AGROWILL GROUP AB

Independent Auditor's Report,
Annual Report and Consolidated
Financial Statements for the Year Ended
31 December 2009

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PRICEWATERHOUSECOOPERS

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Translation note

Our report has been prepared in Lithuanian language and in English language. In all matters of interpretations of information, views or opinions, the Lithuanian language version of our report takes precedence over the English version.

Independent Auditor's Report

To the Shareholders of Agrowill Group AB

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the 'financial statements') of Agrowill Group AB (the 'Company') and its consolidated subsidiaries (together the 'Group') set out on pages 18 - 64 which comprise the consolidated balance sheet as at 31 December 2009 and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed below, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.

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Basis for Qualified Opinion – Limitation of Scope

As disclosed in Note 23, in 2008 the Group acquired a subsidiary Polva Agro AS, for which purchase method as defined by IFRS 3 *Business Combinations* was incorrectly applied. The Group did not measure the acquired property, plant and equipment and biological assets, recognized at LTL 14,757 thousand and LTL 2,067 thousand, respectively, at their fair values, and therefore calculated goodwill of LTL 28,255 thousand does not necessarily represent the difference between the purchase price and the fair value of the net assets acquired. Furthermore, the Group did not test the subsidiary for impairment as of 31 December 2008. In October 2009 the Group disposed of the subsidiary and incurred loss from discontinued operations of LTL 12,681 thousand, including loss on disposal of LTL 6,738 thousand. We were unable to assess, whether and by which amount the carrying value of the subsidiary's assets and liabilities in the Group's consolidated balance sheet as of 31 December 2008 should have been adjusted, and consequently, whether and by which amount the net loss for the year then ended should have been adjusted. Any adjustments to the net loss for the year ended 31 December 2008 would cause the reverse adjustment to the net loss for the year ended 31 December 2009 by the same amount.

The Group's biological assets as at 31 December 2008 include livestock with a carrying value of LTL 31,126 thousand, which should be measured at fair value less costs to sell as required by International accounting standard (IAS) 41 *Agriculture*. We were not able to obtain sufficient appropriate audit evidence that the carrying value of this livestock as estimated by the internally developed methodology of the Group is accurate and in compliance with IAS 41 *Agriculture*. In the year ended 31 December 2009 the Group accounted for LTL 2,915 thousand fair value loss from revaluation of livestock and LTL 13,870 thousand loss from sales of livestock. If it had been determined that carrying value of livestock as of 31 December 2008 would be in excess of its fair value less costs to sell, net loss for the year ended 31 December 2008 should have been increased, and net loss for the year ended 31 December 2009 decreased by the same amount.

We did not observe the counting of the Group's physical inventory stated at LTL 7,255 thousand as of 31 December 2009 since that date was prior to our appointment as auditors of the financial statements. We were unable to satisfy ourselves as to the inventory quantities at this date by other audit procedures.

Qualified Opinion

In our opinion, except for the possible effect of matters described in the Basis for qualified opinion – limitation of scope paragraph, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2009 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to Note 2.1 in the financial statements which discloses the Group's assumptions about their ability to continue as a going concern. The going concern assumption is dependent on the successful approval and implementation of the Restructuring plans as well as the Group's possibilities to operate at a profit in the future. These conditions, along with other matters as set forth in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

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Report on Other Legal and Regulatory Requirements

Furthermore, we have read the Consolidated Annual Report for the year ended 31 December 2009 set out on pages 6 – 17, including its Annex set out on pages 65 – 84, and have not noted any material inconsistencies between the financial information included in it and the audited financial statements for the year ended 31 December 2009.

On behalf of PricewaterhouseCoopers UAB

Christopher C. Butler
Partner

Rimvydas Jogėla
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
15 September 2010

AGROWILL GROUP AB AND THE SUBSIDIARIES CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2009

1. Accounting period covered by the Report

Consolidated annual report was prepared for the year ended 31 December 2009.

2. Key data on the Group

Name of the company:	Agrowill Group AB (hereinafter – AGW or the Company)
Share capital:	LTL 26,142,732
Address of headquarters:	Smolensko g. 10, LT-03201 Vilnius, Lithuania
Telephone:	(8~5) 233 53 40
Fax:	(8~5) 233 53 45
E-mail address:	info@agrowill.lt
Website:	www.agrowill.lt
Legal-organizational form:	Joint stock company
Place and date of registration:	25 June 2003, Vilnius
Register number:	AB2003-926
Register code:	1262 64360
Registrant of the Register of legal bodies:	State Enterprise Centre of registers

As at 31 December 2009, the Group consisted of the Company and it's subsidiaries:

Name of the Company	Legal form	Place and date of registration	Company code	Address	Phone, fax, and e-mail
AVG Investment UAB	Closed joint stock company	2005-02-10, State Register	300087691	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
AVG Investment 1 BUAB	Closed joint stock company	2008-06-18, State Register	301745765	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
AVG Investment 2 UAB	Closed joint stock company	2008-07-24, State Register	301807590	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
AVG Investment 3 UAB	Closed joint stock company	2008-07-24, State Register	301807601	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Baltic farming land management UAB	Closed joint stock company	2008-10-13, State Register	302003546	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas UAB	Closed joint stock company	2004-09-28, State Register	300558595	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 1 UAB	Closed joint stock company	2005-10-11, State Register	300151101	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 2 UAB	Closed joint stock company	2005-10-11, State Register	300151126	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 3 UAB	Closed joint stock company	2005-10-11, State Register	300151165	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 4 UAB	Closed joint stock company	2006-08-10, State Register	300589669	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 5 UAB	Closed joint stock company	2006-08-10, State Register	300589683	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 6 UAB	Closed joint stock company	2006-08-10, State Register	300589719	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 7 UAB	Closed joint stock company	2007-01-17, State Register	300634420	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 8 UAB	Closed joint stock company	2007-07-16, State Register	300921776	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt

Name of the Company	Legal form	Place and date of registration	Company code	Address	Phone, fax, and e-mail
Žemės vystymo fondas 9 UAB	Closed joint stock company	2006-03-09, State Register	300547638	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 10 UAB	Closed joint stock company	2008-01-10, State Register	301522723	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 11 UAB	Closed joint stock company	2005-05-12, State Register	300114042	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 12 UAB	Closed joint stock company	2005-03-08, State Register	300094383	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 14 UAB	Closed joint stock company	2006-08-10, State Register	300589726	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 15 UAB	Closed joint stock company	2006-08-10, State Register	300589733	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 16 UAB	Closed joint stock company	2006-08-10, State Register	300589740	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 17 UAB	Closed joint stock company	2007-01-17, State Register	300634388	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 18 UAB	Closed joint stock company	2007-01-17, State Register	300634406	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 19 UAB	Closed joint stock company	2007-06-21, State Register	300886948	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 20 UAB	Closed joint stock company	2007-06-22, State Register	300887726	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 21 UAB	Closed joint stock company	2007-07-16, State Register	300921783	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Žemės vystymo fondas 22 UAB	Closed joint stock company	2008-01-10, State Register	301522730	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Spindulys	Agricultural entity	1993-04-09, Radviliškis district municipality	171330414	Vaitiekūnai, Grinkiškis mun., LT-82380 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Smilgiai	Agricultural entity	1992-09-16, Panevėžys district municipality	168548972	Panevėžys str. 23, Smilgiai, Smilgiai mun., LT-38375	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Skėmiai	Agricultural entity	1992-10-01, Radviliškis district municipality	171306071	Skėmiai, Skėmiai mun., LT-82350 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Nausodė	Agricultural entity	1992-08-11, Anykščiai district municipality	154179675	Kirmėliai, Troškūnai mun., LT-29178 Anykščiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Dumšiškės	Agricultural entity	1992-09-29, LR Raseiniai district board	172276179	Paraseinis, Paliepiai mun., LT-60194 Raseiniai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Žadžiūnai	Agricultural entity	1992-06-30, Šiauliai district municipality	175706853	Gudeliai str. 30, Žadžiūnai, Kairiai mun.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Mantviliškis	Agricultural entity	1992-11-06, Kėdainiai district board	161274230	Liepos 6-osios str. 18, Mantviliškis, Dotnuva mun., LT-58332 Kėdainiai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Alanta	Agricultural entity	1992-06-29, Molėtai district municipality	167527719	Ukmergės str. 7, Alanta mun. LT-33312 Molėtai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Eimučiai	Agricultural entity	1992-06-29, Šiauliai district municipality	175705032	Eimučiai, Kairiai mun., 80101 Šiauliai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt

Name of the Company	Legal form	Place and date of registration	Company code	Address	Phone, fax, and e-mail
Agricultural entity Agrowill Vėriškės	Agricultural entity	1992-09-29, Radviliškis district municipality	171305165	Vėriškės, Šeduva mun., LT-77199 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Želsvelė	Agricultural entity	1992-07-03, Marijampolė municipality	165666499	Želsva, Liudvinavas mun., LT-69193 Marijampolė mun.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Lankesa	Agricultural entity	1999-04-06, Jonava district municipality	156913032	Ukmergė str. 44, Bukoniai, Bukoniai mun., LT-55075 Jonava distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Kairėnai	Agricultural entity	1993-03-02, Radviliškis district municipality	171327432	Kairėnai, Grinkiškis mun., LT-82031 Radviliškis distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Agrowill Jurbarkai	Agricultural entity	1992-07-31, Jurbarkas district municipality	158174818	Rytas str. 2, Jurbarkai, LT-74205 Jurbarkai distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Grūduva UAB	Closed joint stock company	1997-02-24, Šakiai district municipality	174401546	Gotlybiškiai, Šakiai mun., LT-71372, Marijampolė distr.	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agricultural entity Žemės fondas	Agricultural entity	2006-04-07, State Register	300558595	Smolensko str. 10, Vilnius	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agrowill group S.R.L.	Closed joint stock company	2008-07-01, Republic of Moldova	100860003153	Kogalniceanu Mihail, 51, Chisinau mun., Moldova	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt
Agroprom ZAO	Closed joint stock company	2008-09-01, Russian Federation	1087746061237	Baimanskaja st. 7-10, Moscow, Russia	(8~5) 233 53 40; fax: (8~5) 233 53 45, el. p. info@agrowill.lt

The closed joint stock subsidiary companies are engaged in buying and renting land, while subsidiary agricultural entities are engaged in agricultural commodities (milk, grain, and rapeseed) production and realisation.

3. Main lines of business of the Group

Operations area: Agriculture
Main products manufactured: Milk production and sale, grain, rapeseed growth and sale, rent of land.

4. Agreements with the mediators of securities public circulation

The Company and FMĮ Orion Securities UAB (A. Tumėno st. 4, B korpusas, LT-01109, Vilnius) signed an agreement regarding handling of Shareholders accounts.

The Company and FMĮ Orion Securities UAB (A. Tumėno st. 4, B korpusas, LT-01109, Vilnius) signed an agreement regarding handling of all bonds issues Bondholder accounts.

The Company and FMĮ Orion Securities UAB (A. Tumėno st. 4, B korpusas, LT-01109, Vilnius) have signed and market making agreement regarding Agrowill Group AB shares. The agreement was terminated on 24 May 2009.

5. The trading in the Issuer's securities on exchanges and other organized markets

During the reporting period, the Companies shares were traded on the NASDAQ OMX Vilnius Stock Exchange (hereinafter – VSE). Type of shares – ordinary, nominal value 1 (one) LTL.

Reporting period	Price, LTL			Date of last session	Total turnover	
	Max	Min	Last session		Units	LTL, mill
Ist quarter 2009	1.58	0.31	0.42	2009.03.31	1,160,714	0.890
IInd quarter 2009	0.43	0.29	0.37	2009.05.27	1,407,170	0.492
IIIrd quarter 2009	0.61	0.18	0.50	2009.09.30	6,738,587	2.794
IVth quarter 2009	0.51	0.29	0.33	2009.12.30	1,513,747	0.586

On 25 June 2008, the Company issued LTL 16 million of bonds into public trading:

Name of issued securities	369 days duration bonds
Number of issued bonds	160,000 units
Nominal value	LTL 100 or EUR 28.9620
Total nominal value	LTL 16,000,000,or EUR 4,633,920
Price of emission	LTL 88.5478 – 89.0472 or EUR 25.6452 – 25.7899
Currency of emission	LTL or EUR
Interest rate	12 %
Interest amount	LTL 11.4522 – 10.9528 for one bond
Redemption date	29 June 2009
Start of subscription period	6 June 2008
End of subscription period	25 June 2008
Payment date for bonds	On the day of subsription
Interest payment date	29 June 2009
Type of securities emission	Public emission
Restrictions on transfers of securities	None
Conversion of securities	None

All payments related to the payment for bonds emission, redemption of bonds and payment of interest are made in LTL or EUR. The bonds can not be redeemed before the redemption date either on demand by the Issuer, or the investor. The Company did announce that it will not redeem the above mentioned bonds issue on time.

Trading information of Agrowill Group AB bonds on NASDAQ OMX Vilnius Stock Exchange:

	Price, %				Total turnover	
Reporting period	max	min	Last session	Date of last session	Units	LTL, million
Ist quarter 2009	-	-	-	2009.03.31	-	-
IInd quarter 2009	-	-	-	2009.06.30	-	-
IIIrd quarter 2009	-	-	-	2009.09.30	-	-
IVth quarter 2009	-	-	-	2009.12.31	-	-

6. Groups financial and operating results analysis, information on personnel

Main performance indicators

Main financial figures, LTL thousand	**2009**	**2008**
Revenues	48,277	58,712
Direct subsidies	12,178	9,647
Gross profit	15,003	3,294
Operating profit	(50,197)	(1,062)
Financial expenses,	(12,879)	(13,035)
Net profit	(72,582)	(16,353)
EBITDA*	(15,791)	2,544
EBITDA margin*, %	(29.84)	3.98
Ratios		
ROA, %*	(18.90)	(4.98)
ROE, % *	(101.44)	(30.52)
Liquidity ratio	0.18	0.37
Quick ratio	0.13	0.25

** - not taking into account the investment property revaluation*

The financial indicators of the Group for 2009 are worse than in 2008. The main reasons for the decrease in the profitability – decrease of raw milk purchase price by almost 50 per cent, fall of crop prices due to collapse of international financial markets, and numerous allowances made for different assets possessed by the Group (receivables, inventory, etc). The consolidated financial statements for the year ended 31 December 2009 are prepared in accordance with International Financial Reporting Standards (IFRS).

Revenues

During 2009, the Group generated LTL 48.3 million in agricultural activity revenues (2008 – LTL 58.7 million). The decrease as compared to previous year is influenced by decreasing prices of production.

Operating expenses

The operating expenses totalled LTL 35.6 million (2008: LTL 20.4 million). The operating expenses increased significantly because of write-offs of bad debts, rotten feed, inventory and allowances made for value of some of the Group's fixed assets as the Group's management took a conservative approach at evaluating all the current assets. Additionally the Group started Restructuring processes in all the agricultural subsidiaries, which also resulted in additional expenses as compared to previous years. Payments to financial creditors were minimal during the 2009 as the Group experienced liquidity problems, which in turn resulted in fines and late payment invoices

Investment property valuation

In 2008, a LTL 15.9 million profit from revaluation of investment property was recorded, as according to IFRS each year the investment property has to be revaluated to market values. In 2009, the Group did not order an independent valuation, rather used different methods to determine whether land portfolio value is impaired. The tests did not show any signs that the land portfolio value is decreasing or increasing.

Financial expenses

Financial expenses stayed at the same level as compared to 2008 (LTL 12.9 million vs LTL 13.0 million in 2008) mainly due to fact that floating interest rates were decreasing significantly over 2009 (EURIBOR and VILIBOR 6m fell from 4% to 1% rates). The decrease was partially offset by increase in financing expenses occurred as the total Group borrowings increased in the end of 2008 (Polva Agro OU acquisition loan, Snoras loan, Company bonds).

Balance sheet

Fixed assets of the Group decreased significantly over 2009 – Polva Agro OU subsidiary was sold and no new investments into expansion of the Group or working machinery were made. Together with disposal of Polva Agro OU subsidiary, the goodwill decreased from LTL 32 million to LTL 3 million.

The biological assets of the Group in 2009 decreased due to sale of young cattle herd at the time when Group was experiencing severe liquidity problems. Additionally, the cow herd also decreased as the Group reduced the number of farms from 14 to 8 in order to keep only profitable ones. Winter crop expenses decreased as compared year to year, as in 2008 the agricultural inputs were acquired at peak prices and more hectares were sown. Additionally, the Group evaluated and wrote-off part of expenses incurred in autumn 2009 due to hazardous weather conditions which killed nearly 2 thousand ha of winter crops.

In 2008, the Group issued an IPO of 6,143 thousand number of shares. The attracted funds (LTL 28.3 million) were used for financing of the Group's investment programme. No changes occurred in the Group's capital structure in 2009.

In June 2009, due to liquidity problems the Group publicly announced about the start of Restructuring processes for Parent company and agricultural subsidiaries. After announcing of processes, the Group classified all the loans and borrowings in restructuring entities as short-term debt due to fact that at the 31 of December 2009 there were no Restructuring plans approved and covenants of bank loans were not met. In general borrowings decreased by more than LTL 35.8 million mainly due to disposal of Polva Agro OU subsidiary, as it's original acquisition was financed by Swedbank. The new owner of Polva Agro OU took over the management of subsidiary together with the bank loan associated with it.

Trade and other payables balances did not change materially over the year.

Personnel

As at 31 December 2009 the number of employees and average monthly salary by education and categories was as follows:

Employee category	Numbers of employees	Average monthly salary
Central office	39	3,950
Agricultural entities management	24	1,804
Agricultural entities workers	375	1,588
Total:	**438**	

Education	Central office	Agricultural entities
Higher	32	77
Special professional	6	117
Middle	1	167
Primary	-	38
Total:	**39**	**399**

Over 2009, the number of employees in the Group decreased from 916 to 438. The main reason for decrease in personnel - disposal of subsidiary Polva Agro OU, and increase in efficiency of whole business, the proactive managers were hired in agricultural entities with focus on efficiency and cost cutting.

7. Objective overview of Entity's status, operations and development, description of key risks and exposures the Company faces

Overview of the Group's business, status and review of expansion

Agrowill Group AB started operations in 2003 and currently is Lithuania's largest group of agricultural development and investment companies applying the centralized business management model. The Group is largest agricultural land owner in Lithuania - subsidiary land buying entities owned around 14.5 thousand ha of land, additionally around 17 thousand ha were rented from others. As of 31 December 2009 the Group controls 45 subsidiaries: 15 (fifteen) Agricultural Companies (ŽŪB), 22 (twenty two) land management companies and 8 (eight) companies responsible for the Group's acquisitions. As of 31 December 2009 the Group employed 438 employees.

The Group concentrates on two main lines of business - milk production and crop growing. During the last decade, the worldwide commodities markets of these two segments developed positively, and only negative trend was experienced when global financial markets crashed in late 2008. However, during 1st half of 2010, the markets started rebounding (both milk powder and crop commodities), and it is forecasted that these markets will remain attractive in the future.

The global demand for dairy products has been growing very rapidly in recent years, the growth being driven mainly by the developing economies, but in 2008, together with starting worldwide financial crisis and melanine scandal in China, the demand for milk products decreased significantly. Due to abovementioned influence, the milk prices were on continuos decline until May 2009, when the price bottom was reached - LTL 0.58 per kg of milk (almost half from top price in the end of 2007. It is believed that the demand for milk products will increase up to near 2007 levels again, with the most rapid growth in the demand for dairy products coming from China, India and Mexico, which are major importers of dairy products. In the beginning of 2010, the Group sold milk for a price of LTL 0.81 per kg.

In 2006 and 2007, with increasing global consumption due to growth of population and applicance of grain in biofuel production and world's grain stocks being at the smallest level in the past 34 years the grain prices soared to record highs. Due to that, there were significant increases in the areas of grain, corn, soya, and rapeseed seeded in 2008. The harvests received in whole world in 2008 and 2009 resulted in oversupply and the grain prices gradually fell until reached 2005 - 2006 level. It is forecasted that in the future, unless any extraordinary weather conditions, the worldwide grain and rapeseed market will grow slowly but steadily - the prices of the production will depend on harvests yielded in different countries, consumption patterns and world grain stocks level. The start of 2010 showed expected crop prices development patterns, but latest adverse weather events in the leading world producers of grain and rapeseed resulted in significant crop price movements. Unless world wide stocks fall below market estimates and worldwide production will not rebound in following years, it is difficult to expect that current grain prices will remain at such high levels for more than 1 season.

The Group's revenues from milk production, in 2009 amounting to LTL 25.3 million or 55% from total revenues of the Group (2008: LTL 35.2 million or 55%) is stable and monthly cash generating activity of the Group. Milk production activities also include raising of heifers. As at 31 December 2009/2008 the Group had around 4 thousand milking cow herd.

