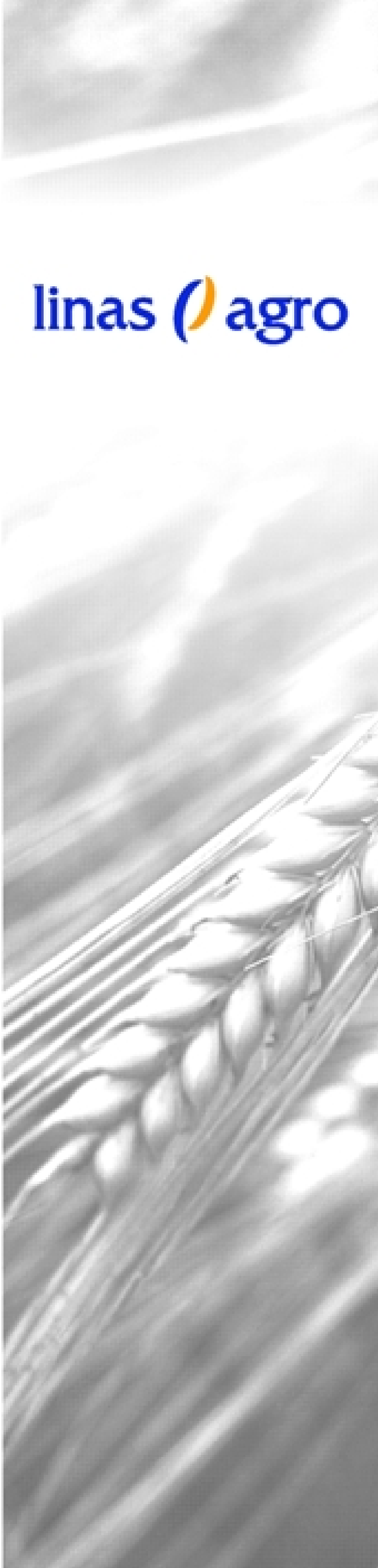
AB LINAS AGRO GROUP



CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION,
PRESENTED TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG

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PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

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Register of Legal Entities

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

Report on the Financial Statements

We have audited the accompanying financial statements of AB Linas Agro Group, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), and the consolidated financial statements of AB Linas Agro Group and subsidiaries (hereinafter the Group), which comprise the statements of financial position as of 30 June 2010, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory notes).

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 30 June 2010, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated Annual Report for the year ended 30 June 2010 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 30 June 2010.

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

Jonas Akelis
Auditor's licence
No. 000003
President

Asta Štreimikienė
Auditor's licence
No. 000382

The audit was completed on 30 September 2010.

Statements of financial position

	Notes	Group		Company	
		As of 30 June 2010	**As of 30 June 2009**	**As of 30 June 2010**	**As of 30 June 2009**
ASSETS					
Non-current assets					
Intangible assets	5	194	85	-	-
Property, plant and equipment	6	95,326	94,132	-	-
Investment property	7	8,398	8,176	602	604
Animals and livestock	12	9,534	6,502	-	-
Non-current financial assets					
Investments into subsidiaries	3	-	-	160,709	160,443
Investments into associates	8	284	207	132	132
Investments into joint ventures	8	22,888	21,561	5,602	5,602
Other investments	9	5,884	5,919	5,552	5,552
Prepayments for financial assets	10	12,757	-	36,757	-
Non-current receivables	11	7,614	4,727	-	-
Non-current receivables from related parties	35	1,303	16,991	2,605	-
Total non-current financial assets		50,730	49,405	211,357	171,729
Deferred income tax asset	31	1,897	1,950	-	-
Total non-current assets		**166,079**	**160,250**	**211,959**	**172,333**
Current assets					
Crops	12	17,786	17,214	-	-
Inventories	13	62,785	63,918	-	-
Prepayments	14	19,530	17,380	8	23
Accounts receivable					
Trade receivables	15	121,152	98,128	-	-
Receivables from related parties	35	6,930	12,842	24,094	1,164
Other accounts receivable	16	18,721	8,339	75	116
Total accounts receivable		146,803	119,309	24,169	1,280
Other financial assets	17	1,304	967	-	-
Cash and cash equivalents	18	34,014	8,190	15,202	23
Total current assets		**282,222**	**226,978**	**39,379**	**1,326**
Total assets		**448,301**	**387,228**	**251,338**	**173,659**

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

Statements of financial position (cont'd)

