2011/2012 1 Q	2010/2011 1 Q
Sales	4	443,933	378,893
Cost of sales	11	412,350	348,770
Gross profit		31,583	30,123
Operating (expenses)	12	(11,697)	(6,073)
Other income	13	1,195	611
Other (expenses)	13	(142)	(3,633)
Operating profit		20,939	17,174
Income from financing activities	14	375	446
(Expenses) from financing activities	14	(3,253)	(1,934)
Share of profit of associates		83	39
Share of profit of joint ventures		1,133	1,880
Profit before tax		19,277	17,605
Income tax		(4,179)	(2,693)
Net profit		15,098	14,912
Attributable to:			
Equity holders of the parent		13,412	15,052
Non-controlling interest		1,686	(140)
		15,098	14,912
Basic and diluted earnings per share (LTL)		0.095	0.094
Net profit			
Other comprehensive income			
Exchange differences on translation of foreign operations		2,095	(2,910)
Total comprehensive income		17,193	12,002
Attributable to:			
Equity holders of the parent		14,619	13,205
Non-controlling interest		2,574	(1,203)
		17,193	12,002

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Equity attributable to equity holders of the parent						Non-controlling interest	Total
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Retained earnings	Subtotal		
Balance as of 1 July 2010	158,940	79,545	4,100	(133)	8,079	250,531	12,817	263,348
Net profit for the year	-	-	-	-	15,052	15,052	(140)	14,912
Other comprehensive income	-	-	-	(1,847)	-	(1,847)	(1,063)	(2,910)
Total comprehensive income	-	-	-	(1,847)	15,052	13,205	(1,203)	12,002
Minority interest arising on acquisition of subsidiaries	-	-	-	-	-	-	10,188	10,188
Acquisition of minority interest	-	-	-	-	(275)	(275)	(1,695)	(1,970)
Balance as of 30 September 2010	158,940	79,545	4,100	(1,980)	22,856	263,461	20,107	283,568
Balance as of 1 July 2011	158,940	79,545	4,151	(3,208)	23,930	263,358	16,591	279,949
Net profit for the year	-	-	-	1,207	-	1,207	888	2,095
Other comprehensive income	-	-	-	-	13,412	13,412	1,686	15,098
Total comprehensive income	-	-	-	1,207	13,412	14,619	2,574	17,193
Acquisition of minority interest	-	-	-	-	(7,068)	(7,068)	4,297	(2,771)
Balance as of 30 September 2011	158,940	79,545	4,151	(2,001)	30,274	270,909	23,463	294,372

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



CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2011/2012 1 Q	2010/2011 1 Q
Cash flows from (to) operating activities			
Net profit (loss)		15,098	14,912
Adjustments for non-cash items:			
Depreciation and amortization		2,719	2,576
Subsidies amortization		(358)	(344)
Share of profit of associates and joint ventures		(1,198)	(1,865)
(Gain) on disposal of property, plant and equipment		(81)	(68)
Loss from acquisition of subsidiary	3	-	670
Change in accrued expenses		(1,329)	260
Change in allowance for receivables and prepayments		247	-
Change in fair value of biological assets		-	(906)
Change in impairment of investments		15	-
Change in deferred income tax		93	(584)
Current income tax expenses		4,086	2,693
Expenses (income) from change in fair value of financial instruments		-	(155)
Change of provision for onerous contracts		(267)	-
Change in foreign currency translation reserve		-	(2,910)
Dividend (income)		(33)	-
Interest (income)		(375)	(466)
Interest expenses		3,253	1,934
		<u>21,870</u>	<u>15,747</u>
Changes in working capital:			
Decrease in biological assets		22,836	12,437
(Increase) in inventories		(140,761)	(89,001)
Decrease in prepayments		33,533	22,988
(Increase) in trade and other accounts receivable		25,557	(24,824)
(Increase) in restricted cash		(3,453)	(16,628)
Increase in trade and other accounts payable		65,802	62,520
Income tax (paid)		(1,628)	(359)
Net cash flows from (to) operating activities		<u>23,756</u>	<u>(17,120)</u>

(cont'd on the next page)

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



CONSOLIDATED STATEMENT OF CASH FLOW (cont'd)