The main crop growing cultures grown for sales are wheat, triticale, barley, rye and rapeseeds - there were over 12 thousand ha planted and harvested in 2009 (2008: 15 thousand ha) by the Group's agricultural subsidiaries. The remaining area is planted with various feed cultures - corn, perennial grasses. The grown green feed is used for feeding of the animal herds. In 2009, the Group, due to shortage of operating cash decided to leave around 4 thousand hectares of black land and to focus all resources on smaller amount of crop area.

In the nearest future the Group plans to marginally expand the production capacities of the two main lines of business, also focusing on making these business lines more efficient. It is planned to keep the milking cow herd at around 3.5 thousand in 2010 with expected increase up until 5.5 thousand in 3 years time. To establish couple of "programming centers" for growing of heifers in order to specialize different companies and increase efficiency and profitability. In the crops line, the Group will cancel working in the farthest and not profitable land areas, by exchanging them to nearby plots, or by forming a significant operational plots there. The Group intends to shift most of the crop rotation to winter crops, in order to benefit from better harvest and increased profitability of land cultivation business. The Group plans to increase the working area by at least 10 - 15 percent over the next 3 years.

Assessment of main types of risks and exposures the Group faces

Foreign currency exchange rate fluctuation

The production manufactured by the Group (milk, grain, rapeseed) belongs to the raw material market, the prices for which are set in the worldwide markets, thus the Group faces main currencies (USD and EUR) exchange rate fluctuation risk. Basically, the revenues of produced crops are denominated in EUR, while produced milk revenues in LTL; major expense items of the Group are denominated in LTL. The management of the Group controls the risk by seeking that financial liabilities in different currencies would match the balance of revenues and expenses denominated in different currencies, thus the risk of foreign currency exchange rate fluctuation is limited. As of 1 February 2002, the national currency litas is pegged to Euro at a rate 3.4528 LTL = 1 EUR.

Current development of International and Lithuanian financial markets

The worldwide liquidity crisis which started in 2008, resulted in decrease of capital markets and banking sector financing capabilities and increases in financing costs of borrowing in certain currencies. The magnitude of the financial crisis and it's effect on the world and local economies was huge and up to the date, the global economies struggle to find possible opportunities and terms of recovery. In managements opinion, the crisis influenced the Group's operation, as due to decreased financial capabilities in the end of 2008 and, in turn, inability to change the short-term bridge bonds into long-term loans the Group experienced liquidity problems. In 2009, the world markets started recovering, but it is difficult to predict when the world economies will be healthy again, as 2010 brought yet new challenges to the markets. However, the agriculture sector was influenced less than others, which gives hope that the recovery will be more speedy than in other sectors (e.g. housing, services, etc).

Borrowed capital accounts for a large share of the Group's total capital

Historically, the main source of Group's financing (for acquisitions and operational needs) was generated by borrowed funds. In the beginning of 2008, the Group issued a new share capital issue and attracted around LTL 28.3 million of cash into the Group. In the same year, the Group issued several bond issues and attracted additional LTL 28 million of cash. All the proceeds were used for expansion of the Group – two major subsidiaries were acquired: Polva Agro OU in Estonia and Grūduva UAB in Lithuania; number of investment projects were started (manure storage pits, cow farm reconstructions, acquisitions of modern agricultural equipment and machinery). After the above-mentioned financial markets collapse took place, the Group had to abandon several investment projects and finished one of the acquisitions from own cash flows, which, in turn, in several months resulted in significant liquidity problems.

The major part of Groups assets are the investment property, owned land, buildings, equipment and cattle herds – long term assets, payback of which is longer than 1-2 year term, while Group's current financial liabilities are larger than current receivables. Due to severely limited additional financing opportunities, the shareholders and management of the Group in June 2009 undertook a decision to initiate restructuring process for most of the Group's entities – for Parent company and 14 agricultural entities. The restructuring process is a mean for companies facing liquidity problems to operate under normal circumstances and to try and earn the funds needed to repay the accumulated amounts due. The decisions to initiate the restructuring processes were approved by more than 50% of creditors in each of these companies in June 2009 and the processes are ongoing (in different phases) since then.

Currently Group's management vision coincides with the main creditors vision regarding the activities, future profitability of the Group and the ability to successfully pass the Restructuring process.

Weather conditions

Weather conditions are one of the most important risks involved in agricultural activities. Poor or unfavorable meteorological conditions can have substantial impact upon yields by negatively affecting harvests and fodder preparation, destroying crop areas etc. In extreme cases, poor weather limits the ability to harvest the fields at all.

Prices for agricultural products

The Group's income and operating results depend on such factors beyond the Group's control as prices for agricultural comodities. These prices are largely influenced by different and hardly predictable factors beyond the Group's control (weather conditions, state agricultural policy, changes in global demand caused by demographic changes, changes in living conditions, competing products in other countries).

Animal diseases

Animals can be infected with different viral infections including foot and mouth disease, bovine spongiform encephalopathy etc. Even though the Group complies with the highest sanitary standards in order to prevent diseases, there is no guarantee that the Group's cattle will not be infected for reasons beyond the control of the Group. Although the majority of Group's cattle are insured, an outbreak of a cattle infection can result in high additional expenses and losses.

State policy and regulation in the agricultural sector and related areas can have a negative effect upon the Group's operations and profitability

Agriculture, agricultural produce and products placement on the market are strongly affected by state policies and EU regulation. Regulation of agricultural activities manifests itself through the regulation of taxes, tariffs, quotas, subsidies, import and export legislation etc. Any change in this area can exert significant influence over the profitability of agricultural activities, determination of the choice of crops, increase or reduce the volumes of production, import and export of agricultural products. In addition, any international trade disputes can affect the trade flows, restricting trade among countries or regions. Future policies in this area can have a negative impact upon prices for the agricultural products offered by the Group and upon the Group's opportunities for operating in the market.

8. Significant post balance sheet events:

Disclosed in the consolidated Agrowill Group AB financial statements for the year ended 31 December 2009.

9. Planned and forecasted activities of the Group:

It is planned that in 2010, the consolidated sales of Agrowill Group AB from the core activities will amount to LTL 55 million while EBITDA from the main activities is estimated to be equal to around LTL 13 million.

It is planned to keep the milking cow herd around 3.5 thousand located over 8 separate locations around Lithuania, and to grow the heifers only in 2-3 locations in order to specialize different companies (there will be some specialized only in milk production, and several which will engage in heifer raising only) and achieve better costs of production, work efficiency and, in turn, financial results. The Group also plans to keep producing own combined feed, which ration will be designed for specific needs of Agrowill Group cow herd.

In crop growing sector the Group expects to remain one of the leaders in the country: in autumn 2010, around 10 thousand hectares is planned to be planted. It is also planned, that the productivity of crop fields will grow due to modern equipment used for cultivation of fields, which is constantly renewed. Additionally, the Group is expecting to expand steadily by increasing the amount of cultivated hectares. The productivity of new plots added is not necessart high in the first years and give the results only in subsequent years. The international consultants hired in 2009, implemented the modern work organization practices, which enable effective use of human and technical resources.

10. Information on research and development activities:

Agrowill Group AB does not have material licenses, and is not engaged in research activities.

11. Information on own shares:

The Company has not acquired any own shares.

12. Share capital structure of the Company:

The share capital of Agrowill Group AB as at 31 December 2009 is LTL 26,142,732. The share capital is divided into 26,142,732 ordinary shares. Each issued share has a LTL 1 nominal value and fully paid.

Each share has usual material and intangible rights as per Lithuanian Republic law on Stock companies and Companies statutes.

In the end of 2008, the Company issued new share capital emission of 4,635,045 ordinary shares (with nominal value LTL 1 each), part of which - 1,545,015 ordinary shares was acquired by Finasta rizikų valdymas UAB, while the remaining part of 3,090,030 shares was supposed to be bought be the main shareholder - ŽIA valda UAB. As ŽIA valda UAB rejected the share purchase agreement, the Company took a decision to register the share capital increase in the amount of paid shares - 1,545,015 ordinary shares. Finasta rizikų valdymas UAB sued such action to the court, and court issued temporary security measures by forbiding any registrations of share capital increase until civil case will be solved by the court of Lithuanian Republic.

On 20 July 2010 Agrowill Group AB and the company UAB Finance Risk Management which belongs to Invalda group (before known as Finasta rizikų valdymas UAB), signed a Peace Agreement regarding the increase of Companie's share capital. After finishing the procedures of share capital increase, the share capital of AB Agrowill Group will increase by LTL 1.545 million (up to 27.687 million ordinary shares), and the new shares will belong to Invalda group. The Capital increase was registered on 4 August 2010.

On 23 August 2010, Agrowill Group AB shareholders undertook the decision to increase the share capital by 37,572,650 shares (with nominal value of LTL 1 each) up to 65,260,397 shares (LTL 65,260,397 share capital). The shares were subscribed by Hermis Capital UAB, Volemer Holdings Limited, Vretola Holdings Limited. The issue was paid up in cash contributions (set off of claims held against the Company to newly issued shares) and the increase in share capital was registered in the State Registrar on 24 August 2010.

13. Share transfer restrictions:

There are no restrictions regarding the share transfer.

There could be separate stock transfer restrictions, which can only be imposed by the shareholders and only in agreed-upon cases (see companies shareholders agreements for more details).

14. Shareholders of the Company:

The shareholders owning more than 5 per cent of all the company shares as at 31 December 2009 were:

Name, surname / name of the company	Company / personal code	Address	Votes held by shareholder	Shares held by shareholder
ŽIA valda UAB	1242 11277	Smolensko st. 10, Vilnius	7,939,836	30.37%
Linas Strėlis	-	-	4,841,942	18.52%
Invalda AB	1213 04349	Šeimyniškių st. 3, Vilnius	2,580,325	9.87 %
SEB AB clients	502032-9081	Sergels torg 2, 10640 Stokholm, Sweden	2,259,047	8.64 %

**SEB AB acts as securities accounts operators in the name of clients who have securities accounts with them.*

No shareholder has special voting rights.

15. Companies shareholders voting rights restrictions:

The Company has no indications about any restrictions to the shareholders voting rights.

16. Agreements between the shareholders:

Taking into account the conditions set out in the Companies' shareholders agreement, the shareholders of the Company (as at 20 February 2008 controlling 97.74% of the shares and voting rights) agreed not to sell their owned shares until 31 December 2009 unless:

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

No other agreements between the shareholders are known to the Company.

17. Procedure for amendments of the Articles of Association:

The Articles of Association can be changed following Lithuanian Republic law on Stock companies with an appropriate approval of the Companies' shareholders.

18. Members of collegial bodies, Head of Company, their participation in Companies' shares:

Data on collegial bodies as at 31 December 2009:

Name, Surname	Position	End of current term of office	Period of service as a member
Ramūnas Audzevičius	Chairman of Supervisory Board	Until general meeting of shareholders to be held in 2010	Member of Supervisory Board since 05-12-2007
Hugh Miles Thomas	Member of Supervisory Board	Until general meeting of shareholders to be held in 2010	Member of Supervisory Board since 05-12-2007
Edvardas Makelis	Member of Supervisory Board	Until general meeting of shareholders to be held in 2010	Member of Supervisory Board since 05-12-2007
Mindaugas Juozaitis	Member of Board	As chairman of Board: until general meeting of shareholders to be held in 2011	Member of Board since 01-12-2008
	General Director	As general Director: coincides with the term of office as chairman of Board, i. e. until general meeting of shareholders to be held in 2011	General Director since 01-12-2008
Domantas Savičius	Member of Board	Until general meeting of shareholders to be held in 2011	Member of Board since 14-12-2007
Vladas Bagavičius	Member of Board	Until general meeting of shareholders to be held in 2011	Member of Board since 01-12-2008
Linas Strėlis	Member of Board	Until general meeting of shareholders to be held in 2011	Member of Board since 14-12-2007
Gediminas Žiemelis	Chairman of Board	Until general meeting of shareholders to be held in 2011	Member of Board since 14-12-2007
Robertas Giedraitis	Chief accountant	No term of office	Chief accountant since 02-02-2009

Information on the shares of the Company held by the members of the Supervisory Board, the Board and the top management as of 31 December 2009:

Name and position of member of Supervisory Board/Board/ management	number of ordinary registered shares of the Company owned by the member the ownership right	Share of authorised capital of the Company held by the member, %	% of votes attached to the shares owned by the member
Linas Strėlis, Member of the Board	4,841,942	18.52	18.52
Gediminas Žiemelis, Chairman of the Board	8,993 (together with related legal entity AB "ŽIA valda" – 7,948,829)	0.03 (together with related legal entity AB "ŽIA valda" – 30.40)	0.03 (together with related legal entity AB "ŽIA valda" – 30.40)
Domantas Savičius, Member of the Board, CFO	19,417	0.07	0.07
Mindaugas Juozaitis, Member of the Board, General Director	3,695	0.01	0.01

All members of the Supervisory Board, Board of Directors and top management (except General Director Mindaugas Juozaitis) received salaries as the only form of compensation. During 2009 the Group made payments to 3MD UAB, a company related to Mindaugas Juozaitis, amounting to LTL 143 thousand. Since the appointment of the Supervisory Board, Supervisory Board members also receive bonuses. Table below summarises salaries calculated for top management.

Name and Surname	Position	Term	Total
Mindaugas Juozaitis	General director	2009 January - December	9 thousand
Domantas Savičius	CFO	2009 January - December	98 thousand

19. Information on significant agreements, which could be affected by the change in shareholder structure

The Company or Group has not entered into any significant agreements the validity, amendment and termination of which could be affected by the change in shareholder structure.

20. Information on Companies and Groups collegial bodies' agreements regarding compensations in case of resignation, unjustifiable redundance, or change in ownership structure

The Company and it's collegial bodies' members have not concluded any agreements regarding compensations in case of resignation, unjustifiable redundance, or change in ownership structure.

21. Information on transactions with related parties:

Information on transactions with related parties is disclosed in the explanatory notes of the consolidated financial statements.

22. Information on compliance with the Code of Corporate Governance:

Agrowill Group AB compliance with the Code of Corporate Governance, which is added to the consolidated annual report in the Annex.

23. Data on publicly announced information:

During the period between 1 January 2009 and 31 December 2009 all information was publicly announced by the Group through Vilnius Stock Exchange. The content of this information may be accessed in the website of Vilnius Stock Exchange by using the following link: http://www.baltic.omxnordicexchange.com/market/?pg=news.

A summary of the Companies' announcements is shown below:

Header	Category	Date
Information regarding litigation	Notification on material event	08.01.2009
Non-public bonds emission redeemed	Notification on material event	22.01.2009
Adjusted estimates of 2008 results and preliminary estimate of 2009 results	Notification on material event	23.01.2009
Non-deal roadshow	Notification on material event	23.01.2009
Agrowill Group AB does not negotiate merger option	Notification on material event	27.01.2009
Agrowill Group AB hired financial advisors to evaluate its strategic alternatives	Notification on material event	27.01.2009
The extraordinary shareholders meeting of Agrowill Group AB	Notification on material event	03.02.2009
AVG: Agenda of the extraordinary shareholders meeting „Agrowill Group" ammended	Notification on material event	19.02.2009
AVG: Draft resolutions of the extraordinary shareholders meeting of „Agrowill Group"	Notification on material event	23.02.2009
AVG: Non-public bonds emission redeemed	Notification on material event	25.02.2009
AVG: Consolidated unaudited results for the year ended 31 December 2008	Notification on material event	03.03.2009
Interim financial statements	Interim information	05.03.2009
The extraordinary shareholders meeting „Agrowill Group" is considered invalid due to not presented quorum	Notification on material event	05.03.2009
„Agrowill Group" does not conduct direct negotiations with „Black Earth Farming" and „Trigon Agri"	Notification on material event	10.03.2009
Regarding suspension of new acquisitions	Notification on material event	12.03.2009
Gediminas Žiemelis resigns as Chairman of Board of the Company	Notification on material event	12.03.2009
Non-public bonds emission redemption postponed	Notification on material event	24.03.2009
Information about Group employees	Notification on material event	25.03.2009
Resolutions of the repeat extraordinary shareholders meeting of Agrowill Group AB	Notification on material event	30.03.2009
CORRECTION: The ordinary shareholders meeting „Agrowill Group" AB	Notification on material event	31.03.2009
Information of the AB „Agrowill Group"	Notification on material event	14.04.2009

Header	Category	Date
Non-public bonds emission redemption postponed	Notification on material event	17.04.2009
Company's request to NASDAQ OMX Vilnius	Notification on material event	20.04.2009
Draft resolutions of the ordinary shareholders meeting of „Agrowill Group" and regarding announcement of annual information of the Company	Notification on material event	21.04.2009
The extraordinary shareholders meeting „Agrowill Group"	Notification on material event	27.04.2009
The ordinary shareholders meeting „Agrowill Group" is considered invalid due to not presented quorum. The repeat shareholders Meeting is convened	Notification on material event	30.04.2009
Agrowill Group AB agreed with bond holders of postponed non-public bonds emissions	Notification on material event	19.05.2009
The repeat shareholders meeting „Agrowill Group" is considered invalid. Extraordinary shareholders meeting is convened	Notification on material event	29.05.2009
The extraordinary shareholders meeting „Agrowill Group" is considered invalid due to not presented quorum. The repeat shareholders Meeting is convened	Notification on material event	29.05.2009
Regarding announcement of Financial Information of the Company for 2008 and interim financial report of the Company for 1st quarter of 2009	Notification on material event	29.05.2009
Agrowill Group AB submit proposals to the investors of the bonds issues ISIN LT0000401549, and ISIN LT0000401598 to postpone redemption	Notification on material event	05.06.2009
Agenda of the extraordinary shareholders meeting Agrowill Group AB amended	Notification on material event	22.06.2009
Draft resolutions of the extraordinary shareholders meeting of Agrowill Group	Notification on material event	23.06.2009
The repeat shareholders meeting „Agrowill Group" is considered invalid	Notification on material event	26.06.2009
Annual information of Agrowill Group AB for year 2008	Annual information	26.06.2009
Preliminary unaudited results of Agrowill Group AB for Ist quarter	Interim information	30.06.2009
Bonds issues LT0000401549 and LT0000401598 redemption postponed. Preliminary opinion of bondholders received with regard to proposals of the Company	Notification on material event	01.07.2009
The draft of the Restructuring application	Notification on material event	01.07.2009
The shareholders meeting „Agrowill Group" is considered invalid	Notification on material event	02.07.2009
The repeat shareholders Meeting of „Agrowill Group" AB is convened	Notification on material event	03.07.2009
Restructuring proceedings for Agrowill Group AB agricultural subsidiary companies	Notification on material event	10.07.2009
Resolutions of the repeat shareholders meeting of „Agrowill Group"	Notification on material event	13.07.2009
Agrowill Group AB creditors meeting	Notification on material event	14.07.2009
Court initiated bankruptcy proceeding for AB "Agrowill Group" subsidiary company	Notification on material event	20.07.2009
Resolutions of the repeat shareholders meeting of „Agrowill Group"	Notification on material event	28.07.2009
CORRECTION: Resolutions of „Agrowill Group" AB creditors meeting	Notification on material event	28.07.2009
Swedbank AS has initiated a process to sell the pledged shares of Polva Agro OÜ	Notification on material event	24.08.2009
Restructuring proceedings for Agrowill Group AB agricultural subsidiary companies	Notification on material event	02.09.2009
Regarding interim financial statements	Notification on material event	02.09.2009
Decision of Court regarding Agrowill Group AB restructuring proceedings	Notification on material event	02.09.2009
Preliminary unaudited results of Agrowill Group AB for Ist half of 2009	Interim information	16.09.2009
Court initiated restructuring proceeding for AB "Agrowill Group" agricultural subsidiary company	Notification on material event	30.09.2009
Preliminary unaudited results of Agrowill Group AB for I-III quarters of 2009	Interim information	30.11.2009
Decision of the Court of Appeal of Lithuania with regard to restructuring proceeding of AB "Agrowill Group"	Notification on material event	01.12.2009

Agrowill Group AB General Director   Algirdas Pereckas
15 September 2010

AGROWILL GROUP

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2009
(All amounts are in LTL thousand, unless otherwise stated)

	Notes	31 December 2009	31 December 2008 Restated	1 January 2008 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	5	146,960	153,700	79,150
Investment property	6	82,364	82,364	57,646
Intangible assets	7	2,961	32,363	2,136
Long term receivables	12	232	588	271
Financial assets		139	310	70
Biological assets - livestock	8	9,981	33,296	25,811
Total non-current assets		**242,637**	**302,621**	**165,084**
Current assets				
Biological assets - crops	8	5,124	12,772	5,907
Inventory	9	7,255	19,578	12,796
Trade receivables, advance payments and other receivables	10, 11	13,497	26,566	15,549
Cash and cash equivalents	10, 13	3,725	3,011	4,421
Total current assets		**29,601**	**61,927**	**38,673**
TOTAL ASSETS		**272,238**	**364,548**	**203,757**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	14	26,143	26,143	20,000
Share premium		22,130	22,130	-
Revaluation reserve		44,462	24,609	20,596
Legal reserve		2,000	2,000	1,000
Retained earnings / (accumulated deficit)		(47,621)	22,086	37,941
Equity attributable to equity holders of the parent		**47,114**	**96,968**	**79,357**
Minority interest		103	3,104	954
Total equity		**47,217**	**100,072**	**80,491**
Non-current liabilities				
Borrowings	16	23,046	56,885	58,250
Obligations under finance lease	17	7,081	10,472	3,308
Grants	15	10,650	11,053	5,218
Deferred tax liability	18	17,919	19,104	6,741
Total non-current liabilities		**58,696**	**97,514**	**73,517**
Current liabilities				
Current portion of non-current borrowings	16	55,420	74,765	5,814
Current portion of non-current obligations under finance lease	17	4,770	3,860	1,392
Current borrowings	16	63,805	45,445	27,694
Trade payables		17,498	24,956	11,132
Other payables and current liabilities	19	24,832	17,936	3,717
Total current liabilities		**166,325**	**166,962**	**49,749**
Total liabilities		**225,021**	**264,476**	**123,266**
TOTAL EQUITY AND LIABILITIES		**272,238**	**364,548**	**203,757**

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

These consolidated financial statements were approved and signed on 15 September 2010.