	Notes	Group		Company	
		As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	1	158,940	41,000	158,940	41,000
Share premium	1	79,545	121,911	79,545	121,911
Legal reserve	19	4,100	10	4,100	10
Other reserves	19	-	-	-	8,691
Foreign currency translation reserve	19	(133)	(297)	-	-
Retained earnings		8,079	(18,657)	3,976	(1,636)
Total equity attributable to equity holders of the parent		**250,531**	**143,967**	**246,561**	**169,976**
Non-controlling interest		**12,817**	**12,104**	-	-
Total equity		**263,348**	**156,071**	**246,561**	**169,976**
Liabilities					
Non-current liabilities					
Grants and subsidies	20	10,557	11,810	-	-
Non-current borrowings	21, 35	26,805	27,972	-	1,790
Finance lease obligations	22	1,578	2,308	-	-
Non-current payables to related parties	35	-	-	-	97
Deferred income tax liability	31	1,372	1,871	-	-
Total non-current liabilities		**40,312**	**43,961**	-	**1,887**
Current liabilities					
Current portion of non-current borrowings	21	15,045	40,787	-	-
Current portion of finance lease obligations	22	928	1,138	-	-
Current borrowings	21	94,749	80,336	4,663	1,129
Derivative financial instruments	17	3,091	-	-	-
Trade payables	24	14,142	39,992	28	13
Payables to related parties	35	3,112	4,608	-	600
Income tax payable		1,415	4,248	-	-
Provisions	25	-	5,433	-	-
Other current liabilities	26	12,159	10,654	86	54
Total current liabilities		**144,641**	**187,196**	**4,777**	**1,796**
Total equity and liabilities		**448,301**	**387,228**	**251,338**	**173,659**

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

Managing Director	Darius Zubas		30 September 2010
Finance Director	Tomas Tumėnas		30 September 2010

Consolidated statement of comprehensive income

	Notes	Financial year ended	
		30 June 2010	30 June 2009
Sales	4	834,116	1,113,880
Cost of sales	27	(763,775)	(1,038,141)
Gross profit		**70,341**	**75,739**
Operating (expenses)	28	(32,079)	(35,025)
Other income	29	1,585	5,253
Other (expenses)	29	(163)	(1,436)
Operating profit		**39,684**	**44,531**
Income from financing activities	30	2,808	3,338
(Expenses) from financing activities	30	(5,179)	(11,599)
Share of profit of associates		122	113
Share of profit of joint ventures		2,553	3,965
Profit before tax		**39,988**	**40,348**
Income tax	31	(6,478)	(8,577)
Net profit		**33,510**	**31,771**
Attributable to:			
Equity holders of the parent		30,826	28,114
Non-controlling interest		2,684	3,657
		33,510	**31,771**
Basic and diluted earnings per share (LTL)	32	0.30	0.69
Net profit		**33,510**	**31,771**
Other comprehensive income			
Exchange differences on translation of foreign operations		164	(162)
Total comprehensive income		**33,674**	**31,609**
Attributable to:			
Equity holders of the parent		30,990	27,947
Non-controlling interest		2,684	3,662
		33,674	**31,609**

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

Company's statement of comprehensive income

	Notes	Financial year ended	
		30 June 2010	30 June 2009
Income	4	2,778	1,418
Operating (expenses)	28	(1,909)	(3,003)
Other income		8	161
Other (expenses)		-	(40)
Operating profit (loss)		**877**	**(1,464)**
Income from financing activities		385	14
(Expenses) from financing activities		(251)	(182)
Profit (loss) before tax		**1,011**	**(1,632)**
Income tax		-	(4)
Net profit (loss)		**1,011**	**(1,636)**
Other comprehensive income		-	-
Total comprehensive income		**1,011**	**(1,636)**

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

Managing Director	Darius Zubas	30 September 2010
Finance Director	Tomas Tumėnas	30 September 2010