	Notes	2011/2012 1 Q	2010/2011 1 Q
Cash flows from (to) investing activities			
(Acquisition) of intangible assets, property, plant and equipment and investment property		(5,414)	(1,505)
Proceeds from sale of intangible assets, property, plant and equipment and investment property		146	247
Acquisition of subsidiaries (less received cash balance in the Group)	3	-	7,656
(Acquisition) of non-controlling interests and other investments		(837)	(1,970)
Loans (granted)		(370)	-
Repayment of granted loans		31	-
Interest received		358	230
Dividend received		33	-
Net cash flows (to) investing activities		(6,053)	4,658
Cash flows from (to) financing activities			
Proceeds from loans		164,281	223,227
(Repayment) of loans		(174,525)	(207,146)
Finance lease (payments)		(331)	(285)
Interest (paid)		(3,707)	(1,688)
Net cash flows from (to) financing activities		(14,282)	14,108
Net increase (decrease) in cash and cash equivalents		3,421	1,646
Cash and cash equivalents at the beginning of the year		7,624	34,014
Cash and cash equivalents at the end of the year		11,045	35,660
Supplemental information of cash flows:			
Non-cash investing activity:			
Property, plant and equipment acquisitions financed by finance lease		188	392
Property, plant and equipment acquisitions financed by grants and subsidies		383	128

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



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

AB Linas Agro Group (hereinafter the Company or the parent) is a public limited liability company registered in the Republic of Lithuania. The Company was registered on 27 November 1995. On 12 September 2008 the Company changed its name from UAB Agriveta to AB Linas Agro Group and the legal form from private to public limited liability company.

The address of its registered office is as follows:

Smėlynės Str. 2C
Panevėžys
Lithuania

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

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

As of 30 September and as of 30 June 2011 the shareholders of the Company were:

	As of 30 September 2011		As of 30 June 2011	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	86,081,551	54.16%	86,081,551	54.16%
Skandinaviska Enskilda Banken AB (Sweden)	24,500,092	15.41%	21,221,849	13.35%
Darius Zubas	17,049,995	10.73%	17,049,995	10.73%
Swedbank (Estonia) Clients	9,788,761	6.16%	9,816,217	6.18%
Other shareholders (private and institutional investors)	21,519,999	13.54%	24,770,786	15.58%
Total	158,940,398	100.00%	158,940,398	100.00%

All the shares of the Company are ordinary shares with the par value of LTL 1 each as of 30 September 2011 (LTL 1 each as of 30 June 2011) and were fully paid as of 30 September and as of 30 June 2011. The Company, its subsidiaries and other related companies did not hold any shares of the Company as of 30 September and as of 30 June 2011.

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

As of 30 September 2011 the number of employees of the Group was 834 (775 as of 30 June 2011).

Changes in share capital during the year ended 30 June 2011

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

Changes in share capital during the year ended 30 September 2011

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

2. ACCOUNTING PRINCIPLES

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU), which include IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2010/2011 financial year.



3. GROUP STRUCTURE AND CHANGES IN THE GROUP

As of 30 September and as of 30 June 2011 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

	Place of registration	Effective share of the stock held by the Group		Main activities
		30 September 2011	30 June 2011	

Investments into directly controlled subsidiaries

AB Linas Agro	Lithuania	100%	100%	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs
UAB Linas Agro Konsultacijos	Lithuania	100%	100%	Management of the subsidiaries engaged in agriculture
ŽŪB Landvesta 1	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100%	100%	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100%	100%	Rent and management of agricultural purposes land
PC-JS UKRAGRO NPK	Ukraine	58.04%	58.04%	Manufacturing of fertilizers, wholesale of grains and oilseeds

Investments into indirectly controlled subsidiaries (through AB Linas Agro)

SIA Linas Agro	Latvia	100%	100%	Wholesale trade of grains and oilseeds, agricultural programs
UAB Gerera	Lithuania	100%	100%	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100%	100%	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100%	100%	Preparation and warehousing of grains for trade
Linus Agro A/S	Denmark	100%	60%	Wholesale trade of grains and oilseeds, feedstuffs
UAB Lignineko	Lithuania	100%	100%	Manufacturing of lignin

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

ŽŪK KUPIŠKIO GRŪDAI	Lithuania	92.90%	92.88%	Preparation and warehousing of grains for trade
Biržai district Medeikių ŽŪB	Lithuania	98.36%	98.36%	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	98.60%	98.37%	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	65.35%	65.35%	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	66.22%	66.22%	Mixed agricultural activities
Užupės ŽŪB	Lithuania	70%	70%	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 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)	(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 Kupiškių 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.