Algirdas Pereckas
General Director

Domantas Savičius
Chief Finance Officer

CONSOLIDATED INCOME STATEMENT

CONTINUING ACTIVITIES	**Notes**	**2009**	**2008 Restated**
Revenues	20	48,277	58,712
Cost of sales	20, 21	(50,438)	(45,967)
Gain (loss) on changes in fair values of biological assets and on initial recognition of agricultural produce	8	(12,842)	(9,451)
GROSS PROFIT		**(15,003)**	**3,294**
Operating expenses	22	(35,634)	(20,380)
Investment property fair value change gain	6	-	15,927
Other income	24	440	97
OPERATING PROFIT		**(50,197)**	**(1,062)**
Finance cost	25	(12,879)	(13,035)
PROFIT (LOSS) BEFORE INCOME TAX		**(63,076)**	**(14,097)**
Income tax expense	18	3,175	(5,321)
NET PROFIT/ (LOSS) FROM CONTINUING ACTIVITIES		**(59,901)**	**(19,418)**
NET PROFIT/ (LOSS) FROM DISCONTINUED ACTIVITIES	29	**(12,681)**	**3,065**
NET PROFIT / (LOSS) FOR THE YEAR		**(72,582)**	**(16,353)**
ATTRIBUTABLE TO :			
Equity holders of the Company		(71,104)	(16,062)
Minority interest		(1,478)	(291)
		(72,582)	**(16,353)**
Basic and diluted earnings (loss) per share (LTL)	26	**(2.72)**	**(0.65)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2009	**2008**
NET PROFIT/ (LOSS) FOR THE PERIOD		**(72,582)**	**(16,353)**
Other comprehensive income:			
Revaluation of PPE	5	23,240	10,363
Tax effect of revaluation of fixed assets		(3,486)	(1,554)
Change in net revaluation reserve due to changes in tax rates		1,496	(3,589)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(51,332)**	**(11,133)**
ATTRIBUTABLE TO :			
Equity holders of the Company		(49,854)	(10,842)
Minority interest		(1,478)	(291)
		(51,332)	**(11,133)**

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

These consolidated financial statements were approved and signed on 15 September 2010.

Algirdas Pereckas
General Director

Domantas Savičius
Chief Finance Officer

	Share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Equity attributable to the shareholders of the company	Minority interest	Total
Previosly reported balance as at 31 December 2007	**20,000**	**-**	**26,498**	**1,000**	**30,303**	**77,801**	**1,376**	**79,177**
Correction of business combinations, gross amount (Note 2.2)	-	-	(7,440)	-	6,924	(516)	-	(516)
Correction of business combinations, tax effect (Note 2.2)	-	-	1,116	-	(1,116)	-	-	-
Reclassification (Note 2.2)	-	-	422	-	-	422	(422)	-
Restatement of depreciation (Note 2.2)	-	-	-	-	1,830	1,830	-	1,830
Restated balance as at 31 December 2007	**20,000**	**-**	**20,596**	**1,000**	**37,941**	**79,537**	**954**	**80,491**
Comprehensive income								
Net loss of the period	-	-	-	-	(16,062)	(16,062)	(291)	(16,353)
Other comprehensive income								
Revaluation of fixed assets, gross amount	-	-	10,363	-	-	10,363	-	10,363
Revaluation of fixed assets, tax effect	-	-	(1,554)	-	-	(1,554)	-	(1,554)
Decrease of revaluation reserve due to change in State tax policy	-	-	(3,589)	-	-	(3,589)	-	(3,589)
Decrease of revaluation reserve due to depreciation, disposals and write-offs of assets	-	-	(1,207)	-	1,207	-	-	-
Total comprehensive income	*-*	*-*	*4,013*	*-*	*(14,855)*	*(10,842)*	*(291)*	*(11,133)*
Transactions with shareholders								
Payment for shares	6,143	24,571	-	-	-	30,714	-	30,714
Cost of capital increase (note 14)	-	(2,441)	-	-	-	(2,441)	-	(2,441)
Acquisition of minority	-	-	-	-	-	-	2,441	2,441
Transfer to reserves	-	-	-	1,000	(1,000)	-	-	-
Total transactions with shareholders	*6,143*	*22,130*	*-*	*1,000*	*(1,000)*	*28,273*	*2,441*	*30,714*
Restated balance as at 31 December 2008	**26,143**	**22,130**	**24,609**	**2,000**	**22,086**	**96,968**	**3,104**	**100,072**
Comprehensive income								
Net loss of the period	-	-	-	-	(71,104)	(71,104)	(1,478)	(72,582)
Other comprehensive income								
Revaluation of fixed assets, gross amount	-	-	23,240	-	-	23,240	-	23,240
Revaluation of fixed assets, tax effect	-	-	(3,486)	-	-	(3,486)	-	(3,486)
Increase of revaluation reserve due to change in State tax policy	-	-	1,496	-	-	1,496	-	1,496
Decrease of revaluation reserve due to depreciation, disposals and write-offs of assets	-	-	(1,397)	-	1,397	-	-	-
Total comprehensive income	*-*	*-*	*19,853*	*-*	*(69,707)*	*(49,854)*	*(1,478)*	*(51,332)*
Transactions with shareholders								
Disposal of minority	-	-	-	-	-	-	(1,523)	(1,523)
Total transactions with shareholders	*-*	*-*	*-*	*-*	*-*	*-*	*(1,523)*	*(1,523)*
Balance as at 31 December 2009	**26,143**	**22,130**	**44,462**	**2,000**	**(47,621)**	**47,114**	**103**	**47,217**

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

These consolidated financial statements were approved and signed on 15 September 2010.

Algirdas Pereckas
General Director

Domantas Savičius
Chief Finance Officer

	2009	2008 Restated
Cash flows from /(to) operating activities		
Net profit (loss) from continuing activities	(58,423)	(19,127)
Minority interest	(1,478)	(291)
Taxes and deferred taxes	(3,175)	5,321
Net profit before taxes and minority income	**(63,076)**	**(14,097)**
Adjustments for non-cash expenses (income) items and other adjustments		
Depreciation expense (note 5)	10,010	7,623
Amortization expense (note 7)	129	209
Write offs of PPE (note 5)	511	897
Loss of revaluation of property, plant and equipment (note 5)	8,980	-
Profit on sales of non-current assets	416	383
Interest expense (income), net	15,577	12,594
Investment property fair value change gain (note 6)	-	(15,927)
Write-offs of inventory (note 22)	2,588	1,496
Provisions for accounts receivable (note 11)	3,686	1,554
Loss (gain) on changes in fair value of biological assets (note 8)	12,842	6,669
Grants, related to assets, recognized as income (note 15)	(1,094)	(1,094)
Changes in working capital		
(Increase) decrease in biological assets	17,748	(5,504)
(Increase) decrease in trade receivables and prepayments	7,729	(5,511)
(Increase) decrease in inventory	6,594	972
(Decrease) increase in trade and other payables	(1,056)	15,166
Decrease (increase) of net assets of discountinued operations (note 29)	(5,943)	3,065
	15,641	**8,945**
Interest paid, net	(2,098)	(10,138)
Net cash flows from /(to) operating activities	**13,543**	**(1,193)**
Cash flows from /(to) investing activities		
Acquisition of subsidiaries, net of cash (note 23)	-	(79,776)
Disposal of subsidiaries, net of cash (note 23)	(910)	-
Purchase of non-current tangible assets (note 5)	(3,366)	(27,492)
Purchase of non-current intangible assets (note 6)	(15)	(137)
Proceeds from sales of non-current assets	1,036	192
Grants related to investments (note 15)	691	3,829
Other loans granted (repaid)	356	(317)
Net cash flows from/(to) investment activities	**(2,208)**	**(103,701)**
Cash flows from /(to) financing activities		
Contribution to share capital in cash (note 14)	-	28,273
Disposal (acquisition) of available for sale investments	-	(125)
Proceeds from bank and other borrowings	3,112	57,507,
Amounts paid to banks	(7,806)	-
Other borrowings paid	(3,925)	21,741
Increase (repayments) of obligations under finance lease	(2,002)	(3,912)
Net cash flows from/(to) financing activities	**(10,621)**	**103,484**
Net (decrease) / increase in cash and cash equivalents	**714**	**(1,410)**
Cash and cash equivalents at the beginning of the period	**3,011**	**4,421**
Cash and cash equivalents at the end of the period	**3,725**	**3,011**

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

These consolidated financial statements were approved and signed on 15 September 2010.

Algirdas Pereckas	Domantas Savičius
General Director	Chief Finance Officer

1. General information

Agrowill Group AB (hereinafter – „the Company") was founded and started its operations on 25 June 2003. The Company's head office is located in Smolensko st. 10, Vilnius, Lithuania. The Company's main activity is management of agricultural companies.

In 2003 the Company's legal name Galuvė UAB was changed to Agrovaldymo grupė UAB. In February 2006, limited liability company Agrovaldymo grupė was reorganized to a public company Agrovaldymo grupė AB. In December 2007 the Company's name was changed to Agrowill Group AB.

The main shareholders (over 5 per cent) of the Company were:

		31 December 2009		31 December 2008	
Entity / person	Company address	Number of shares	% owned	Number of shares	% owned
ŽIA valda UAB	Smolensko st. 10, Vilnius, Lithuania	7,939,836	30.37	7,939,836	30.37
Linas Strėlis	-	4,841,942	18.52	4,841,942	18.52
Invalda AB	Konstitucijos ave. 23, Vilnius, Lithuania	2,580,325	9.87	2,580,325	9.87
SEB AB clients	Sergels torg 2, 10640 Stokholm, Sweden	2,259,047	8.64	2,182,497	8.35
Swedbank clients	Liivalaia 8, 15040 Tallinn, Estonia	148,846	0.58	1,800,743	6.89
Other minor shareholders		8,372,736	32.02	6,797,389	26.00
Total		**26,142,732**	**100.00**	**26,142,732**	**100.00**

The Company's shareholders' meeting has the power to amend the financial statements after issue. Starting since 1st of April 2008 the Company was listed on Vilnius Stock Exchange Main list, since 30 April 2009, the Company was moved to the Secondary list of NASDAQ OMX Vilnius Stock Exchange. The fiscal year of the Company and its subsidiaries corresponds with calendar year.

The consolidated Group (hereinafter the Group) consists of the Company and fourty-five subsidiaries (2008.12.31: fourty-five subsidiaries). The subsidiaries included in the Group's consolidated financial statements are indicated below:

		Group ownership interest, %		
Subsidiary	Country	31 December 2009	31 December 2008	Profile
AVG Investment UAB	Lithuania	100.00%	100.00%	The subsidiary specializes in acquisitions of agricultural companies
AWG Investment 1 BUAB	Lithuania	100.00%	100.00%	The subsidiary specializes in acquisitions of agricultural companies
AWG Investment 2 UAB	Lithuania	100.00%	100.00%	The subsidiary specializes in acquisitions of agricultural companies
AWG Investment 3 UAB	Lithuania	100.00%	100.00%	The subsidiary specializes in acquisitions of agricultural companies
Baltic Farming Land Management UAB	Lithuania	100.00%	100.00%	The subsidiary specializes in acquisitions of agricultural companies
Žemės fondas ŽŪB	Lithuania	100.00%	-	The subsidiary specializes in rent of land
Agrowill Eesti OU	Estonia	-	100.00%	The subsidiary specializes in acquisitions of agricultural companies
ZAO „Agroprom"	Russia	75.00%	75.00%	Management of subsidiaries
„Agrowill group" S.R.L.	Moldova	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 1 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 2 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 3 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 4 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 5 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 6 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 7 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 8 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land

Subsidiary	Country	Group ownership interest, % 31 December 2009	31 December 2008	Profile
Žemės vystymo fondas 9 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 10 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 11 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 12 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 14 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 15 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 16 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 17 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 18 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 19 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 20 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 21 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 22 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Agricultural company „Agrowill Spindulys"	Lithuania	99.96%	99.96%	Agricultural operations
Agricultural company „Agrowill Smilgiai"	Lithuania	99.95%	99.95%	Agricultural operations
Agricultural company „Agrowill Skėmiai"	Lithuania	99.87%	99.87%	Agricultural operations
Agricultural company „Agrowill Nausodė"	Lithuania	99.81%	99.81%	Agricultural operations
Agricultural company „Agrowill Dumšiškės"	Lithuania	99.36%	99.36%	Agricultural operations
Agricultural company „Agrowill Žadžiūnai"	Lithuania	99.02%	99.02%	Agricultural operations
Agricultural company „Agrowill Mantviliškis"	Lithuania	98.79%	98.79%	Agricultural operations
Agricultural company "Agrowill Alanta"	Lithuania	98.56%	98.56%	Agricultural operations
Agricultural company „Agrowill Eimučiai"	Lithuania	98.41%	98.41%	Agricultural operations
Agricultural company „Agrowill Vėriškės"	Lithuania	98.41%	98.41%	Agricultural operations
UAB „Grūduva"	Lithuania	97.28%	97.28%	Agricultural operations
Agricultural company „Agrowill Želsvelė"	Lithuania	97.17%	97.17%	Agricultural operations
OU „Polva agro"	Estonia	-	96.45%	Agricultural operations
Agricultural company „Agrowill Lankesa"	Lithuania	95.93%	95.93%	Agricultural operations
Agricultural company „Agrowill Kairėnai"	Lithuania	94.82%	94.82%	Agricultural operations
Agricultural company "Agrowill Jurbarkai"	Lithuania	87.78%	87.78%	Agricultural operations

As of 31 December 2009 the Group had 438 employees, 2008 – 916 employees.

As at 31 December 2009, the shares of subsidiary company Grūduva UAB were pledged to a major creditor Litagros Prekyba UAB. According to the share pledge agreement and various state court decisions, the shareholders of Grūduva UAB (the Group) are not allowed to conduct shareholder meetings regarding dividend payouts and loan payments to the Group.

Additionally, all remaining agricultural entities of the Group are undergoing Restructuring, during which the companies can not pay dividends until they have settled all the debts.

2. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying financial statements are prepared on going concern basis. The worldwide liquidity crisis which started in 2008, resulted in decrease of capital markets and banking sector financing capabilities and increases in financing costs of borrowing in certain currencies. The magnitude of the financial crisis and it's effect on the world and local economies was huge and up to the date, the global economies struggle to find possible opportunities and terms of recovery. In managements opinion, the crisis influenced the Group's operation, as due to decreased financial capabilities in the end of 2008 the Group experienced liquidity problems.

Historically, the main source of Group's financing (for acquisitions and operational needs) was generated by borrowed funds. In the beginning of 2008, the Group issued a new share capital issue and attracted around LTL 28.3 million of cash into the Group. In the same year, the Group issued several bond issues and attracted additional LTL 28 million of cash. All the proceeds were used for expansion of the Group – two major subsidiaries were acquired: Polva Agro OU in Estonia and Grūduva UAB in Lithuania; number of investment projects were started (manure storage pits, cow farm reconstructions, acquisitions for modern agricultural equipment and machinery). After the abovementioned financial markets collapse took place, the Group had to abandon several investment projects, as bridge-type borrowings in the form of short-term bonds were used while the Group negotiated the Bank loans. The Banks closed all the financing, in turn the Group finished one of the acquisitions from own cash flows, which in several months (in the end of 2008) resulted in significant liquidity problems.

The major part of Groups assets are the investment property, owned land, buildings, equipment and cattle herds – long term assets, payback of which is longer than 1-2 year term, while Group's current financial liabilities are larger than current receivables. Due to severely limited additional financing opportunities, the shareholders and management of the Group in June 2009 undertook a decision to initiate restructuring process for most of the Group's entities – for Parent company and 14 agricultural entities. The restructuring process is a mean for companies facing liquidity problems to operate under normal circumstances and to try and earn the funds needed to repay the accumulated amounts due. The decisions to initiate the restructuring processes were approved by more than 50% of creditors in each of the companies.

The Group's management believes that taken approach (of agreeing on Restructurization processes with main creditors of the Group) is the right approach for guiding the Group out of liquidity problems.

The Restructuring process is regulated by the Law of Republic of Lithuania on Restructuring. According to the law, the whole process has following steps (in order of occurrence):

a) Approval of Restructuring by shareholders of a company;
b) Initial main creditors meeting , 50% of the aggregate amount of total creditors have to approve the claim to court to start Restructuring;
c) Claim to Court to start Restruturing procedures;
d) The Court approves initiation of Restructuring case;
e) Court decision becomes effective;
f) The Company together with administrator prepares Restructuring Plan. Term for preparation 4 months after Court decision becomes effective ;
g) The Plan is prepared and discussed with main creditors;
h) Creditors meeting for approval of Restructuring Plan is convened;
i) Creditors meeting (creditors with at least 75% of all the proven aggregate amount of claims must vote in favor) approve the Restructuring Plan, authorize companies manager to file documents with Court;
j) The Court approves the Restructuring Plan;
k) The Restructuring process starts, company has the term established in Restructuring Plan (usually 4 years) to earn funds and repay the creditors.

All of the processes can and are taking longer if there are any creditors unhappy with certain taken decisions, as they have legal right to go to Court. In some cases, the time period between shareholders approval of process and approval of Restructuring Plan by the Court could take more than 1 year time.

Since the date when the Restructuring is approved (d), all the overdue liabilities on that day are subject to the Restructuring – this effectively means, that the company can not pay those liabilities, while the creditors can not demand the repayment earlier than it will be according to the Restructuring plan. Such process enables the company to focus on the main activities, generate revenues and profits and earn the amount needed to repay the restructured amounts. Usual term in practice is 4 years with an option (binding creditors approval) to prolong it for 1 year.

2.1 Basis of preparation (continued)

Group companies are in following phases of Restructuring process:

Group entity	Current phase	Phase as at 31 Dec 2009
Agrowill Group AB	Phase (f);	Phase (c);
Agrowill Zelsvele ŽŪB	Phase (d);	Phase (d);
Agrowill Jurbarkai ŽŪB	Phase (d);	Phase (d);
Agrowill Dumšiškės ŽŪB	Phase (d);	Phase (d);
Agrowill Spindulys ŽŪB	Phase (j);	Phase (e);
Agrowill Eimučiai ŽŪB	Phase (d);	Phase (e);
Agrowill Žadžiūnai ŽŪB	Phase (c);	Phase (e);
Agrowill Smilgiai ŽŪB	Phase (f);	Phase (e);
Agrowill Kairėnai ŽŪB	Phase (k);	Phase (e);
Agrowill Vėriškės ŽŪB	Phase (i);	Phase (e);
Agrowill Skėmiai ŽŪB	Phase (e);	Phase (e);
Agrowill Mantviliškis ŽŪB	Phase (d);	Phase (d);
Agrowill Lankesa ŽŪB	Phase (f);	Phase (e);
Agrowill Nausodė ŽŪB	Phase (c);	Phase (e);
Agrowill Alanta ŽŪB	Phase (d);	Phase (e).

The are no other Group entities engaged in Restructuring processes. The Management believes that significant majority of Group entities will have their Restructuring Plans approved by the Courts by the end of 2010.

Although some of the loans had their covenants breached as at 31 December 2008 and 2009, no loan terminations were initiated by the banks, as they are in favor of management's taken approach, i.e. initiation of restructuring processes.

In addition to started Restructuring processes and increased production efficiency, the Group's management takes active steps in order to attract new investors into the Group. On 20 July 2010 Agrowill Group AB and the company Finance Risk Management UAB which belongs to Invalda group (before known as Finasta rizikų valdymas UAB), signed a Peace Agreement on the increase of Companie's share capital. After finishing the procedures of share capital increase, the share capital of Agrowill Group AB will increase by LTL 1.5 million (27.7 million ordinary shares), and the new shares will belong to Invalda group. By this agreement, the Group's total liabilities decreased by LTL 9 million, as the amount received for shares in 2008 was classified as liability in Financial Statements for the year 31 December 2009.

On 23rd of August 2010, the Group's shareholders approved the new share capital issue of 37,572,650 million shares, which were all acquired by three investors: Hermis Capital UAB, Volemer Holdings Limited, and Vretola Holdings Limited. The shares hold nominal value of LTL 1 each and all were paid up by offseting the Group's payables to the above mentioned companies. The increase in share capital was registered on 24 August 2010.

After these changes, the Group's liabilities will decrease to around LTL 150 million by the end of year 2010, and increase the equity up to around LTL 110 million, which will make the Group more healthier and, in management opinion, will allow the Group to continue as a going concern.

The Group is also taking steps to improve it's operating results and profitability. Over the course of last year, the Group decreased personnel numbers without taking significant cuts in operational activity, couple of market experts were hired to implement best market practices in milk segment as well as crop growing segment. The Group performed land examinations in all farms, determined the precise composition of soil structure and all seeding and fertilizing plans are made accordingly. The target of the Group has been set to achieve at least LTL 500 gross profit from 1 ha cultivated. In milk production segment, the focus is on producing high quality milk, which enables the farmers and companies in Lithuania to receive additional bonuses to milk price, as well as increase the productivity of current herd up to EU levels. Increased attention is being paid to own feed preparation as in this area alone, the Group expects to save up at least 5% of total milk cost of sales, as production of good quality corn silage and haylage will lead to lesser amounts of combined feed needed for cows to produce the same amount of milk. The preliminary results of the Group for 6 months ended 30 June 2010 show, that the Group is on the right way with further improvements in efficiency of production activities, and, in turn, the financial results of the Group are within reach.

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union (EU). The consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of property, plant and equipment, investment property and biological assets (livestock and crops).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

In 2009 the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2009:

2.1 Basis of preparation (continued)

a) Standards, amendments and interpretations effective from 1 January 2009:

- ***IFRIC 11, IFRS 2 - Group and Treasury Share Transactions*** (IFRIC 11 as adopted by the EU is effective for annual periods beginning on or after 1 March 2008). The interpretation contains guidelines on the following issues: an entity grants its employees rights to its equity instruments that may or must be repurchased from a third party in order to settle obligations towards the employees; or an entity or its owner grants the entity's employees rights to the entity's equity instruments. Adoption of the interpretation did not have any significant impact on the Group's financial statements.
- ***IFRIC 14, IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*** (IFRIC 14 as adopted by the EU is effective for annual periods beginning on or after 31 December 2008). The interpretation contains guidance on when refunds or reductions in future contributions may be regarded as available for the purposes of the asset ceiling test in IAS 19, *Employee Benefits*. The interpretation did not have any effect on the Group's financial statements.
- ***IFRS 8, Operating Segments*** (effective for annual periods beginning on or after 1 January 2009). The standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments, with segment information presented on a similar basis to that used for internal reporting purposes. The adoption of IFRS 8 has resulted in a decrease in the number of reportable segments, as each segment reported previously (stock-breading, crop-growing and land rent) was split across the Parent company and subsidiaries making up the Group.
- ***IAS 23, Borrowing Costs, revised in March 2007*** (effective for annual periods beginning on or after 1 January 2009). The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that is not carried at fair value and that take a substantial period of time to get ready for use or sale. Such borrowing costs form part of the cost of that asset, if the commencement date for capitalisation is on or after 1 January 2009. The revision does not have any impact on the Group's activities as main classes of eligible assets (namely, property, plans and equipment, as well as investment property) are carried at revalued amounts.
- ***IAS 1, Presentation of Financial Statements, revised in September 2007*** (effective for annual periods beginning on or after 1 January 2009). The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which includes all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities are allowed to present two statements: a separate income statement and a statement of comprehensive income. The Group has elected to present a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The revised IAS 1 had an impact on the presentation of the Group's financial statements but had no impact on the recognition or measurement of specific transactions and balances.
- ***Improvements to International Financial Reporting Standards, issued in May 2008*** (effective for annual periods beginning on or after 1 January 2009). The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary (effective for annual periods beginning on or after 1 July 2009); possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The amendments did not have an impact on the Group.
- ***Puttable Financial Instruments and Obligations Arising on Liquidation—IAS 32 and IAS 1 Amendment*** (effective for annual periods beginning on or after 1 January 2009). The amendment requires classification as equity of some financial instruments that meet the definition of financial liabilities. The amendment did not have an impact on these financial statements.
- ***Vesting Conditions and Cancellations—Amendment to IFRS 2*** (effective for annual periods beginning on or after 1 January 2009). The amendment clarified that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment did not have an impact on these financial statements.
- ***IFRIC 13, Customer Loyalty Programmes*** (effective for annual periods beginning on or after 1 July 2008, IFRIC 13 as adopted by the EU is effective for annual periods beginning after 31 December 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The amendment did not have an impact on these financial statements.

2.1 Basis of preparation (continued)

- ***Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate—IFRS 1 and IAS 27 Amendment*** (effective for annual periods beginning on or after 1 January 2009). The amendment allows first-time adopters of IFRS to measure investments in subsidiaries, jointly controlled entities or associates at fair value or at previous GAAP carrying value as deemed cost in the separate financial statements. The amendment also requires distributions from pre-acquisition net assets of investees to be recognised in profit or loss for the year rather than as a recovery of the investment. The amendment did not have an impact on these financial statements.
- ***Improving Disclosures about Financial Instruments - Amendment to IFRS 7, issued in March 2009*** (effective for annual periods beginning on or after 1 January 2009). The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity is required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The enhanced disclosures are included in these financial statements.

b) Standards, amendments and interpretations that are issued, but not yet effective and have not been early adopted by the Group:

At the date of authorization of these financial statements, the following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them. None of them (with the exception of changes to IAS 27, see below) are expected to have an impact on the Group's financial statements:

- ***IFRIC 12, Service Concession Arrangements*** (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009).
- ***IFRIC 15, Agreements for the Construction of Real Estate*** (IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009).
- ***Embedded Derivatives - Amendments to IFRIC 9 and IAS 39, issued in March 2009*** (amendments to IFRIC 9 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009).
- ***IFRIC 16, Hedges of a Net Investment in a Foreign Operation*** (IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009).
- ***IFRIC 17, Distributions of Non-Cash Assets to Owners*** (IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009).
- ***IFRIC 18, Transfers of Assets from Customers*** (IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009).
- ***IAS 27, Consolidated and Separate Financial Statements, revised in January 2008*** (effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group is currently assessing the impact of the amended standard on its financial statements.
- ***Classification of Rights Issues - Amendment to IAS 32, issued in October 2009*** (effective for annual periods beginning on or after 1 February 2010).
- ***IFRS 3, Business Combinations, revised in January 2008*** (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).
- ***Amendment to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (and consequential amendments to IFRS 1)*** (effective for annual periods beginning on or after 1 July 2009).
- ***Eligible Hedged Items—Amendment to IAS 39*** (effective with retrospective application for annual periods beginning on or after 1 July 2009).
- ***IFRS 1, First-time Adoption of International Financial Reporting Standards, revised in December 2008*** (restructured IFRS 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009).
- ***Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2*** (effective for annual periods beginning on or after 1 January 2010).
- ***Additional Exemptions for First-time Adopters - Amendments to IFRS 1*** (effective for annual periods beginning on or after 1 January 2010).
- ***Improvements to International Financial Reporting Standards, issued in April 2009*** (the amendments as adopted by the EU are effective for annual periods starting after 31 December 2009).
- ***Amendment to IAS 24, Related Party Disclosures, issued in November 2009*** (effective for annual periods beginning on or after 1 January 2011).
- ***IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments*** (effective for annual periods beginning on or after 1 July 2010).
- ***Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14*** (effective for annual periods beginning on or after 1 January 2011).
- ***Limited exemption from comparative IFRS 7 disclosures for first-time adopters - Amendment to IFRS 1*** (effective for annual periods beginning on or after 1 July 2010).

2.2 Reclassifications and prior year restatements

In 2009, the Group corrected certain errors as well as completed purchase price allocation of Grūduva UAB acquisition. All such adjustments (as presented below) were accounted for retrospectively. Management believes that reclassifications and restatements provide reliable and more relevant information. The effects of restatement on 2008 financial statements is summarized below:

	Notation	2008 previously reported	Adjustments related to 2007 1	2	3	Adjustments related to 2008 4	5	6	2	7	8	2008 currently reported
ASSETS												
Property, plant and equipment	DR	150,700	-	-	-	3,000	-	-	-	-	-	153,700
Investment property	DR	85,344	-	-	-	(3,000)	20	-	-	-	-	82,364
Intangible assets	DR	31,061	(516)	-	-	-	-	1,818	-	-	-	32,363
LIABILITIES												
Deferred tax liability	CR	17,124	-	-	-	-	-	1,980	-	-	-	19,104
Non-current borrowings	CR	122,526	-	-	-	-	-	-	-	-	(65,641)	56,885
Current portion of non-current borrowings	CR	17,903	-	-	-	-	-	-	-	-	56,862	74,765
Current borrowings	CR	36,666	-	-	-	-	-	-	-	-	8,779	45,445
Other liabilities	CR	17,916	-	-	-	-	20	-	-	-	-	17,936
EQUITY												
Revaluation reserve	CR	27,993	(6,324)	-	422	2,518		-	-	-	-	24,609
Retained earnings – subsequent to 2008	*CR*	*31,558*	*5,808*	*1,830*	-	-	-	-	-	-	-	*39,196*
Retained earnings - 2008 net result	*CR*	*(12,653)*	-	*(1,830)*	-	*(2,518)*	-	*(109)*	*757*	-	-	*(16,353)*
Retained earnings - total	CR	18,905	5,808	-	-	(2,518)	-	(109)	-	-	-	22,086
Minority interest	CR	3,578	-	-	(422)	-	-	(52)	-	-	-	3,104
INCOME STATEMENT												
Cost of sales	DR	47,807	-	1,830	-	-	-	-	(757)	-	-	48,880
Investment property fair value change gain	CR	18,927	-	-	-	(3,000)	-	-	-	-	-	15,927
Operating expenses	DR	21,096	-	-	-	-	-	-	-	391	-	21,487
Financial expenses	DR	14,488	-	-	-	-	-	-	-	(341)	-	14,147
Release of negative Goodwill to income	CR	31	-	-	-	-	-	(31)	-	-	-	-
Other income (expenses)	CR	(50)	-	-	-	-	-	-	-	50	-	-
Income tax expense	DR	5,725	-	-	-	(482)	-	78	-	-	-	5,321

Notation: DR and CR abbreviations stand for Debit and Credit, respectively, for financial statements line items (as they are presented in the balance sheet and income statement).

1) In March 2007 the Group acquired several subsidiaries, for which the purchase method as defined by IFRS 3 Business combinations was applied incorrectly. Performing the purchase price allocation, the Group did not measure the land acquired at fair value, as required by IFRS 3 Business combinations, and instead of this increased the fair value of the acquired land following the Group's accounting policy to carry property, plant and equipment at revalued amounts and investment property at fair value as at 31 December 2007. Therefore, the goodwill in the consolidated balance sheet as at 31 December 2007 and 2008 should was decreased by LTL 516 thousand, revaluation reserve, net of deferred tax, decreased by LTL 6,324 thousand and the net result for the year ended 31 December 2007 was increased by LTL 5,808 thousand.

2) In 2008, the Group identified misstatements in calculation of depreciation of PPE during 2007, due to which depreciation expenses in 2007 were overstated by LTL 1,830 thousand. The error was previously corrected by crediting Income Statement in 2008. Similarly, same type of error was made in 2008 with the amount of LTL 757 thousand being directly credited to equity as of 31 December 2008. The Group corrected the mistakes appropriately in 2008 by increasing the shareholders equity in 2007 by LTL 1,830 thousand and accounting for LTL 757 thousand depreciation decrease in Income statement in 2008 (net effect of LTL 1,073 thousand was made).

3) Minority reserve decreased due to reclassification of previously incorrectly accounted adjustment to the revaluation reserve.

2.2 Reclassifications and prior year restatements (continued)

4) As at 31 December 2008 the Group's investment property and property, plant and equipment was revalued to their fair values. However, the fair value increase was incorrectly allocated between the investment property and property, plant and equipment (land). The Group corrected the allocation by reducing Investment property by LTL 3,000 thousand, increasing property, plant and equipment by LTL 3,000 thousand. Revaluation reserve, net of deferred tax, increased by LTL 2,518 thousand and the net result for the year ended 31 December 2008 was reduced by LTL 2,518 thousand.

5) Minor adjustment of previously unnacounted acquisition of land plot.

6) In 2008, the Group acquired subsidiary company Grūduva UAB, and the fair value of subsidiary at the point of acquistion was measured privisionally. The Group performed the completion of Purchase price allocation by reducing the fair value of subsidiary acquired (deferred tax liability was formed) and in turn the business combination resulted in goodwill rather than negative goodwill, so the appropriate adjustments were performed. The deferred tax liability was formed in the acquired company, as the corporate tax rate was adjusted by the State.

7) The change in operating expenses occurred due to fact, that Group previously classified fines and late payment expenses as financial expenses, as well as minor classification of LTL 50 thousand with other activities.

8) As at 31 December 2008 the Group was not in compliance with certain debt financial covenants which permitted the lender to demand immediate repayment of borrowings totaling LTL 56,862 thousand. The management made the corresponding correction in restated 2008 financial statements. Additionally, classification of other financial liabilities with a value of LTL 8,779 thousand was made from non-current to current borrowings.

Additionally, the Earnings per share (note 26) was changed due to all of the above corrections and adjustments being made:

	2008 previously reported	**2008 restated**
Net profit attributable to equity holders of the Company	(12,653)	(16,062)
Weighted average number of shares	26,142,732	24,607,049
Earnings per share (LTL)	**(0.48)**	**(0.65)**

No other notes, except Notes 5, 6, 7, 14, 16, 18, 20, 22, 23 and 25 were impacted by the restatements described above.

2.3 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Transactions with minority

The Group applies a policy of treating trancastions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the income statement. Purchases from minority interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in in Lithuanian Litas (LTL), which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash equivalents are presented in the Income statement within 'other income'. All other foreign exchange gains and losses are presented in the income statement within 'other income'.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) Income and expenses for each income statement transactions are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the rate on the dates of the transactions);
c) All exchange differences are recognised in other comprehensive income as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Property, plant and equipment

Property, plant and equipment are assets that are owned and controlled by the Group, which are expected to generate economic benefits in the future periods and with the useful life exceeding one year.

Land and buildings comprise mainly of agricultural land, cow farms, machinery yards and grain storage buildings. Constructions and machinery comprise of agricultural equipment and milking farm equipment. All the property, plant and equipment, except for construction in progress and those buildings and structures where no legal title was obtained by the Group, are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revaluated amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement in the period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from 'revaluation reserve' to 'retained earnings'.

Land is not depreciated. Depreciation of other assets, except construction in progress, is calculated using the straight-line method to allocate their cost or revaluated amounts to their residual values over their estimated useful lives as follows:

Buildings	20 – 50	years
Constructions and machinery	5 – 20	Years
Vehicles, equipments and other assets	1 – 10	years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Property, plant and equipment (continued)

Construction-in-progress represents property, plant and equipment under construction. Such assets are carried at acquisition cost, less any recognized impairment losses. Cost includes design, construction works, plant and equipment being mounted and other directly attributable costs.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenses' in the income statement. When revalued assets are sold, the amounts included in revalution reserve are transferred to retained earnings.

2.7 Investment property

Investment property, principally comprising of agricultural land plots, is held mostly for long-term rental yields (small amount of land is held for capital appreciation) and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the group uses alternative valuation methods such as recent prices on less active markets. Changes in fair values are recorded in the income statement as part of other operating activities. The classification between property, plant and equipment and investment property is performed based on each plot of land.

2.8 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets

Intangible assets expected to provide economic benefit to the Group in future periods have finite useful life and are valued at acquisition cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method to allocate the cost of intangible asset over estimated benefit period as follows:

Software	2 – 3 years
Other intangible assets	5 years

Separately acquired licences are shown at historical cost less accumulated amortization. Licences acquired in a business combination are recognised at fair value at the acquisition date.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Directly attributable cost that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The gain or loss arising on the disposal of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and intangible assets not yet available for use are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at its fair value less estimated cost to sell, except for the case where the fair value cannot be measured reliably on initial recognition. Agricultural produce harvested from the Group's biological assets is measured at its fair value less estimated cost to sell at the point of harvest and subsequently recorded as inventories.

If an active market exists for a biological asset or agricultural produce, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date, is used in determining fair value. Cost is used as an approximation of fair value when little biological transformation has taken place since initial cost incurrence, e.g. within short time after seeding the crop.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated cost to sell and from a change in fair value less estimated cost to sell of a biological asset shall be included in profit or loss for the period in which it arises as "Gain (loss) arising from changes in fair value of biological assets".

The Group's biological assets consist of livestock and crops.

Livestock is measured at fair value less estimated point-of-sale costs. Fair value is determined using current market value of livestock groups or market values of similar groups of livestock by age, breed and adjusting them adequately, if necessary.

Crops are measured at their fair value less estimated cost to sell. At initial recognition the crops are measured at the cost as the market-determined values are not available for such biological assets. The crops are measured at fair value once the fair value becomes reliably measurable. Usually the fair value of a crop can be reliably measured only at the point of harvest. This does not create a significant limitation in valuation of crop balances at year-end, as the main increase in fair value is attributable to the same accounting period when the crop is harvested.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets into the following measurement categories: at fair value through profit or loss, available-for-sale, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During the current period the Group did not hold any investments in available-for-sale and at fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the balance sheet.

2.11.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method. Held to maturity investments are carried at amortised costs using the effective interest method, net of a provision for incurred impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.13.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by FIFO method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group from the tax authorities), transport, handling and other costs directly attributable to the acquisition of inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses. All inventories held by the Group attribute to the materials category.

2.13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the statement of comprehensive income.

2.14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess 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.

2.16 Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Grants related to assets

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Grants related to income

Grants related to income are received as a reimbursement for the expenses already incurred and as a compensation for unearned revenue, and also all other grants than those related to assets. Grants are recognized when they are received or there is a reasonable assurance that they will be received. Grants received as a compensation for unearned revenue are recognized as income over the periods necessary to match them with the related unearned revenue to compensate.

Grants related to biological assets

Unconditional grants related to biological assets measured at its fair value less estimated point-of-sale cost are recognized as income when government grant became receivable. Conditional grants related to biological assets measured at its fair value less estimated point-of-sale costs are recognized as income when the conditions attching to the government grant are met.

2.17 Trade payables

Trade payable are obligations to pay for goods or services that have been acquired in ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 month after the balance sheet date.

Issued bonds are classified as financial liabilities, which are repurchased in one amount or in instalments under a certain repayment schedule. Issued bonds are recognized initially at fair value, being their issue proceeds net of transaction cost incurred. They are measured at amortized cost using the effective interest rate method.

2.19 Accouting for leases where the Group is the lessee

Finance lease

Where the Group is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Group is classified as finance lease. The assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest cost is charged to the income statement over the lease period using the effective interest method. The assets acquired under finance leases are depreciated over their useful life or the shorter lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term. If sale and leaseback transaction results in a finance lease, any excess or shortfall of sales proceeds over the carrying amount is not recognised immediately and is deferred and amortised over the lease term.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.20 Accouting for leases where the Group is the lessor

Operating lease

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Group presents assets subject to operating leases in the balance sheets according to the nature of the asset. Lease income from operating leases is recognized in the income statement on a straight-line basis over the lease term as revenues.

The depreciation policy for leased assets is consistent with the Group's depreciation policy for similar assets, and depreciation is calculated in accordance with the accounting policies, used for the property, pland and equipment.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income, or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Profit for 2009 is taxable at a rate of 20% (2008: 15%) in accordance with Lithuanian regulatory legislation on taxation. Lithuanian Parliament at 28 December of 2009 appointed new profit tax rates from 1 January 2010 at 15%. Following this, the Group calculated its deferred tax liability as of 31 December 2009 using 15% rate.