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.

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.

Changes in the Group during the 3 month period ended 30 September 2011

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 (LTL 2,762 thousand equivalent) will be paid by schedule till 15 July 2014. The difference of LTL 7,129 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

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.



3. GROUP STRUCTURE AND CHANGES IN THE GROUP (cont'd)

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.

During the 3 month period ended 30 September 2011 the Group acquired 0.23% of Šakiai district Lukšiu ŽŪB share capital for LTL 7 thousand. All the shares were acquired from the non-controlling shareholders. The difference of LTL 61 thousand between the consideration transferred and the carrying value of the interest acquired has been recognised within equity.

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, soymeal, vegetable oil, rapeseed and other feedstuffs;
- the agricultural inputs segment includes sales of fertilizers, seeds, plant protection products and other related products to agricultural produce growers;
- the farming segment includes growing of grains, rapeseed and others as well as sales of harvest, breeding of livestock and sales of milk and livestock. Milk is sold to local dairy companies, other production is partly used internally, partly sold;
- the other products and services segment includes sales of biofuel, provision of elevator services and other products and services.

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

3 month period ended 30 September 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	35,408	37	-	-	-	-	-	35,445
Other third parties	106,134	56,446	229,382	5,666	10,860	-	-	408,488
Intersegment	-	551	2,432	10,294	13,656	-	26,933 ¹⁾	-
Total revenue	141,542	57,034	231,814	15,960	24,516	-	26,833¹⁾	443,933
Results								
Operating expenses	3,328	1,689	4,387	1,238	1,023	32	-	11,697
Segment operating profit (loss)	(1,868)	1,292	16,527	(2,918)	7,897	9	-	20,939

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

1) Intersegment revenue is eliminated on consolidation.



4. SEGMENT INFORMATION (cont'd)

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

	3 month period ended	
	30 September 2011	30 September 2010
Revenue from external customers		
Lithuania	89,220	124,770
Europe (except for Scandinavian countries, CIS and Lithuania)	58,436	61,831
Scandinavian countries	37,868	38,367
Africa	24,684	-
Asia	33,784	34,358
CIS	199,941	119,567
	<u>443,933</u>	<u>378,893</u>

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

	As of 30 September 2011	As of 30 June 2011
	Non-current assets	
Lithuania	115,741	113,730
Ukraine	21,075	18,444
Denmark	179	207
Latvia	198	205
	<u>137,193</u>	<u>132,586</u>

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



5. INTANGIBLE ASSETS

	Software	Other intangible assets	Total
Cost:			
Balance as of 30 June 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 of 30 June 2011	1,512	157	1,669
Additions	211	-	211
Write-offs	-	-	-
Exchange differences	-	-	-
Balance as of 30 September 2011	1,723	157	1,880
Accumulated amortization:			
Balance as of 30 June 2010	1,187	163	1,350
Charge for the year	42	21	63
Write-offs	(50)	(60)	(110)
Balance as of 30 June 2011	1,179	124	1,303
Charge for the year	12	3	15
Write-offs	-	-	-
Balance as of 30 September 2011	1,191	127	1,318
Net book value as of 30 September 2011	532	30	562
Net book value as of 30 June 2011	333	33	366
Net book value as of 30 June 2010	156	38	194