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 exceed 50% of the total sales of the legal entities producing agricultural products and specialised service companies, these entities were not subject to income tax till 1 January 2009. Such entities include all the agricultural subsidiaries of Agrowill Group AB. For 2010, the applicable tax rate is 10%, while in following years the tax rate will be equal to general income tax rate applied in the Republic of Lithuania.

2.21 Current and deferred income tax (continued)

Income tax expense is calculated and accrued for in the financial statements on the basis of information available at the moment of the preparation of the financial statements, and estimates of income tax performed by the management in accordance with Lithuanian regulatory legislation on taxation. Deferred income tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised.

According to Lithuanian legislation, tax losses accumulated as of 31 December 2009 are carried forward indefinitely.

Deferred tax assets and liabilities are offset only where International Accounting Standard No. 12 allows this treatment.

The main temporary differences arise due to revaluation of investment property and revaluation of property plant and equipment.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's acitivities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods

The Group manufactures and sells a range of agricultural commodities in an open market. Sales of goods are recognized when the Group entity has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, either the customer has accepted the products in accordance with the sales contract.

Sales of services

Revenue from services is recognised on performance of the services. Payments received under operating leases are credited to the income statement on a straight-line basis over the period of the lease.

Interest income

Interest income is recognized on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. Received interest is recorded in the cash flow statement as cash flows from investing activities.

2.23 Employee benefits

Social security contributions

The Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Bonus plans

The the Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.24 Segment information

Management has determined the operating segments based on the reports reviewed by Director of production and finance department that are used to make strategic decisions.

The main business segments defined by the Group are stock-breeding, crop growing, trading, and other sales and services.

The Management of the Group assesses the performance of each individual agricultural and land management company. Those individual companies are analysed based on a measure of gross profit of different sub-segments: milk production and cattle sale in stock-breeding, different crops such as wheat, rapeseed, barley in the crop-growing segment, as well as trading and land rent activities.

Expenses of the Group's structural units, which may be directly allocated to a specific segment, are allocated to this segment. Expenses of the structural units of the Group, which take part in more than one segment, are allocated pro rata to the established distribution of expenses.

All Group's revenues are generated in Lithuania (both in 2008 and in 2009). As of 31 December 2009, all Group's non-current assets are located in Lithuania. As of 31 December 2008 non-current assets of LTL 15,534 thousand were located in Estonia, the rest were located in Lithuania.

2.25 Related parties

Related parties are defined as shareholders, members of the management board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

2.26 Subsequent events

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

3. Financial risk management

3.1 Financial risk factors

The Group's and the Company's activities expose it to financial risks: market risk (including foreign Exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Group. The Group does not use derivative financial instruments to hedge certain risk exposures.

The Board of Directors is responsible for the risk management policies and procedures.

Market risk

(i) Foreign exchange risk

The Group has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency. In order to manage foreign currency risk the Group borrows only in LTL of EUR. Group's purchase / sale contracts are also concluded in LTL and EUR. Borrowings by currencies are provided in Note 16.

The Group companies do not have significant foreign currency concentration, thus no financial instruments were used in order to hedge against foreign currency risks. The Group operates in Lithuania and Estonia and accordingly has two functional currencies that all are pegged with EUR, therefore the Group is not exposed to any significant foreign exchange risk.

(ii) Securities price risk

The Group is not exposed to significant equity securities price risk because it has no material investments in securities or other similar financial instruments. The subsidiaries are owned and controlled directly. The Group influences the results of subsidiaries by directly participating in management of the subsidiaries.

(iii) Agricultural market risk

The Group is exposed to several types of agricultural market risks:

Weather conditions
Weather conditions are one of the most important risks involved in agricultural activities. Poor or unfavorable meteorological conditions can have substantial impact upon yields by negatively affecting harvests and fodder preparation, destroying crop areas etc. In extreme cases, poor weather limits the ability to harvest the fields at all.

The Group management each year decides whether to insure the crops or not. In prior years the insurance conditions were not favorable and it was not useful to insure, as less possible compensations for damages received would be less than the insurance expenses incurred. In 2010, the only crop insurance company operating in Lithuania changed it's policies and conditions of insurance, which the management will evaluate and decide in late 2010 whether to insure particular crops.

Prices for agricultural products
The group's income and operating results depend on such factors beyond the Group's control as prices for agricultural comodities. These prices are largely influenced by different and hardly predictable factors beyond the Group's control (weather conditions, state agricultural policy, changes in global demand caused by demographic changes, changes in living conditions, competing products in other countries).

Usually the Group agrees for crop delivery contracts in spring of each year. The management controls this risk by fixing the price of it's crop production (in certain bulk amounts) over the period of time starting May of each year. The management sets internal lowest acceptable crop price level, after reaching which it starts making the crop price fixing contracts.

Animal diseases
Animals can be infected with different viral infections including foot and mouth disease, bovine spongiform encephalopathy etc. Even though the Group complies with the highest sanitary standards in order to prevent diseases, there is no guarantee that the Group's cattle will not be infected for reasons beyond the control of the group. Although the majority of Group's cattle are insured, an outbreak of a cattle infection can result in high additional expenses and losses.

State policy and regulation in the agricultural sector and related areas can have a negative effect upon the Group's operations and profitability
Agriculture, agricultural produce and products placement on the market are strongly affected by state policies and EU regulation. Regulation of agricultural activities manifests itself through the regulation of taxes, tariffs, quotas, subsidies, import and export legislation etc. Any change in this area can exert significant influence over the profitability of agricultural activities, determination of the choice of crops, increase or reduce the volumes of production, import and export of agricultural products. In addition, any international trade disputes can affect the trade flows, restricting trade among countries or regions. Future policies in this area can have a negative impact upon prices for the agricultural products offered by the group and upon the group's opportunities for operating in the market.

The Group's management discusses the possible changes in policies with Ministry of Agriculture and other official institutions, giving suggestions and comments on State agricultural policies.

3.1 Financial risk factors (continued)

(iv) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates do not expose the Group to cash flow or fair value interest rate risk, because all borrowings are carried at amortised cost.

The Group's borrowings include loans with floating interest rate, which is related to EURIBOR and VILIBOR. Absolute majority of bank borrowings and finance lease liabilities are repriced each 6 months. Other borrowings are repriced each 12 months.

As at 31 December 2009 the Group's bonds had a fixed rate of 12% to 14% (2008: 12% to 14%). Trade and other receivables and payables are interest-free and have settlement dates within one year.

The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift.

Total Group borrowings at variable rates amount to LTL 101 million (2008: LTL 143 million), LTL 10 million (2008: LTL 12 million) of which is denominated in LTL, while the remaining LTL 91 million (2008: LTL 131 million) borrowings are denominated in EUR. If floating rate interest (influenced by EURIBOR or VILIBOR) changed by 1 percentage point, the annual effect on the Group would amount to LTL 1,001 thousand before taxes (2008: LTL 1,430 thousand).

Credit risk

Credit risk is managed on a Group basis. Senior management is responsible for credit risk management. Credit risk arises from cash, cash equivalents, and short-term deposits with banks, as well as credit exposures to customers, mainly related to outstanding receivables. Credit risk associated with the cash funds at banks is minimal, as the Group deals with the banks which have high credit ratings established by foreign rating agencies. For customers, the Company sells the majority of its production to wholesalers and has policies in place to ensure that sales of products are made only to customers with an appropriate credit history. The Group always makes an assessment of the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit period is awarded only to a few customers who are well known to the Group and have moderate credit history. The Group has no credit concentration risk as the sales are distributed among several clients. The Group does not use credit insurance and has not established any specific limits for any of the clients.

There were no significant difficulties in collecting accounts receivable from customers or withdrawing cash from banks during the reporting period and the management does not expect any material losses from non-performance by these counterparties.

See Notes 10, and 11 for further disclosure on credit risk.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecast of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance ratio targets and other material information.

(i) Recent development of International and Lithuanian financial markets

The Recent development of International and Lithuanian financial markets are discussed in detail in Note 2.1 Basis of preparation.

(ii) Borrowed capital accounts for a large share of the Group's total capital

The Borrowed capital is discussed in detail in Note 2.1 Basis of preparation.

(iii) Restructuring situation

The Restructuring process and progress is discussed in detail in Note 2.1 Basis of preparation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance sheet amounts payable within one year reflect fair value of the liabilities, as the influence of discounting is not significant.

3.1 Financial risk factors (continued)

	Payable on demand	Within one year	Within second year	Within third and fourth year	Within fifth year and later
31 December 2009					
Borrowings	51,264	44,242	3,405	5,836	18,682
Guarantee issued (Note 28)	36,185	-	-	-	-
Bonds	-	34,868	-	-	-
Finance lease liabilities	-	5,254	3,104	4,754	-
Trade and other payables	-	3,418	-	-	-
Total	**87,449**	**87,782**	**6,509**	**10,590**	**18,682**
31 December 2008					
Borrowings	70,331	23,180	24,836	11,851	47,468
Bonds	-	31,203	-	-	-
Finance lease liabilities	-	4,294	3,663	5,563	1,906
Trade and other payables	-	2,769	-	-	-
Total	**70,331**	**61,446**	**28,499**	**17,414**	**49,374**

Payable on demand includes those loans which have their covenants breached and guarantees issued by the Group.

In October 2009 the Group issued guarantee for the loan of Agrowill Eesti OU to Swedbank for the amount of LTL 35.8 million. At the date of signing of these financial statements the guarantee was terminated as all the contractual clauses and obligations of Agrowill Eesti OU sale were met.

As at 31 December 2009 and 2008 the operating capital of the Group was negative and equaled LTL (136,724) thousand and LTL (105,035) thousand respectively. The liquidity ratio of the Group amounted to 0.18 (2008: 0.37), while quick ratio was 0.13 (2008: 0.25).

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As the majority of agricultural entities and Parent company are undergoing Restructuring, the main focus of Group's management is to guide individual entities through succesfull Restructuring processes for all separate entities and restore the liquidity of the Group. Currently gearing ratio is not being calculated by the Group, as the best capital sufficiency estimate due to legal procedures is the operating cash flow of the Group. The short term goal for the Group is to generate sufficient funds to carry out operations efficiently and profitably and to generate appropriate amounts of revenues and profits in order to pay the accumulated creditors claims which are currently under Restructuring.

Due to fact that Group companies are under Restructuring, the covenants in Bank agreements are no longer calculated or being taken into account for all companies under restructurization except Grūduva UAB (the sole agricultural entity which is not under Restructuring) and land management entities. Grūduva UAB meets all the covenants according to it's agreements with the banks.

Pursuant to the Lithuanian Law on Companies the authorised share capital of a joint stock company and private limited liability company must be not less than LTL 100,000 and LTL 10,000, respectively, and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2009 all Group companies, except Žemės vystymo fondas 20 UAB, AWG Investment 2 UAB, AWG Investment 3 UAB, and AVG Investment UAB, complied with these requirements. The Board of such company must convene a shareholders meeting to solve the problem of capital level. However, there are no sanctions described in the acts of law if the board of the company does not take any decisions to meet the capital requirements as per Law on Stock companies. The Group is not using these externally implied requirements,or any other means for capital management.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of long-term and short term borrowings is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

3.3 Fair value estimation (continued)

As at 31 December, the Group had following structure of interest bearing financial liabilities:

	Liabilities with fixed interest rate	Liabilities with floating interest rate
2009		
Loans from financial institutions	22,426	78,466
Other borrowings	154	10,672
Bonds	30,553	-
Finance lease liabilities	-	11,851
Total	**53,133**	**100,989**

	Liabilities with fixed interest rate	Liabilities with floating interest rate
2008		
Loans from financial institutions	17,741	120,194
Other borrowings	768	8,777
Bonds	29,615	-
Finance lease liabilities	-	14,332
Total	**48,124**	**143,303**

The fair value of non-current borrowings with variable interest rates approximates their carrying amounts. Average effective interest rate of borrowings with variable rate at 31 December 2009 equals 4.1 per cent (2008: 6.11 per cent).

Fair value of non-current borrowings with fixed interest rate could not be estimated reliably, as main companies of the Group are under Restructuring process. The Group renegotiated the loan terms with bank Snoras (the only fixed interest rate financial institution borrowing) in 2010 extending the loan by 2 years and reducing the fixed interest rate from 13% to 5% (Snoras loan was the last loan taken by the Group in November of 2008 - January 2009, i.e. no new loans were taken subsequent to January 2009). The public bonds issued by Company had no trade volumes in 2009 so relevant market price is difficult to determine, however in spring 2010 some of bondholders sold their bonds for 28 percent of nominal bonds value (i.e. at a discount of 72 percent). These facts show that as of 31 December 2009 fair value of the Group's financial liabilities with fixed interest rates could be below their carrying amounts.

4. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Income taxes

Tax authorities have right to examine accounting records of the Company and its Lithuanian subsidiaries at anytime during the 5 year period after the current tax year (the Estonian subsidiary - 6 year period after the current year respectively) and account for additional taxes and fines. In the opinion of the Group's management, currently there are no circumstances which would raise substantial liability in this respect to the the Group.

The Group has created deferred tax liability on revaluation amounts of investment property and own assets. The applicable tax rate used was 15%, as it is planned that assets will be realized (if will be realized) after 2011 when the 15% corporate tax effect will be applicable to all Group's entities (including the agricultural subsidiaries which are currently taxed at lower transition tax rate of 5% for 2009 and 10% for 2010).

The Group has accumulated tax losses amounting to LTL 51 million (Note 18). Management recognises a deferred tax asset for separate companies deferred tax losses only when possible future returns can be realiably estimated and confirmed. As at 31 December 2009, the deferred tax asset on accumulated tax losses of land management entities was created (LTL 601 thousand). No deferred tax asset on other accumulated losses was created as at the Balance sheet date there were no clear evidences that the tax losses will be used.

Valuation of property, plant and equipment (except land)

The Group makes an assessment, at least annually, whether there are any indications that construction in progress have suffered any impairment. If that is the case, the Group Company makes an impairment test in accordance with the accounting policy set out in Note 2.5. The recoverable amount of cash-generating units is determined based on value-in-use calculations. As of 31 December 2009 and 2008 there were no indications that construction in progress might have been impaired.

The Group performed following tests regarding valuation of PPE for the year end of 2009. All the land and buildings were evaluated by the independent valuators Krivita UAB as at 30 July 2010. The valuation was performed based on comparable market prices and cost of replacement method. The primary valuation model used was the comparable market prices, but for assets which are seldomly sold via the open market – the alternative valuation method was applied. Additionally, the land market review was obtained from independent valuator Oberhaus UAB, as well as report on the valuations provided by Krivita UAB. The land market review stated that since 31 December 2009 prices of large plots of agricultural land were quite stable. The valuations of PPE results showed that certain items have current market value less than amounts stated in balance sheet and most of the values are larger than balance sheet figures. The Group made LTL 6 million write-off of PPE (total fair value loss amounted to LTL 8.2 million, LTL 2.2 million of which was attributable to the revaluation reserve) in the financial statements as well as booked an LTL 24.1 million increase in fair value in revaluation reserve, gross of taxes. If the values of PPE in independent valuations would have been 10% larger, the Group would have written of LTL 0.6 million smaller amount of PPE and have booked an LTL 4.7 million additional increase in revaluation reserve net of taxes.

The increase in the values of PPE in 2009 occurred mainly due to the rise in value of buildings which the Group had used in its agricultural activities in previous periods, and for which the Group completed the process of obtaining the legal title during 2009.

The Group performed various detailed tests for evaluating whether it's machinery and equipment is impaired. Total amount of equipment tested amounted to almost 74% (or LTL 32 million out of LTL 43 million) of total net value of Group's equipment ('Constructions and machinery' and 'Vehicles, equipment and other PPE' balances) as at 31 December 2009.

The Group performed internal valuation of it's machinery (included in constructions and machinery balance) by obtaining market quotes for similar equipment from external sources (international and local sales points). The tests performed showed, that current market prices of such equipment are higher by LTL 4 million (around 15%) than accounting values. The management additionally estimated that additional point of sale and transportation costs of 10%-15% would decrease the surplus, arriving at fair values not significantly different from the current equipment values stated in the financial statements. Therefore, the management decided to not adjust the values of equipment in the accounts. Sensitivity tests showed, that if the market quotes values would be decreased by 10%, the market values would be still larger by LTL 1.4 million (by around 6%) than net book values of equipment used in tests.

There are no clear-cut market quotes for used farm equipment such as milking parlours, farm programs, and refrigerators (included in constructions and machinery balance). Most of the Group's farm equipment was acquired in 2006 – 2007 by using the State run program "modernization of milk farms". The management believes and there are market tendencies that prices of milk equipment correlate to raw milk prices in Lithuania and the world, as in 2008, when the milk prices peaked there were tendencies that milking equipment prices were also larger than in previous years. Currently market prices for milk are roughly 10-15% larger than those in 2006 and 2007, thus the management believes that there are no signs of fair value decline or increase of farm equipment, as the useful lives used for calculating depreciation are similar than those recommended by the suppliers of equipment.

4. Critical accounting estimates and assumptions (continued)

Additionally, the Group hired independent valuators Korporacija Matininkai UAB to evaluate a grain elevator owned by the Group in August 2010. The elevator ('Constructiond and machinery'class of PPE) was evaluated at LTL 5.3 million LTL, while net book value of the asset totaled LTL 4.8 million. The test showed that Group applied reasonable depreciation period for this item and there are no signs of impairment.

As no significant differences were observed while testing the fair value of equipment in detail, the management believes that the values represented in the Financial Statements of the Group for the above mentioned groups of equipment are appropriate. However, there are items in Group's possession which are outdated and heavily depreciated, therefore after detailed evaluation of representative sample of such PPE and their fair value less cost to sell management accounted for LTL 3 million impairment loss as at 31 December 2009 for all such items (their net book value before impairment loss amounted to LTL 13 million).

Estimates concerning useful lives of property, plant and equipment

The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life.

Impairment of goodwill

The Group tests annually whether goodwill been impaired, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. The Group annually evaluates whether the goodwill recognized on acquisitions is impaired by evaluating the past and forecasted results of subsidiaries. As of 31 December 2009 the goodwill that arises from acquisition of two subsidiaries Agrowill Kairėnai ŽŪB and Agrowill Žadžiūnai ŽŪB was impaired (impaired goodwill as at 31 December 2009 amounted to LTL 147 thousand and LTL 676 thousand respectively), as tests did not show appropriate amounts of profits earned, and appropriate entries of goodwill adjustments very made in the Financial Statements. No other goodwill impairment tests generated results that would require additional adjustments. Goodwill impairment of LTL 1,818 thousand resulting from Grūduva UAB acquisition (Note 23) was tested using the following assumptions: average growth in revenues over 3-year period is 11%, weighted average cost of capital (WACC), before taxes, is 11.4%, and 0% growth to perpetuity. Results showed that recoverable amount of non-current assets tested for impairment (including goodwill) was 11% higher that their carrying amounts. If WACC used for calculations is increased by 1 percentage point (i.e. to 12.4%), then recoverable amount would still be higher that carrying amount of non-current assets tested by 3%, consequently, no goodwill impairment would be needed. Although Grūduva UAB operates in several segments (crop-growing, stock-breading, as well as trade, see Note 20 for segment reporting), Group's management does not monitor assets split by those segments and therefore all Grūduva UAB was tested as one cash generating unit.

Valuation of investment property and cultivated agricultural land

Land plots which are owned by agricultural companies were valued by independent valuator Krivita UAB (see valuation of PPE above). Carrying value of such land (before revaluation) as of 31 Decembe 2009 was LTL 5,021 thousand, and fair value gain of LTL 1,335 thousand accounted for by the Group in 2009 (Note 5) which was credited to revaluation reserve.

In addition, the Group owns around 13,500 ha of land via land management entities, part of which are leased and used by the Group's agricultural entities. The Group applies similar valuation principles for these two parts of assets. The revaluation of the Group's investment property was made on 31 March 2007 based on valuations made by Žia Valda Real Estate UAB and Oberhaus UAB. As at 31 December 2008, the Group's management determined the value of land portfolio via analysis of market and independent estimates of about 1/3 of total land owned performed by valuators Korporacija Matininkai UAB. As at 31 December 2009, the Group did not have an independent valuation on whole portfolio, rather the Group selected a representative sample of land plots which matched the general outlook of land portfolio and which valuation was performed by the external valuators Korporacija Matininkai UAB in July 2010. The valuation method used to determine the market values of land plots by the valuator was the comparable market price method. The results of valuations showed that the average 1 ha values of land plots in the Financial statements are on the same level as market values. Additionally, the agricultural land market review was obtained from independent valuator Oberhaus UAB which stated that since 31 December 2009 prices of large plots of agricultural land were quite stable. Due to that, the management decided that carrying amount of land plots approximates their fair values at the reporting date.

1% change in value of 1 ha of land equals to around LTL 1 million of change in total land portfolio held by Group (own cultivated land plus investment property).

Valuation of biological assets

The Group's biological assets are measured at fair value less sale costs at each balance sheet date (value at 31 December 2009: 15,105 thousand LTL, value at 31 December 2008: 46,068 thousand Litas). Due to the specifics of the agricultural production, fair value of some animals groups can not be determined by using comparable market prices method, as such biological assets in areas where the Group operates are not traded on active markets which could enable use of market value. Therefore the fair value is sometimes determined using the alternative. The use of alternative methods of fair value estimation requires the Group to refer to latest transactions and use price averages, or to use cost as an approximation of fair value.

4. Critical accounting estimates and assumptions (continued)

For valuation of livestock the Group calculates the fair value by taking the average price of meat per kilo. The lowest values represent the value of old cows sold to meat processors, while the highest value is equal to the price of 1 kilo of pregnant heifer just before it's first calving. For remaining group's of animal, the value of livestock is determined by using the market values of meat (different for different groups of animals) and multiplying the price of 1kg by total weight of specific group of animals.

Crops are valued at the year end at the prevailing market prices less estimated costs of sale. Market prices are obtained from 3 largest grain buyers in Lithuania and average value is taken for calculations. Own produced feed market price is determined by examining advertisements in agricultural newspapers and similar transaction performed in own and neighbouring farms.

Were the actual prices for the biological assets higher by 10% from management's estimates, the net loss would decrease by 999 thousand Litas , if the prices were lower by 10%, the net loss would increase by the similar amount.

5. Property, plant and equipment

As of 31 December 2008 the Group's property, plant and equipment consisted of the following:

	Land	Buildings	Constructions and machinery	Vehicles, equipment and other property, plant and equipment	Construction in progress	Total
Carrying amount						
As of 31 December 2007	**24,628**	**24,746**	**27,586**	**1,840**	**350**	**79,150**
- additions	585	655	13,739	939	11,574	27,492
- acquisition of subsidiaries	3,742	17,493	19,520	2,132	3,070	45,957
- disposals and write-offs	-	(267)	(893)	(479)	-	(1,639)
- revaluation to fair value	10,363	-	-	-	-	10,363
- depreciation	-	(1,512)	(5,576)	(535)	-	(7,623)
- reclassifications	-	3,799	13	-	(3,812)	-
As of 31 December 2008	**39,318**	**44,914**	**54,389**	**3,897**	**11,182**	**153,700**
- additions	113	269	503	1,108	1,373	3,366
- disposal of subsidiaries	(1,217)	(7,707)	(3,260)	(206)	-	(12,390)
- gain on revaluation (note 4)	1,335	24,147	-	-	-	25,482
- loss on revaluation (note 4)	-	(8,224)	-	-	-	(8,224)
- disposals and write-offs	-	(28)	(1,055)	(837)	(44)	(1,964)
- depreciation	-	(1,734)	(7,379)	(897)	-	(10,010)
- reclassifications	-	5,402	126	-	(5,528)	-
- impairment charge (note 4)	-	-	(2,500)	(500)	-	(3,000)
As of 31 December 2009	**39,549**	**57,039**	**40,824**	**2,565**	**6,983**	**146,960**
Acquisition cost as at						
31 December 2007	**24,628**	**25,581**	**29,425**	**1,958**	**350**	**81,942**
31 December 2008	**39,318**	**47,177**	**60,263**	**4,311**	**11,182**	**162,252**
31 December 2009	**39,549**	**57,039**	**51,772**	**3,234**	**6,983**	**158,577**
Accumulated depreciation and impairment losses as at						
31 December 2007	**-**	**(835)**	**(1,839)**	**(118)**	**-**	**(2,792)**
31 December 2008	**-**	**(2,263)**	**(5,874)**	**(414)**	**-**	**(8,551)**
31 December 2009	**-**	**-**	**(10,948)**	**(669)**	**-**	**(11,617)**
Carrying amount as of 31 December 2007	**24,628**	**24,746**	**27,586**	**1,840**	**350**	**79,150**
Carrying amount as of 31 December 2008	**39,318**	**44,914**	**54,389**	**3,897**	**11,182**	**153,700**
Carrying amount as of 31 December 2009	**39,549**	**57,039**	**40,824**	**2,565**	**6,983**	**146,960**

As of 31 December 2009 the carrying amount of property, plant and equipment in the amount of LTL 78,447 thousand (2008: LTL 67,528) have been pledged as security for bank borrowings. The leased assets are pledged according to the finance lease agreements.

As the majority of Group's companies are undergoing Restructurisation processes, there were certain items with restricted title. As at 31 December 2009, almost all the PPE of all agricultural entities (except for the ones pledged to the Banks) of the Group was arrested based on claims from various creditors. Total amount of such assets amount to around LTL 68 million. The Group carries on using the PPE which title is restricted, however it can not be sold or it's title transferred otherwise. As soon as the restructuring case is approved in the court, the sanctions are lifted by the court.

As of December 31 the carrying amount of the Group's property, plant and equipment acquired under finance lease, consisted of the following:

Constructions and machinery	**2009**	**2008**
Acquisition cost / revalued amount	17,146	19,369
Less Accumulated depreciation	1,306	3,059
Carrying amount	15,840	16,310

5. Property, plant and equipment (continued)

Should no revaluations of property, plant and equipment had taken place, carrying amounts would have been the following:

	Land	Buildings	Constructions and machinery	Vehicles, equipment and other property, plant and equipment	Construction in progress	Total
Carrying amount of PPE without revaluation effect as at 31 December2008	**5,713**	**32,891**	**52,424**	**3,150**	**11,182**	**105,360**
Carrying amount of PPE without revaluation effect as at 31 December 2009	**4,496**	**29,548**	**39,778**	**1,836**	**6,983**	**82,644**

6. Investment property

As of 31 December 2009 the Group's investment property consisted of the following:

	Agricultural land
Fair value	
as at 31 December 2007	**57,646**
- acquisition cost of assets	8,791
- increase in fair value of assets	15,927
as at 31 December 2008	**82,364**
as at 31 December 2009	**82,364**

As of 31 December 2009 the carrying amount of investment property in the amount of LTL 77.5 million (as of 31 December 2008: LTL 80.3 million) have been pledged as security for bank borrowings.

The investment property of the Group consists of agricultural land plots. As at 31 December 2009, the Group had ownership rights to 13,370 ha of land (2008: 13,370 ha). Approximately 3,200 ha of them was used by the Group and therefore accounted for as PPE, see Note 5 above, and around 9,200 ha is rented out to third persons and companies, and approximately 1,000 ha were held for capital appreciation as at 31 December 2009.

The total value of Investment property leased out to third parties amounted to around LTL 74 million as at 31 December 2009 (2008: LTL 74 million).

Change in fair value of investment property

The change in fair value of investment property as well as methods used to determine it are fully disclosed in Note 4.

7. Intangible assets

As of 31 December 2009 the Group's intangible assets consisted of the following:

	Goodwill	Software	Other intangible assets	Total
Acquisition cost				
Balance as of 31 December 2007	**1,860**	**158**	**210**	**2,228**
- additions	-	1	136	137
- acquisitions of subsidiaries (note 23)	30,173	26	142	30,341
- reclassification	-	(69)	69	-
As of 31 December 2008	**32,033**	**116**	**557**	**32,706**
- additions	-	7	8	15
- disposal of subsidiaries (note 23)	(28,355)	-	(112)	(28,467)
- impairment charge	(823)	(25)	-	(848)
- reclassification	-	(73)	73	-
As of 31 December 2009	**2,855**	**25**	**526**	**3,406**
Amortization				
As of 31 December 2007	**-**	**24**	**68**	**92**
- amortization		17	190	207
- acquisitions of subsidiaries (note 23)	-	19	25	44
- reclassification	-	(5)	5	-
As of 31 December 2008	**-**	**55**	**288**	**343**
- amortization		8	120	128
- disposal of subsidiaries (note 23)	-	(26)	-	(26)
- reclassification	-	(21)	21	-
As of 31 December 2008	**-**	**16**	**429**	**445**
Carrying amount				
As of 31 December 2007	**1,860**	**134**	**142**	**2,136**
As of 31 December 2008	**32,033**	**61**	**269**	**32,363**
As of 31 December 2009	**2,855**	**9**	**97**	**2,961**

The amortization of intangible assets is included in Operating expenses. The gross amount of goodwill as at 31 December 2009 amounts to LTL 3,678 thousand, while accumulated impairment is LTL 823 thousand.

8. Biological assets

The Group's livestock quantity consisted of the following:

	Milk cows	Heifers	Other livestock	Total
As of 31 December 2007	**4,116**	**3,984**	**350**	**8,450**
Acquisition of subsidiaries	1,978	1,265	793	**4,036**
Additions	58	1,129	25	**1,212**
Increase (birth)	-	2,328	2,911	**5,239**
Transfers from other groups (+)	3,253	4,033	1,718	**9,004**
Transfers to other groups (-)	(2,462)	(6,269)	(273)	**(9,004)**
Sales	(300)	(1,088)	(3,935)	**(5,323)**
Write offs and natural mortality	(231)	(452)	(407)	**(1,090)**
As of 31 December 2008	**6,412**	**4,930**	**1,182**	**12,524**
Disposal of subsidiaries	(1,086)	(404)	(732)	**(2,222)**
Additions	-	32	-	**32**
Increase (birth)	-	2,180	2,189	**4,369**
Transfers to other groups (+)	1,074	255	1,340	**2,669**
Transfers from other groups (-)	(1,114)	(1,545)	(10)	**(2,669)**
Sales	(1,377)	(3,919)	(3,457)	**(8,753)**
Write offs and natural mortality	(278)	(333)	(346)	**(957)**
As of 31 December 2009	**3,631**	**1,196**	**166**	**4,993**

The Group's livestock value consisted of the following:

	Milk cows	Heifers	Other livestock	Total
As of 31 December 2007	**15,149**	**10,490**	**172**	**25,811**
Acquisition of subsidiaries	4,848	2,866	325	**8,039**
Additions	229	4,477	31	**4,737**
Increase (birth)	-	479	523	**1,002**
Makeweight	11	8,841	1,323	**10,175**
Transfers from other groups (+)	15,174	11,151	6,267	**32,592**
Transfers to other groups (-)	(9,360)	(22,821)	(411)	**(32,592)**
Sales	(623)	(3,969)	(7,225)	**(11,817)**
Write offs and natural mortality	(800)	(320)	(137)	**(1,257)**
Loss arising from changes in biological assets fair value (note 20)	(3,132)	(233)	(29)	**(3,394)**
As of 31 December 2008	**21,496**	**10,961**	**839**	**33,296**
Disposal of subsidiaries	(1,304)	(654)	(504)	**(2,462)**
Additions	-	101	-	**102**
Increase (birth)	-	511	429	**940**
Makeweight	5	4,085	665	**4,755**
Transfers from other groups (+)	5,003	2,131	4,590	**11,724**
Transfers to other groups (-)	(3,897)	(7,796)	(31)	**(11,724)**
Sales	(9,267)	(7,128)	(5,747)	**(22,142)**
Write offs and natural mortality	(1,217)	(225)	(151)	**(1,593)**
Loss arising from changes in biological assets fair value (note 20)	(1,734)	(1,139)	(41)	**(2,914)**
As of 31 December 2009	**9,085**	**847**	**49**	**9,981**

8. Biological assets (continued)

The Group's crops consisted of the following:

2009	Winter crops	Summer crops	Rapeseed	Feed crops	Total
Total ha planted (land prepared)	7,106	4,609	2,350	4,581	**18,646**
Total expenses incurred	2,770	739	247	1,368	**5,124**
Average expenses per 1 ha (LTL)	390	160	105	299	**275**

2008	Winter crops	Summer crops	Rapes	Feed crops	Total
Total ha planted (land prepared)	7,193	979	1,375	8,807	**18,354**
Total expenses incurred	7,373	368	1,550	3,481	**12,772**
Average expenses per 1 ha (LTL)	1,025	376	1,127	395	**696**

Total hectares planted (land prepared) shows both the actual hectares planted as at 31 December, as well as forecasted spring sowing number of hectares, for which the Group has prepared the land and incurred expenses in autumn. The Group made a writedown of LTL 4.5 million for winter crops and rapeseed as due to harsh winter weather over 2 000 ha of crops were lost and all other were severely damaged.

The movement of biological assets (crops) of the Group was following:

	Crops
Balance as of 31 December 2007	**5,907**
Spring sowing and other expenses until harvest	26,101
Harvest of crops	(32,008)
Autumn sowing and land preparation for spring	12,772
As of 31 December 2008	**12,772**
Spring sowing and other expenses until harvest	22,804
Crops sold	(2,164)
Change in fair value of crops	(3,189)
Harvest of crops	(30,223)
Autumn sowing and land preparation for spring	9,644
Writedown for winterkill of crops	(4,520)
As of 31 December 2009	**5,124**

At the point of harvest the Group management determines the prices of crop cultures harvested by examining the market prices of particular crops at the point of harvest, less the costs associated with point of sale.

In 2009 the Group harvest amounted to 46,265 tons of grains and rapeseed (2008: 41,535 tons).

9. Inventory

As of December 31 the Group's inventories consisted of the following:

	2009	2008
Raw materials	2,464	3,265
Finished goods (agriculture produce)	7,010	22,370
Total	**9,474**	**25,635**
Less: Writedown to net realizable value of agricultural produce	(2,219)	(6,057)
Carrying amount	**7,255**	**19,578**

No inventory balances are pledged as security for loans.

10. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets as per balance sheet:	**2009**	**2008**
Non-current trade and other receivables	232	588
Non-current financial assets	139	130
Current trade and other receivables	10,503	20,005
Cash and cash equivalents	3,725	3,011
Total	**14,599**	**23,734**
Financial liabilities as per balance sheet:		
Borrowings	142,271	177,095
Finance lease liabilities	11,851	14,332
Trade payables	17,498	24,956
Other payables and current liabilities	3,418	2,769
Total	**175,038**	**219,152**

Financial assets of the Group include all current and non-current receivables and other receivables as per balance sheet of the Group except for advances made and receivable VAT from the State. Non-current financial assets are the shares and interests held in other Lithuanian companies, which shares are not publicly traded. The Group keeps all cash in bank balances with the banks which have Standart&Poors or Fitchratings long-term credit rating of A.

Financial liabilities of the Group include all current and non-current liabilities as per balance sheet of the Group except for advances received, deferred capital grants and deferred tax.

The Group operates in agricultural commodities producing market. There are small number of grain traders and milk refineries operating in Lithuania, so the Group determines concentration risk based on segment of operations. As at 31 December 2009, there was LTL nill (2008: LTL 534 thousand) receivable for sold grain, and around LTL 1,090 thousand (2008: LTL 2,218 thousand) receivable from milk buyers which was fully recovered on due time in January 2010.

Credit quality of financial assets

As of 31 December, Group's financial assets had following structures:

Year 2009	**Not overdue**		**Overdue, but not impaired**		**Impaired**	**Total**
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1-30 days overdue	31-90 days overdue	Overdue 90 days and more	
Total trade accounts receivable, gross	-	1,641	1,318	503	2,563	6,025
Impairment charge	-	-	-	-	(1,695)	(1,695)
Total trade accounts receivable, net	**-**	**1,641**	**1,318**	**503**	**868**	**4,330**
Receivables from NPA	5,868	-	-	-	-	5,868
Receivables from employees	-	77	-	-	-	77
Non-current receivables, gross	-	232	-	-	246	478
Impairment charge attributable to non-current receivables	-	-	-	-	(246)	(246)
Other receivables	-	167	56	5	-	228
Total	**5,868**	**2,117**	**1,374**	**508**	**868**	**10,735**

10. Financial instruments by category (continued)

Year 2008	Not overdue		Overdue, but not impaired		Impaired	Total
	A/R with no history of overdue payments in the past	A/R with history of overdue payments in the past	1-30 days overdue	31-90 days overdue	Overdue 90 days and more	
Total trade accounts receivable, gross	-	5,381	1,994	996	1,930	10,301
Impairment charge	-	-	-	-	(665)	(665)
Total trade accounts receivable, net	**-**	**5,381**	**1,994**	**996**	**1,265**	**9,636**
Receivables from NPA	9,637	-	-	-	-	9,637
Receivables from employees	-	65	-	-	-	65
Non-current receivables, gross	-	588	-	-	-	588
Other receivables	-	453	125	89	-	667
Total	**9,637**	**6,487**	**2,119**	**1,085**	**1,265**	**20,593**

Receivables from National Payment Agency are the direct subsidies receivable for crops and milk which are due until 1 May of the following year.

11. Trade receivables, advance payments and other receivables

As of December 31 the Group's trade receivables, advance payments and other receivables consisted of the following:

	2009	2008
Trade receivables	6,025	10,301
Subsidies and grants receivable from NPA	5,868	9,637
Advance payments and deferred expenses	5,589	7,411
VAT receivable	1,370	703
Accounts receivable private individuals	77	65
Other receivables	228	667
Total	**19,157**	**28,784**
Less: allowance for doubtful financial assets	(1,695)	(665)
Less: allowance for non-financial receivables	(3,965)	(1,553)
Carrying amount	**13,497**	**26,566**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

Trade receivables that are less than 30 days past due are not considered impaired. Impairment charges on amounts receivable are recognized after 90 days past due. As at 31 December 2009, some of the trade receivables are past due, for which provisions are made. In the opinion of the Group's management, all other trade receivables, advance payments and other receivables approximate their fair value.

The movement of provisions for doubtful receivables consisted of the following:

	2009	2008
Carrying amount as of 1 January	**2,218**	**1,362**
Allowance for doubtful receivables	3,442	1,554
Write-offs of bad receivables	-	(698)
Carrying amount as of 31 December	**5,660**	**2,218**

In 2008, a LTL 1,554 thousand provision for doubtful receivable from Darkwol Intl. was established. The advance to the abovementioned company was made for planned Group acquisitions in Russian Federation. As the global financial occurred, the sellers did not meet their obligations and the recovery of amount became in doubt. The decrease in provision during 2008 resulted from write-offs of bad past receivables. In 2009, the increase in provisions was influenced by establishement of provision for the remaining amount due from Darkwol Intl. and several other bankrupt companies.

12. Long term receivables

	2009	2008
The loan to UAB "Želsvelės mėsa" UAB (LTL), maturity in 2011, annual interest rate 7 %	246	284
The loan to ŽVF projektai UAB (LTL), maturity in 2011, annual interest rate 7 %	123	103
The loan to ŽVF projektai UAB (LTL), maturity in 2011, annual interest rate 7 %	107	100
The loan to ŽIA Valda AB (LTL), maturity in 2010, annual interest rate 14%	-	85
The loan to Tomas Žilinskas (LTL), maturity in 2010, annual interest rate 7 %	-	16
The loan to Stambus ūkis (LTL), maturity in 2010, annual interest rate 7 %	2	-
Provision for receivable from UAB "Želsvelės mėsa"	(246)	-
	232	**588**

13. Cash and cash equivalents

As of 31 December the Group's cash and cash equivalents consisted of the following:

	2009	2008
Cash in banks	3,483	2,945
Cash on hand	242	66
Carrying amount	**3,725**	**3,011**

14. Share capital

On 31 August 2007, the shareholders increased the share capital of the Company from LTL 200,000 to LTL 206,000 by monetary contributions. Additional 6,000 shares were issued with nominal value of LTL 1 each.

As of 31 December 2007, the share capital consisted of 20,000,000 ordinary registered shares with par value LTL 1 each. All shares were fully paid.

In 2008, Company issued a new share emission of 6,142,732 shares with a nominal value of 1 LTL each. The shares were sold in an open market as IPO and Group attracted LTL 30,714 thousand (each share was sold at LTL 5 each) and incurred LTL 2,441 thousand of direct capital increase costs (net amount attracted equals LTL 28,273 thousand).

The share capital of Agrowill Group AB as at 31 December 2008 is LTL 26,142,732. The share capital is divided into 26,142,732 ordinary shares. Each issued share has a LTL 1 nominal value and fully paid.

Each share has usual material and intangible rights as per Lithuanian Republic law on Stock companies and Companies statutes.

In the end of 2008, the Company issued new share capital emission of 4,635,045 ordinary shares (with nominal value LTL 1 each), part of which – 1,545,015 ordinary shares was acquired by Finasta rizikų valdymas UAB, while the remaining part of 3,090,030 shares was supposed to be bought be the main shareholder – ŽIA valda UAB. As ŽIA valda UAB rejected the share purchase agreement, the Company took a decision to register the share capital increase in the amount of paid shares – 1,545,015 ordinary shares. Finasta rizikų valdymas UAB sued such action to the court, and court issued temporary security measures by forbiding any registrations of share capital increase until civil case will be solved by the court of Lithuanian Republic.