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



6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as of 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 of 30 June 2011	6,923	95,985	52,601	7,049	10,155	15,247	187,960
Additions	13	1,664	2,441	408	237	1,601	6,364
Disposals and write-offs	-	(6)	(48)	(30)	(8)	-	(92)
Transfers to/from investment property	105	-	-	-	-	-	105
Reclassifications	-	66	644	-	179	(589)	-
Exchange differences	11	1,020	211	60	64	(237)	1,129
Balance as of 30 September 2011	7,052	98,729	55,549	7,487	10,627	16,022	195,466
Accumulated depreciation:							
Balance as of 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 of 30 June 2011	-	24,202	29,883	3,730	6,416	-	64,231
Charge for the year	-	1,417	1,189	229	245	-	3,080
Disposals and write-offs	-	(6)	(48)	(30)	(8)	-	(92)
Exchange differences	-	41	(408)	11	447	-	91
Balance as of 30 September 2011	-	25,654	30,616	3,940	7,100	-	67,310
Impairment losses:							
Balance as of 30 June 2010	206	266	19	4	2	-	497
(Reversal) charge for the year	(156)	182	-	(1)	(1)	-	24
Balance as of 30 June 2011	50	448	19	3	1	-	521
(Reversal) charge for the year	-	-	-	-	-	-	-
Balance as of 30 September 2011	50	448	19	3	1	-	521
Net book value as of 30 September 2011	7,002	72,627	24,914	3,544	3,526	16,022	127,635
Net book value as of 30 June 2011	6,873	71,335	22,699	3,316	3,738	15,247	123,208
Net book value as of 30 June 2010	6,175	59,768	21,014	2,437	3,544	2,388	95,326



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 of 30 June 2010	7,674	3,297	10,971
Additions	263	-	263
Transfers from property, plant and equipment	(156)	-	(156)
Balance as of 30 June 2011	7,781	3,297	11,078
Additions	176	-	176
Disposals	(65)	-	(65)
Transfers to/from property, plant and equipment	(103)	-	(103)
Balance as of 30 September 2011	7,789	3,297	11,086
Accumulated depreciation:			
Balance as of 30 June 2010	-	593	593
Charge for the year	-	103	103
Balance as of 30 June 2011	-	696	696
Charge for the year	-	24	24
Transfers to/from property, plant and equipment	-	-	-
Balance as of 30 September 2011	-	720	720
Impairment losses:			
Balance as of 30 June 2010	591	1,389	1,980
Charge for the year	(349)	(261)	(610)
Balance as of 30 June 2011	242	1,128	1,370
Balance as of 30 September 2011	242	1,128	1,370
Net book value as of 30 September 2011	7,547	1,449	8,996
Net book value as of 30 June 2011	7,539	1,473	9,012
Net book value as of 30 June 2010	7,083	1,315	8,398

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



8. INVESTMENTS INTO ASSOCIATES AND JOINT VENTURES

As of 30 September and as of 30 June 2011 the Group had investments into the following associates and joint ventures:

	Place of registration	Effective share held by the Group		Main activities
		As of 30 September 2011	As of 30 June 2011	
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%	50.00%	Sale of seeds, agricultural machinery
UAB Dotnuvos Agroservisas	Lithuania	49.98%	49.98%	Agricultural equipment maintenance and related services

Information on associates and joint ventures of the Group as of 30 September 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	430	185	1,544	142	2,041	-	1,228
	<u>430</u>						
Investments into joint ventures							
UAB Kustodija	1,844	85	9,123	827	31,422	102	28,466
UAB Dotnuvos Projektai (consolidated)	26,894	2,145	42,289	36,387	115,041	5,533	92,107
	<u>28,738</u>						
Classified as held for sale	(1,844)						
	<u>26,894</u>						

Information on associates and joint ventures of the Group as of 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
	<u>347</u>						
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
	<u>27,623</u>						
Classified as held for sale	(1,802)						
	<u>25,821</u>						



9. OTHER INVESTMENTS

Other investments of the Group consist of:

	Share held by the Group	As of 30 September 2011	As of 30 June 2011
Panevėžys district Ėriškių ŽŪB	24.97%	173	173
Other investments		140	192
		313	365

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

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

10. BORROWINGS

	As of 30 September 2011	As of 30 June 2011
Non-current borrowings		
Bank borrowings secured by the Group assets	28,497	27,228
Other non-current borrowings	1,067	1,067
	29,564	28,295
Current borrowings		
Current portion of non-current bank borrowings	12,936	12,814
Current portion of other non-current borrowings (Note 16)	2,014	2,000
Current bank borrowings secured by the Group assets	152,456	160,109
Factoring with recourse liability	14,772	18,894
Other current borrowings	1,652	1,881
	183,830	195,698
	213,394	223,993