As disclosed in the post balance sheet events note, the Company increased capital twice during 2010, and new share capital at the date of signing financial statements equaled LTL 65 million.

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The legal reserve of the Group equaled LTL 2 000 thousand as at 31 December 2009.

A revaluation reserve is formed when the Group revaluates it's own used assets according to the accounting policines described above. The amounts credited to this reserve are net of taxes, and the reserve is depreciated over the useful lives of the assets which were revaluated. The revaluation rezerve (net of taxes) of the Group equaled LTL 43,344 thousand as at 31 December 2009.

15. Grants

For the year ended as of 31 December the movement of grants consisted of the following:

	2009	2008
Carrying amount as of 1 January	**11,053**	**5,218**
Grants, subsidies received	691	3,829
Acquisition of subsidiaries (note 23)	-	3,100
Release of grants related to property, plant and equipment to income	(1,094)	(1,094)
Carrying amount as of 31 December	**10,650**	**11,053**

16. Borrowings

As of 31 December the Group's long term borrowings consisted of the following:

	2009	2008
Borrowings from banks		
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	5,717	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	4,406	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	3,100	3,116
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	3,071	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	2,913	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	2,786	2,722
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	2,662	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	2,497	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	2,252	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	2,185	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	1,977	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	1,872	-
The loan payable to Parex" bank AB (EUR), maturity in 2025	1,832	1,848
The loan payable to Parex" bank AB (LTL), maturity in 2024	1,708	1,746
The loan payable to Parex" bank AB (LTL), maturity in 2024	1,583	1,678
The loan payable to Parex" bank AB (LTL), maturity in 2024	1,573	1,625
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	1,565	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	1,457	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	1,432	1,381
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	1,414	1,310
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	1,380	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2019	1,367	1,359
The loan payable to DnB Nord AB bank (EUR), maturity in 2019	1,367	1,335
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	1,351	1,364
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	1,302	1,309
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	1,297	-
The loan payable to Parex" bank AB (EUR), maturity in 2025	1,265	1,340
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	1,228	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2012	1,185	1,143
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	1,141	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	1,085	1,041
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	1,048	1,031
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	1,024	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	973	991
The loan payable to DnB Nord AB bank (EUR), maturity in 2019	965	944
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	921	-
The loan payable to SEB AB bank (LTL), maturity in 2012	854	1,650
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	818	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	819	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	771	779
The loan payable to DnB Nord AB bank (EUR), maturity in 2012	752	627
The loan payable to DnB Nord AB bank (EUR), maturity in 2012	692	710
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	702	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	664	-
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	661	-
The loan payable to SEB AB bank (LTL), maturity in 2011	563	750
The loan payable to DnB Nord AB bank (EUR), maturity in 2019	569	556
The loan payable to SEB AB bank (LTL), maturity in 2012	546	709
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	512	-

16. Borrowings (continued)

The loan payable to SEB AB bank (EUR), maturity in 2010	413	579
The loan payable to DnB Nord AB bank (EUR), maturity in 2017	385	379
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	357	345
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	300	-
The loan payable to SEB AB bank (LTL), maturity in 2010	249	
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	205	-
The loan payable to SEB AB bank (LTL), maturity in 2011	129	231
The loan payable to SEB AB bank (LTL), maturity in 2010	94	185
The loan payable to Danske bank (LTL), maturity in 2011	52	-
The loan payable to Swedbank bank (EUR), maturity in 2012	-	36,185
The loan payable to DnB Nord AB bank (EUR), maturity in 2016	-	23,235
The loan payable to DnB Nord AB bank (EUR), maturity in 2023	-	18,486
The loan payable to Snoras AB bank (LTL), maturity in 2010	-	17,741
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	-	725
The loan payable to DnB Nord AB bank (EUR), maturity in 2013	-	495
Total	**78,008**	**131,650**
Less: amounts, payable within one year	(55,420)	(74,765)
Total long term borrowings	**22,588**	**56,885**
Long term accounts payables	**458**	**-**
Total long term liabilities	**23,046**	**56,885**

All long term loans taken by Group's restructuring companies (agricultural entities and the Parent Company) are currently classified as amounts payable within one year because, as stipulated in the loans agreements, these loans became repayable on demand on the date when entering into restructuring lawsuit. The amount of such reclassification was LTL 46,388 thousand.

The Group owes payable amount to the State of LTL 458 thousand for land acquisition made by Group in 2008. The payable amount to State is over 10 year period.

As of 31 December the Group's short term borrowings consisted of the following:

	2009	**2008**
Borrowings from banks		
The loan payable to Snoras AB bank (LTL), maturity in 2010	11,213	-
The loan payable to Snoras AB bank (LTL), maturity in 2010	11,213	-
The factoring payable to Swedbank (LTL), maturity in 2009	-	4,783
The loan payable to SEB AB bank (LTL), maturity in 2009	-	1,000
The loan payable to SEB AB bank (LTL), maturity in 2009	-	500
Borrowings from legal entities		
The loan payable to e Time Invest AB (LTL), maturity in 2010	425	-
The loan payable to Dojus Agro UAB (LTL), maturity in 2010	154	691
The loan payable to Invalda AB (LTL), maturity in 2016	-	3,870
The loan payable to ŽIA valda AB (LTL), maturity in 2016	-	425
Borrowings from private individuals		
The loan payable to Aina Stasiulytė (EUR), maturity in 2010	5,636	-
The loan payable to Tomas Nausėda (EUR), maturity in 2010	1,683	-
The loan payable to Jonas Bielinis (EUR), maturity in 2010	1,671	-
The loan payable to Nerijus Nausėda (EUR), maturity in 2010	1,257	-
The loan payable to Linas Strėlis (LTL), maturity date 2016	-	4,484
The loan payable to Pranas Dailidė (LTL), maturity in 2010	-	77
Bonds issued by the Group, maturity in 2009	30,553	29,615
Total short term borrowing	**63,805**	**45,445**

The long-term borrowings and payables are repayable as follows:

	2009	**2008**
Within 1 and 2 years	2,524	20,709
Within 2 and 5 years	5,040	6,871
After five years	15,482	29,305
Total	**23,046**	**56,885**

16. Borrowings (continued)

Property, plant and equipment (note 5) and investment property (note 6) of the Group were pledged to the banks as collateral to secure the loans payable.

During 2009, the Group defaulted on Bonds payments (amount payable at the year end 2009 amounted to LTL 30,553 thousand). Additionally the Group had defaulted on loan and interest payments to local banks amounting to LTL 12,383 thousand. Although the amounts overdue are large, all of them fall under restructuring in different companies and will have to be paid back over the 4 year period after the court approves the restructuring plans.

The Group over 2009 received loans from banks in the amount of LTL 3,112 thousand, and repaid bank and other borrowings and amounts to bondholders around LTL 11,731 thousand. The Group, as mentioned in the above paragraph had overdue interest and incremental payments in the amount of LTL 12,383 thousand. Around LTL 9,600 thousand of accrued interest, and late payment charges were capitalized and added to the borrowings during the 2009. Group's borrowings of LTL 36,185 thousand payable to Swedbank as of 31 December 2008 (see above) were disposed of as part of discontinuing activities (Note 29).

17. Obligations under finance lease

As of 31 December the Group's minimum lease payments consisted of the following:

	2009		2008	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	5,254	4,770	4,294	3,860
In the second to fifth years inclusive	7,858	7,081	11,132	10,472
Minimum lease payments	**13,112**	**11,851**	**15,426**	**14,332**
Less: future finance charges	(1,261)		(1,094)	
Present value of minimum lease payments	**11,851**	**11,851**	**14,332**	**14,332**

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (note 5).

The fair value of the Group's obligations under finance leases approximates their carrying amount.

18. Income tax

Income tax charge in Income Statement for the Group is calculated as follows:

	2009	2008
Profit tax for the year	-	-
Deferred tax (credit) debit	(3,175)	5,321
Total income tax charge	**(3,175)**	**5,321**

The tax on the Group's the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2009	2008
Profit (loss) before tax	(63,076)	(14,097)
Tax calculated at a tax rate of 20% (2008: 15%)	(5,450)	294
Tax calculated at a tax rate of 5% (2008: 0%)	(1,791)	-
Total theoretical tax	**(7,241)**	**294**
Non-taxable income, agricultural companies	(668)	-
Non-deductible expenses, agricultural companies	1,847	-
Non-deductible expenses, non-agricultural companies	1,318	90
Deffered tax asset not recognized, agricultural companies	2,617	-
Deffered tax asset not recognized, non-agricultural companies	1,782	2,107
Change in tax rate	(2,830)	2,830
Total income tax charge	**(3,175)**	**5,321**

Profit for 2009 is taxable at a rate of 20% (2008: 15%) in accordance with Lithuanian regulatory legislation on taxation. Lithuanian Parliament at 28 December of 2009 appointed new profit tax rates from 1 January 2010 at 15%. Following this, the Group calculated its deferred tax liability as of 31 December 2009 using 15% rate.

18. Income tax (continued)

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 exceed 50% of the total sales of the legal entities producing agricultural products and specialized service companies, these entities were not subject to income tax till 1 December 2009. Such entities include all the agricultural subsidiaries of Agrowill Group AB. For 2010, the applicable tax rate is 10% (2009 – 5%, and for 2008 and earlier periods – 0% rate), while starting from 2011 the tax rate will be equal to general income tax rate applied in the Republic of Lithuania (currently 15%).

Deferred tax

	2009	2008
Assets (Liability) as at 1 January	(19,104)	(6,741)
Income statement charge	3,175	(5,479)
Recognized in shareholder equity	(1,990)	(6,884)
Assets (Liability) as at 31 December	**(17,919)**	**19,104)**

As of 31 December 2009 deferred income tax was calculated using 15% income tax rate (2008: 20%).

Deferred tax asset	**2009**	**2008**
Tax loss carried forward	601	-
Deferred tax asset	**601**	**-**

Deferred tax liability	**2009**	**2008**
Revaluation of Investment property	7,373	9,830
Revaluation of PPE	11,147	9,274
Deferred tax liability	**18,520**	**19,104**

As of 31 December 2009 the deferred tax liability recognized by the Group is LTL 17,919 thousand which relates to revaluations of Investment property and PPE. Deferred tax asset in 2009 is created on tax losses carried forward of subsidiary ZVF entities. The deferred tax asset is not created on agricultural companies tax loss carried forward, as at 31 December 2009 it was not clear that the companies will be able to use the accumulated tax losses.

In the Management opinion the whole amount of the Group's deferred tax asset will be recovered after more then 12 months from the date of these financial statements.

The amount of unused tax losses carried forward for the Group is as follows:

	2009	2008
Total tax loss carried forward	50,836	17,840
Less: deferred tax asset created from tax loss carried forward	4,006	-
Total tax loss carried forward for which no deferred tax asset created	**46,830**	**17,840**

According to Profit Tax Law amendment, starting from 2008, taxable results can be retained for unlimited time. As of 1 January 2010, according to the new amendments to the Income tax law, the companies belonging to a holding structure can offset taxable profit with other holding companies tax losses carried forward.

19. Other payables and current liabilities

As of 31 December the Group's other payables and current liabilities consisted of the following:

	2009	2008
Advances received	9,398	9,060
Taxes payable	6,565	1,908
Payroll related liabilities	4,331	2,099
Vacation reserve	1,120	2,100
Other payables	3,418	2,769
Total	**24,832**	**17,936**

20. *Segment information*

Income statement		Stock-breeding			Crop growing						
2009	**Total**	**Milk**	**Cattle meat**	**Total stock-breeding**	**Wheat**	**Barley**	**Rapeseed**	**Other crops**	**Total crop growing**	**Trade**	**Other segments**
Sales	92,505	22,558	18,459	**41,017**	10,373	636	3,934	4,741	**19,684**	**15,941**	**15,863**
Total cost of sales	(101,769)	(19,898)	(37,389)	**(57,287)**	(12,421)	(972)	(3,292)	(5,579)	**(22,264)**	**(16,307)**	**(5,911)**
Gross profit as reported to management of the Group	(9,264)	2,660	(18,930)	**(16,270)**	(2,048)	(336)	642	(838)	**(2,580)**	**(366)**	**9,952**
Intergroup eliminations											
Intergroup sales	(44,228)	(1,949)	(11,870)	**(13,819)**	(2,263)	(73)	-	(1,600)	**(3,936)**	**(15,547)**	**(10,926)**
Intergroup cost of sales	39,153	1,845	16,930	**18,775**	2,334	103	-	1,737	**4,174**	**15,917**	**287**
Eliminations, net	(5,075)	(104)	5,060	**4,956**	71	30	-	137	**238**	**370**	**(10,639)**
Total revenues from external customers	48,277	20,609	6,589	**27,198**	8,110	563	3,934	3,141	**15,748**	**394**	**4,937**
Direct subsidies	12,178			**3,232**					**8,946**		
Gain on changes in biological assets	(12,842)			**(2,915)**					**(9,927)**		
Gross profit	**(15,003)**	1,868	(13,870)	**(10,997)**	(1,977)	(306)	642	(701)	**(3,323)**	**4**	**(687)**
Depreciation included in cost of sales	**4,092**	1,704	1,127	**2,831**	650	40	247	297	**1,234**	**27**	**-**

'Other segments' include accounting and management services provided by the Parent Company to subsidiaries, also land rent income (both inside and outside the Group). 'Trade' segment supplies combined feed as well as fertilizer and chemicals. 'Stock-breading' includes milk processing and cattle meat breading, whereas 'Crop-growing' includes growing of wheat, barley, rapeseed, triticale, maize as well as other several agricultures.

The main intersegment transactions are the following:
a) The crop growing segment prepared feed for cows (corn silage, hay, haylage) and sells to cattle growing segment
b) Trade segment produces combined feed for cows and sells to cattle growing segment
c) Trade segment supplies the crop growing segment with fertilizer and chemicals and buys grain and rapeseed as the mean of payment.

In 2008, 27 per cent of Group's revenues were from one customer – Marijampolės Pieno Koncervai UAB (buyer of milk), also 12% was received from buyer of grain Agrochema UAB. In 2009, 17.3 per cent of total revenues were received from Pieno Žvaigždės AB (buyer of milk) and 10 per cent was received from Linas Agro AB (buyer of grain).

As of 1 June 2004 the Group companies are entitled to subsidies for agricultural land used in operations according to the European Commission directive „Regarding European agriculture direction and guarantee fund support to rural regions". Plantation declaration must be submitted by 1 June, and subsidies for the year are paid until 30 April of next year. These subsidies reduce the cost of sales of plant-growing operations.

According to the Republic of Lithuanian Ministry of Agriculture „Rules on additional national subsidies payments for livestock for 2005", the Group companies are entitled to subsidies for livestock sold for realization. These subsidies reduce the cost of sales of cattle-breeding activities. According to the Republic of Lithuania Ministry of Agriculture „Rules on subsidies payments to milk producers", the Group companies are entitled to subsidies for the amount of milk sold during the year. These subsidies reduce the cost of sales of cattle-breeding activities.

20. *Segment information (continued)*

Income statement		Stock-breeding			Crop growing						
2008	**Total**	**Milk**	**Cattle meat**	**Total stock-breeding**	**Wheat**	**Barley**	**Rapeseed**	**Other crops**	**Total crop growing**	**Trade**	**Other segments**
Sales	70,227	28,028	5,911	**33,939**	12,210	3,214	7,652	674	**23,750**	**393**	**12,145**
Total cost of sales	(60,623)	(22,913)	(11,672)	**(34,585)**	(11,942)	(4,369)	(6,330)	(500)	**(23,141)**	**(376)**	**(2,521)**
Gross profit as reported to management of the Group	9,604	5,115	(5,761)	**(646)**	268	(1,155)	1,322	174	**609**	**17**	**9,624**
Intergroup eliminations											
Intergroup sales	(11,515)	-	(1,861)	**(1,861)**	(372)	-	(190)	-	**(562)**	**(393)**	**(8,699)**
Intergroup cost of sales	5,009	-	1,956	**1,956**	277	-	164	-	**441**	**376**	**2,236**
Eliminations, net	(6,506)	-	95	**95**	(95)	-	(26)	-	**(121)**	**(17)**	**(6,463)**
Total revenues from external customers	58,712	28,028	4,050	**32,078**	11,838	3,214	7,462	674	**23,188**	**-**	**3,446**
Direct subsidies	9,647			**1,364**					**8,283**		
Gain on changes in biological assets	(9,451)			**(3,394)**					**(6,057)**		
Gross profit	**3,294**	5,115	(5,666)	**(2,581)**	173	(1,155)	1,296	174	**2,714**	**-**	**3,181**
Depreciation included in cost of sales	**4,003**	1,402	1,202	**2,604**	688	181	431	38	**1,338**	**61**	**-**

20. Segment information (continued)

The Group management monitors the assets and liabilities on a higher level, i.e on a company basis. Therefore, assets of an agricultural entity contain the only split of biological assets between stock-breading and crop-growing, whereas all other assets (as well as liabilities) are reported in aggregate and are not further split between segments. For land rent companies, financial liabilities are monitored.

Main intercompany eliminations include include eliminatios of intercompany balances on consolidation (i.e. intergroup accounts payable and receivable, intergroup loans granted and received, as well as eliminations of cost of investments in agricultural and land rent companies of investment management companies).

See table below for assets and liabilities breakdown by different segments:

	Agricultural companies			**Land rent companies**	**Investment management companies**	**Intergroup eliminations**	**Total**
	Stock-breading	Crop-growing	Not attributable to stock-breading or crop-growing				
Assets							
2009	9,981	5,124	194,291	230,794	229,367	(397,319)	272,238
2008	33,296	12,772	181,380	94,334	297,131	(254,365)	364,548
Acquisitions of PP&E and Investment property							
2009	-	-	3,206	8,791	160	-	12,157
2008	-	-	73,292	-	157	-	73,449
Liabilities							
2009	-	-	140,017	166,204	143,414	(224,614)	225,021
2008	-	-	92,377	54,781	197,317	(79,999)	264,476

21. Cost of sales by nature

As of 31 December the Group's cost of sales breakdown by type of expenses was the following:

	2009	**2008**
Payroll expenses	12,079	8,224
Social security expenses	3,705	2,524
Feed for animals	11,685	19,051
Fertilizer	8,818	6,521
Property, plant and equipment depreciation	4,092	4,003
Land rent	3,819	2,153
Fuel costs	3,237	2,974
Chemicals	3,044	1,625
Spare parts and inventory	2,116	1,588
Services from contractors	1,639	1,254
Seed	1,440	1,526
Electricity	1,356	882
Medicine	990	561
Veterinary and insemination	525	557
Other expenses	4,071	2,171
Less: direct subsidies from State	(12,178)	(9,647)
Total	**50,438**	**45,967**

22. Operating expenses

As of 31 December the Group's operating expenses consisted of the following:

	2009	2008
Payroll expenses	4,041	4,821
Social security expenses	1,253	1,494
Impairment of PPE	8,980	-
Fines and late payments	4,070	341
Reduction in fair value of accounts receivable	3,686	1,554
Property, plant and equipment depreciation	2,704	1,198
Write-off of inventory	2,588	1,496
Insurance and tax expense	1,996	1,473
Consultations and business plan preparations	1,548	561
Selling expenses	1,011	1,573
Impairment of goodwill	824	-
Write-off of property, plant and equipment	511	1,396
Transportation costs	465	301
Fuel costs	359	410
Loss on sale of PPE	227	(117)
Rent and utilities	200	180
Real estate registration and notaries	173	446
Allowance for vacation reserve	77	171
Amortization of intangible assets	67	34
Advertising expenses	50	479
Other expenses	804	2,569
Total	**35,634**	**20,380**

Expense for defined contribution plans amount to LTL 4,958 thousand in 2009 (2008: 4,018 thousand). Defined contribution plan payments consist of payments to State social security fund only, with the amount calculated equaling 31 per cent from the gross salary expense of all employees.

23. Business combinations

In May 2008, the Group established a subsidiary entity Agrowill Eesti OU, with a purpose to acquire sub-subsidiary Polva Agro OU. The acquisition took place in the June 2008. In September 2008, Agrowill Group AB via the subsidiary company AWG Investment 1 UAB acquired controlling stake in subsidiary Grūduva UAB.

Acquisitions of subsidiaries	**Polva Agro**	**Grūduva**
	June 2008	**September 2008**
Non-current assets		
Tangible and intangible assets	14,757	31,206
Biological assets	2,067	5,972
Current assets		
Cash and cash equivalents	5,244	244
Trade receivables and other current assets	1,675	4,434
Inventory	3,262	14,193
Long term liabilities		
Borrowing and obligations under financial lease	(586)	(8,123)
Grants	-	(3,100)
Deferred tax	-	(1,901)
Short term liabilities		
Borrowing and obligations under financial lease	(182)	(1,526)
Other financial liabilities	-	(573)
Trade payables and other current liabilities	(2,439)	(7,093)
Net assets at acquisition date	**23,798**	**33,733**
Acquired share capital, %	93.60	97.28
Net assets acquired	22,275	32,816
Cash paid upon acquisition acquired	50,080	34,500
Direct costs relating to acquisition	550	134
Total purchase consideration	**(50,630)**	**(34,634)**
Total goodwill	**28,355**	**1,818**

23. Business combinations (continued)

Goodwill, arising at acquisition of subsidiaries is accounted for as intangible assets in the Group's consolidated financial statements. The acquired goodwill is attributable to the acquired companies technological know-how, staff expertise, and economies of scale expected from combining the operations of the Group, Polva Agro OU, and Grūduva UAB.

The combined effect of these two acquisitions to the profit and loss account of the Group of 2008 since the day of acquisitions till the year end amounts to LTL 189 thousand (Polva: LTL 3,065 thousand profit, including results of Agrowill Eesti OU, and Grūduva: loss of LTL 3,637 thousand). The effect of Grūduva UAB acquisition to revenues of the Group since the acquisition day till the year end amounted to LTL 6,146 thousand.

Had the acquisitions occurred at the 1 January 2008, the combined Group's annual revenues in 2008 would have amounted to LTL 67,608 thousand (Polva: LTL 0 thousand because it is treated as discontinued operations, see Note 29, and therefore does not have an impact on the Group's revenues; and Grūduva: LTL 15,042 thousand total revenues in 2008, of which LTL 8,896 thousand is revenues in 2008 before the acquisition, and LTL 6,146 thousand is revenues in 2008 after acquisition).

Had the acquisitions occurred at the 1 January 2008, the combined Group's annual net loss for 2008 from continuing activities would have amounted to LTL 16,066 thousand (Grūduva: LTL 535 thousand total net loss in 2008, of which net profit of LTL 3,102 thousand was earned in 2008 before the acquisition, and net loss of LTL 3,637 thousand was incurred in 2008 after acquisition). The combined Group's annual total net loss for 2008 would have amounted to LTL 10,365 thousand (Polva: LTL 5,701 thousand total net profit in 2008, of which LTL 2,636 thousand earned in 2008 before acquisition, and LTL 3,065 thousand after acquisition; Grūduva: LTL 535 thousand net loss in 2008, as bescribed in this paragraph above).

The information about of sale of Agrowill Eesti OU group (together with Polva Agro OU) is presented in Note 29.

Net cash paid to acquire subsidiaries

	2009	2008
Acquisition cost paid in cash	-	85,264
Less: cash and cash equivalents of acquired subsidiaries	-	(5,488)
	-	**79,776**

Net cash received from disposals of subsidiaries

	2009	2008
Proceeds of sales in cash	8	-
Less: cash and cash equivalents of disposed subsidiaries	(918)	-
	(910)	**-**

24. Income from financial and investment activities

	2009	2008
Interest income	5	52
Fines	225	-
Other financial income	210	45
Total	**440**	**97**

25. Finance cost

For the year ended as of 31 December the Group's finance cost consisted of the following:

	2009	2008
Bank interest expenses	6,268	6,128
Other borrowings interest expenses	3,154	3,315
Other liabilities interest expenses	3,097	1,980
Other financial expenses	360	1,612
Total	**12,879**	**13,035**

26. Basic and diluted earnings per share

	2009	2008
Net profit from continuing activities attributable to equity holders of the Company	(58,424)	(19,127)
Net profit from discontinued activities attributable to equity holders of the Company	(12,680)	3,065
Net profit attributable to equity holders of the Company	(71,104)	(16,062)
Weighted average number of shares	26,142,732	24,607,049
Earnings per share (LTL) from continuing activities	(2.24)	(0.78)
Earnings per share (LTL) from discontinued activities	(0.48)	0.13
Earnings per share (LTL)	**(2.72)**	**(0.65)**

The Company had no dilutive options outstanding during 2009 and 2008 or as of 31 December 2009 and 2008. Weighted average number of shares for 2008 is calculated as following:

	Weighted number of shares
Share capital of 20,000,000 shares for 3 months	5,000,000
Share capital of 26,142,732 shares for 9 months	19,607,049
Weighted number of shares for 2008	**24,607,049**

27. Related party transactions

Over the years ended 31 December 2009 and 2008 the average number of Senior Management was 24 and 22 respectively. Senior management includes managers of subsidiary agricultural entities and directors of structural departments of Agrowill Group AB.

(i) Payments to Board Members and Senior management

In 2009, salaries and other payments to the Board Members and Senior Management of the Company amounted to LTL 1.0 million (2008: LTL 1.3 million).

(ii) Other transactions with related parties

All the shareholders of Agrowill Group AB (Note 1), owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, are considered to be related parties.

Trading transactions with related parties were carried out on commercial terms and conditions and market prices.

Transactions with related parties are as follows:

	2009				
	Accounts receivable	Borrowings	Accounts payable	Purchases	Sales
Shareholders					
ŽIA valda UAB	-	-	9	131	-
Parties related to general director Mindaugas Juozaitis					
3MD UAB	-	-	-	143	-
Total	**-**	**-**	**9**	**274**	**-**

	2008				
	Accounts receivable	Borrowings	Accounts payable	Purchases	Interest
Shareholders					
Linas Strėlis	-	4,484	554	-	554
Invalda AB	-	3,870	282	-	430
ŽIA valda UAB	96	425	120	159	57
Parties related to shareholder Linas Strėlis					
Kelmės pieninė AB	-	-	-	-	70
Parties related to shareholder Žia valda AB					
Žia valda real estate UAB	-	-	-	82	-
Total	**96**	**8,779**	**956**	**241**	**1,111**

28. Commitments and contingencies

The Group leases agricultural land, some passenger cars, and premises under operating lease agreements. Total amount of such expenses included in the profit (loss) account for years ended 31 December 2009 and 2008 equals to LTL 3,926 thousand and LTL 2,233 thousand respectively. These contracts are with an average term of 5 – 6 years. All contracts are registered in State Registrar, so the lessor can not terminate them before the original term expires.The Group can cancel the contracts with 1 year prior notice. The first hand right to buy the leased land belongs to the Group, however, if the Group does not wishes to acquire the land, the rent contract stays valid until the original term expires.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2009	2008
Not later than 1 year	3,248	3,926
Later than 1 year, but not later than 5 years	9,293	10,779
After 5 years	2,285	4,047
Total future lease payments	**14,826**	**18,752**

The Group leases out agricultural land to third parties. Total amount of such revenues included in the profit (loss) account for years ended 31 December 2009 and 2008 equals to LTL 2,293 thousand and LTL 1,652 thousand respectively. The future aggregate minimum lease receivables unded non-cancellable agreements:

	2009	2008
Not later than 1 year	2,214	2,293
Later than 1 year, but not later than 5 years	8,681	6,935
After 5 years	12,756	9,742
Total future lease receivables	**23,651**	**18,970**

In October 2009 the Group signed an agreement regarding the sales of Agrowill Eesti shares. Agrowill Eesti is the controlling company of Polva Agro OU. According to the agreement the shares are transferred for the nominal value of shares – LTL 9 thousand. Until further contract conditions are met Agrowill Group AB had issued a guarantee for the loan of Agrowill Eesti OU to Swedpank A/S (LTL 36,185 thousand). As all conditions of contract were met in the beginning of 2010, the guarantee became terminated as of 15 April 2010.

The main legal cases where Group is participating are the Restructuring cases for 14 agricultural subsidiaries and the Company. All remaining legal cases where Group parties are involved are regarding legal adjudjement of the amounts payable by the Group. As the Group companies are in Restructuring process, all such cases are being merged into Restructurisation case of each company after such case has been appointed by the court of Lithuania. The Group management believes that no significant addiditional liabilities will arise upon the completion of these legal cases.

There are no other ongoing or pending legal cases which might result in possible additional losses for the Group.

29. Discontinued activities

The activities of Agrowill Eesti OU and Polva Agro OU for the period from June 2008 up to October 2009 are disclosed in the discontinued activities part. The analysis of net result is presented below:

	2009	2008
Revenues	4,641	5,211
Cost of sales	(4,139)	(2,913)
Gain (loss) on changes in fair values of biological assets	-	2,782
Gross profit	**502**	**5,080**
Operating expenses	(3,433)	(1,107)
Other income	45	204
Operating profit	**(2,886)**	**4,117**
Finance cost	(3,057)	(1,112)
Income tax expense	-	-
Profit (loss) after income tax from normal activities	**(5,943)**	**3,065**
Loss on disposal	**(6,738)**	**-**
TOTAL PROFIT / (LOSS) FROM DISCONTINUED ACTIVITIES	**(12,681)**	**3,065**

The loss on disposal includes loans written off during disposal (LTL 9,803 thousand) - loans issued by the Parent Company to the subsidiary sold (Agrowill Eesti OU), which at the date of transaction were written – off as part of agreement, and net assets disposed off (LTL 3,065 thousand).

The subsidiaries were sold in October 2009:

Disposal of subsidiaries	**Agrowill Eesti Group October 2009**
Non-current assets	
Tangible and intangible assets	12,591
Goodwill	28,355
Long – term receivables and investments	9,611
Biological assets	2,462
Current assets	
Cash and cash equivalents	917
Trade receivables and other current assets	1,654
Inventory	1,053
Long term liabilities	
Borrowing and obligations under financial lease (including liabililities to the Parent Company)	(55,376)
Short term liabilities	
Borrowing and obligations under financial lease	(17)
Trade payables and other current liabilities	(2,792)
Total net assets disposed off	**(1,542)**
Net assets attributable to minority at disposal date	**1,523**
Net assets attributable to equity holders of the Parent company at disposal date	**(3,065)**

30. Subsequent events

In April 2010, the Group announced that it has obtained management rights to Agricultural company "Gustoniai". The Group had acquired almost 70 per cent of voting rights in the company, but was neglected it's shareholder rights by former managers. In the Group's financial statements an advance of LTL 535 thousand was accounted as at 31 December of 2009 and 2008. The advance was made in 2007, however until recently the Group had no ways of obtaining the managing rights of the subsidiary.

In May 2010, the Group reached an agreement with AB bank SNORAS on the loan extension term for the LTL 22 million loan that was due this year. According to the new agreement with the Bank, the Group will repay the loan by 2012.

In May 2010, Algirdas Pereckas has been appointed the CEO of „Agrowill Group".

AB „Agrowill Group" closed selling deal of its subsidiary „Agrowill Eesti" OÜ. It owned agricultural company „Polva Agro" OÜ. „Agrowill Eesti" OÜ has been sold together with it's liabilities against bank – LTL 36.2 mill.

The dispute over the increase of share capital of AB Agrowill Group between AB Agrowill Group and UAB Finance Risk Management was terminated. AB Agrowill Group and the company UAB Finance Risk Management which belongs to Invalda group (before known as Finasta Risk Management), signed a Peace Agreement on the increase of Companie's share capital. The dispute was started in 2008 December. After finishing the procedures of share capital increase, the share capital of AB Agrowill Group will come up 1.545 million Lt to 27.688 million Lt, and the new shares will belong to Invalda group.

Increase of share capital of the AB "Agrowill Group" up to 27,687,747 LTL has been registered in August.

On 23rd August 2010, the Group, among other questions, the extraordinary shareholders meeting took following decisions:

Election of the new Supervisory Board of the Company:
To elect new Members of the Supervisory Board of the Company – Ramūnas Audzevičius, Česlav Okinčic, Aurimas Sanikovas, Gediminas Žiemelis, Džiuginta Kalvelienė.

Regarding increase of share capital of the Company:
To increase the share capital of Agrowill Group AB from LTL 27,687,747 to LTL 65,260,397 by issuing 37,572,650 new ordinary registered shares with nominal value of LTL 1 each. The issue price for 37,572,650 new shares is LTL 37,572,650, i.e. LTL 1 per share.

Regarding the recall of priority right to acquire the new share issue.
To recall the priority right of all shareholders to acquire the newly issued 37,572,650 ordinary registered shares of Agrowill Group AB, based on the Law of Companies of the Republic of Lithuania article 20, part 1, p. 13, and article 57, part. 5, p. 7.

Reason for the recall is to grant the possibility to the investors – UAB „Hermis Capital", Volemer Holdings Limited, Vretola Holdings Limited - to make additional investment in the Company's activities, and to strengthen capital basis of the Company. None of the new shareholders obtained control over the Company.

The additional share capital of LTL 37,562,650 shares was registered in State Registrar in August.

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AGROWILL GROUP AB DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET IN 2009

The public company Agrowill Group AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 23.5 of the Trading Rules of the NASDAQ OMX Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	Changes estimated during the nearest fiscal years are provided by the company in the annual prospectuses-reports, which are provided on the company's and Vilnius Stock Exchange website.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The company's Board members and chief executive officer attempt in their actions to increase the shareholders' equity and transparency of the company by ensuring a high long-term financial rate of return, maintaining a small risk level and abiding by the ethic standards.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The company's shareholders form the Supervisory Council, which represent the shareholders and elect the Board of Directors, which is responsible for the strategic management and supervises the work of the CEO. On Supervisory Council meetings the activities of the Board are reviewed. On regular Board meetings, the activities of company's administration are reviewed.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company respects all the rights and interests of persons other than the company's shareholders participating in or connected with the company's operation.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	The Company has a Supervisory Council and Board of Directors. Meetings of the Supervisory Council and Board of Directors ensure the effective supervisions of companies activities.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The functions set forth in the recommendation are performed by the collegial management body – the Supervisory Council.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	Yes	The Company has a Supervisory Council and Board of Directors.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The relevant provisions set forth in III and IV principles are applicable to the formation of company's Supervisory Council and activity assessment.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	There are 3 (three) members of Supervisory Council and 5 (five) Board members in the Company who do not have other mutual interests but only activity within the Supervisory Council and Board of Directors and who act seeking benefit to the company and all shareholders.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Yes	There are no directors-consultants in the company. The members of Supervisory Council and the Board are elected for 2 year term.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The CEO of the Company is also a member of the Board of the company. The independent supervision function is ensured via the Supervisory Council, which is comprised of 3 members.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	When electing collegial body, the shareholders can access the thorough information about each candidate before the shareholders meeting and during it. The company's Supervisory Council operates impartially, objectively and represents the interests of all shareholders equally.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	Information about the members of the Supervisory Council of the company, their education, qualification, professional experience, participation in the activity of other companies is released in the prospectuses- reports. The information about the Supervisory Council members is constantly updated and released to the shareholders.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	When electing Supervisory Council, the shareholders can access the thorough information about each candidate before the shareholders meeting and during it.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Yes	The composition of the Supervisory Council is regularly assessed in the company with consideration to the type and structure of activity pursued by the Company.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	No	Presently, members of the Supervisory Council do not perform the assessment of skills and knowledge. The members of the Supervisory Council are regularly informed about changes in the legal acts and other circumstances influencing the operations of the company.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	Yes	No shareholders have majority of the votes in the Supervisory Council, as the majority of the Council is independent. So the possible conflicts of interests are solved appropriately.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;	Yes	1 of the 3 members of the Supervisory Council elected at the general shareholders meeting fail to meet this code recommendation on independency, but nevertheless in their actions seek to benefit the company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	No	Supervisory Council members' independency assessment is not practiced in the Company. As the collegial body Supervisory Council was formed only in December 2007.
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	See comment for 3.8
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	See comment for 3.8
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	Yes	The Supervisory Council members can be remunerated from the resources of the Company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[1] of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The company's Supervisory Council performs all supervision functions set forth in the legal acts of the Republic of Lithuania.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	According to the data held with the company, all Supervisory Council members act in good will with respect to the company, are guided by the interests of the company, and not personal or third parties' interests, seeking to preserve their independency while adopting the decisions.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The company's Supervisory Council performed the functions assigned properly: they actively participate in the Supervisory Council meetings and devote sufficient time for the performance of their duties as Supervisory Council members. As of May 2009, the Supervisory Council did not meet, as the Group entered restructurization
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The company's Supervisory Council treats all shareholders honestly and impartially.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	All significant transactions with the shareholders of the Company (over LTL 20 thousand), which are made not in line with the main business of the Company are approved by the Board of directors.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.	Yes	The company's Supervisory Council is independent while adopting decisions which are significant for the activity and strategy of the company.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	Yes	There is Nomination and Remuneration, and Audit committees formed in the Company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	Yes	The Committees do not replace Supervisory Council. Rather, within their responsibility areas they make suggestions and opinions to the Supervisory Council.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	Yes	The Committees are formed from 2 persons due to small number of Supervisory Council itself.
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	Yes	The Committees act according to their regulations.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	Yes	The members of the Supervisory Council who are not on the Committees can participate in the meetings only if they are allowed by the Committee.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	Yes	Main functions of the Committee match those advised in recommendation. Due to simplicity this committee is merged with the Remuneration committee.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;	Yes	Main functions of the Committee match those advised in recommendation. Due to simplicity this committee is merged with the Nomination committee.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 5) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;	Yes	Main functions of the Committee match those advised in recommendation.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.		

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	As the collegial body Supervisory Council was formed only in December 2007 and no assessments were carried out for 2007-2009. The assessments will be performed by the members of the Committees in the future.
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	This provision is implemented by the company's Supervisory Council and Board of Directors.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	No	The Supervisory Council meetings were held at least once per quarter until May 2009. As of that date the meetings ceesed as the Group entered restructurization
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	N/A	
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	N/A	
Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The ordinary registered shares which compose the company's authorized capital grant equal rights to all shareholders of the company's shares.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The company publicly informs about the rights granted by the newly issued shares.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	All shareholders of the company have equal opportunities to get familiarized and participate in adopting decisions important to the company. Approval of the shareholder's meeting is also necessary in cases stipulated in Chapter V of the Republic of Lithuania Company Law.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	The shareholders meetings are held in Vilnius, Smolensko st. 10, in the headquarters of Agrowill Group AB, or in a conference room in center of Vilnius. The procedures for the convention and conduction of the general shareholders meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meeting, get familiarized with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	All information dedicated to the shareholders and investors is announced on the company's website and NASDAQ OMX VSE information system.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The company's shareholders may exercise their rights to participate in the general shareholders meeting both personally and via an attorney, if such person has a proper authorization.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	No	The company does not follow this recommendation as the number of the shareholders until 2008 was very small. In 2009 this receommendation was not implemented. In the future, the Company will seek to implement such possibility.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The Supervisory Council and Board members act according to the following recommendations.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	See 7.1
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	See 7.1
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	See 7.1
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The Company does not prepare a remuneration policy. Information about the benefits and loans for the members of the management bodies is provided in the annual prospectuses – reports, financial accounts.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	See 8.1
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	See 8.1

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	See 8.1
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	See 8.1
8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	See 8.1
8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.	No	See 8.1
8.7.1. The following remuneration and/or emoluments-related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.	No	See 8.1

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. The following supplementary pension schemes-related information should be disclosed: 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.	No	See 8.1
8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	N/A	The Company does not use such remuneration policy.
8.9. The following issues should be subject to approval by the shareholders' annual general meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	N/A	See 8.8

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	N/A	See 8.8
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	N/A	See 8.8
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	N/A	See 8.8
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The company respects the rights of interest holders which are protected by the laws and which authorize the interest holders to participate in the management of the company in the manner set forth in the laws.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	See 9.1
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	See 9.1

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy.	Yes	Information set forth in this recommendation is disclosed in the periodic prospectuses-reports, annual report, website, through the NASDAQ OMX VSE information system.
This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list	Yes	See 10.1
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure. 10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII. 10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes	See 10.1
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions	Yes	Information is provided by the company via the information disclosure system used by the Vilnius Stock Exchange in the Lithuanian and English languages at the same time, as much as it is possible. The exchange announces the information received in their website and trade system, this way ensuring simultaneous provision of information to everyone. The company does not disclose information that may have an effect on the price of securities issued by the company in the commentaries, interview or other ways as long as such information is publicly announced via the information system of the Stock Exchange.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	Information is provided by the company via the information disclosure system used by the Vilnius Stock Exchange in the Lithuanian and English languages at the same time, as much as it is possible. The exchange announces the information received in their website and trade system, this way ensuring simultaneous, timely and cheap provision of information to everyone.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The Company follows this recommendation.
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	An independent audit company audits the annual financial statements and annual report.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	No	The candidature of the audit company is suggested to the general shareholders meting by the company Board.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	N/A	The audit company did not provide non-audit services to the company.

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