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

11. COST OF SALES

	2011/2012 1 Q	2010/2011 1 Q
Cost of inventories recognized as an expense	380,525	325,658
Logistics expenses	22,067	13,868
Wages and salaries and social security	3,730	4,401
Depreciation	1,980	2,184
Utilities expenses	1,881	1,377
Other	2,167	1,282
	412,350	348,770



12. OPERATING EXPENSES

	2011/2012 1 Q	2010/2011 1 Q
Wages and salaries and social security	7,290	5,986
Consulting expenses	276	305
Depreciation and amortization	384	438
Other	3,747	3,198
	<u>11,697</u>	<u>9,927</u>

13. OTHER INCOME (EXPENSES)

	2011/2012 1 Q	2010/2011 1 Q
Other income		
Currency exchange gain	757	185
Rental income from investment property and property, plant and equipment	147	140
Gain from disposal of investment property and property, plant and equipment	51	77
Other income	240	209
	<u>1,195</u>	<u>611</u>
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(118)	(112)
Loss from disposal of property, plant and equipment	-	(9)
Currency exchange loss	-	(2,825)
Loss recognized on acquisition of subsidiary (Note 3)	(15)	(670)
Other expenses	(9)	(17)
	<u>(142)</u>	<u>(3,633)</u>

14. INCOME (EXPENSES) FROM FINANCING ACTIVITIES

	2011/2012 1 Q	2010/2011 1 Q
Income from financing activities		
Interest income	373	366
Income from overdue payments	2	80
	<u>375</u>	<u>446</u>
(Expenses) from financing activities		
Interest expenses	(3,253)	(1,934)
	<u>(3,253)</u>	<u>(1,934)</u>



15. COMMITMENTS AND CONTINGENCIES

As of 30 September 2011 the Group is committed to purchase property, plant and equipment for the total amount of LTL 4,764 thousand (LTL 9,960 thousand as of 30 June 2011).

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 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 3,093 thousand as of 30 September 2011 (LTL 2,854 thousand as of 30 June 2011).

16. RELATED PARTIES TRANSACTIONS

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

The related parties of the Company and Group for the years ended 30 September and 30 June 2011 were as follows:

Members of the board of the Company:

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

Subsidiaries:

List provided in Note 3;

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);

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



16. RELATED PARTIES TRANSACTIONS (cont'd)

The Group's transactions with related parties in 3 month period ended 30 September, 2011 were as follows:

2011 1 Q	Purchases	Sales	Receivables			Payables	Current loans received
			Trade receivables	Current loans receivable	Non-current loans receivable		
Members of the board	12	-	-	-	-	-	668
Joint ventures	7,097	485	225	-	-	5,824	-
Associates	1,741	-	53	-	-	518	-
Akola ApS group companies	2,608	35,500	3,828	2,273	1,359	1,878	691
	11,458	35,985	4,106	2,273	1,359	8,220	1,359

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

As of 30 September and as of 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% and 8%, respectively. Current loans receivable from related parties bear 1m EURIBOR + 4.1% margin annual interest rate.

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

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

Terms and conditions of the financial assets and liabilities:

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

The Group's receivables from related parties were not past due as of 30 September and 30 June 2011.

17. SUBSEQUENT EVENTS

As of 10 October 2011 the Group acquired 30.40% of Panevėžio district Aukštadvario ŽŪB share capital for LTL 140 thousand, the effective Group ownership increased from 65.63% to 96.03%.

As of 19 October 2011 the Company sold 50% UAB Kustodija shares for LTL 2 900 thousand.

As of 27 October 2011 the Company acquired 30% Užupės ŽŪB share capital for LTL 3 thousand, the effective Group ownership increased to 100%.

As of 27 October 2011 Užupės ŽŪB acquired 100 % UAB EDFERMUS 2 share capital for LTL 10 thousand.

As of 3 November 2011 the Company increased share capital of AB Linas Agro by LTL 8,000 thousand.