Consolidated statement of changes in equity

		Equity attributable to equity holders of the parent							
	Notes	**Share capital**	**Share premium**	**Legal reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Subtotal**	**Non-controlling interest**	**Total**
Balance as of 1 July 2008		**86**	**-**	**10**	**(130)**	**121,848**	**121,814**	**10,361**	**132,175**
Net profit for the year		-	-	-	-	28,114	28,114	3,657	31,771
Other comprehensive income		-	-	-	(167)	-	(167)	5	(162)
Total comprehensive income		-	-	-	(167)	28,114	27,947	3,662	31,609
Issue of share capital	1	40,914	121,911	-	-	(157,202)	5,623	-	5,623
Payment for Rosenkrantz A/S shares	1	-	-	-	-	(9,000)	(9,000)	-	(9,000)
Dividends declared by Rosenkrantz A/S		-	-	-	-	(1,740)	(1,740)	(1,158)	(2,898)
Acquisition of non-controlling interest		-	-	-	-	(677)	(677)	(1,307)	(1,984)
Non-controlling interest arising on acquisition of subsidiaries		-	-	-	-	-	-	546	546
Balance as of 30 June 2009		**41,000**	**121,911**	**10**	**(297)**	**(18,657)**	**143,967**	**12,104**	**156,071**
Balance as of 1 July 2009		**41,000**	**121,911**	**10**	**(297)**	**(18,657)**	**143,967**	**12,104**	**156,071**
Net profit for the year		-	-	-	-	30,826	30,826	2,684	33,510
Other comprehensive income		-	-	-	164	-	164	-	164
Total comprehensive income		-	-	-	164	30,826	30,990	2,684	33,674
Issue of share capital	1	117,940	(38,113)	-	-	-	79,827	-	79,827
Shares issue transaction costs	1	-	(4,253)	-	-	-	(4,253)	-	(4,253)
Transfer to legal reserve		-	-	4,090	-	(4,090)	-	-	-
Dividends declared by Rosenkrantz A/S		-	-	-	-	-	-	(1,971)	(1,971)
Balance as of 30 June 2010		**158,940**	**79,545**	**4,100**	**(133)**	**8,079**	**250,531**	**12,817**	**263,348**

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

Company's statement of changes in equity

	Notes	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Total
Balance as of 1 July 2008		**86**	**-**	**10**	**4,440**	**4,251**	**8,787**
Net (loss) for the year		-	-	-	-	(1,636)	(1,636)
Total comprehensive income		-	-	-	-	(1,636)	(1,636)
Issue of share capital	1	40,914	121,911	-	-	-	162,825
Transfer to other reserves	19	-	-	-	4,251	(4,251)	-
Balance as of 30 June 2009		**41,000**	**121,911**	**10**	**8,691**	**(1,636)**	**169,976**
Balance as of 1 July 2009		**41,000**	**121,911**	**10**	**8,691**	**(1,636)**	**169,976**
Net profit for the year		-	-	-	-	1,011	1,011
Total comprehensive income		-	-	-	-	1,011	1,011
Issue of share capital	1	117,940	(38,113)	-	-	-	79,827
Shares issue transaction costs	1	-	(4,253)	-	-	-	(4,253)
Transfer to legal reserve and retained earnings	19	-	-	4,090	(8,691)	4,601	-
Balance as of 30 June 2010		**158,940**	**79,545**	**4,100**	**-**	**3,976**	**246,561**

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

Managing Director	Darius Zubas	30 September 2010
Finance Director	Tomas Tumėnas	30 September 2010

Cash flow statements

		Group		Company	
		Financial year ended		Financial year ended	
	Notes	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Cash flows from (to) operating activities					
Net profit (loss)		33,510	31,771	1,011	(1,636)
Adjustments for non-cash items:					
Depreciation and amortisation	5, 6, 7	7,939	7,839	2	2
Subsidies amortisation	20	(1,164)	(1,425)	-	-
Share of profit of associates and joint ventures	8	(2,675)	(4,078)	-	-
(Gain) on disposal of property, plant and equipment	29	(239)	(488)	(8)	(121)
Change in impairment of property, plant and equipment and investment property	6, 7	(394)	1,425	-	-
Change in impairment of investments	28	(6)	27	258	926
Negative goodwill recognised as income	3	-	(6)	-	-
Loss (gain) from disposal of investments	29	3	(2,142)	-	55
Change in allowance for receivables and prepayments	28	2,948	3,485	61	144
Inventories write down to net realisable value	13	200	868	-	-
Change in accrued expenses	26	(497)	2,180	23	(174)
Change in fair value of biological assets	27	(5,269)	345	-	-
Change in deferred income tax	31	(388)	241	-	-
Current income tax expenses	31	6,866	8,336	-	4
Expenses (income) from change in fair value of financial instruments	17	169	(967)	-	-
Change of provision for onerous contracts	27	(5,433)	5,433	-	-
Dividend (income)	4	-	-	(2,392)	(1,180)
Interest (income)	30	(2,808)	(3,338)	(385)	(14)
Interest expenses	30	5,179	11,599	251	182
		37,941	61,105	(1,179)	(1,812)
Changes in working capital:					
Decrease (increase) in biological assets		2,917	(2,070)	-	-
Decrease in inventories		6,017	39,904	-	-
(Increase) decrease in prepayments		(3,460)	(489)	15	(23)
(Increase) decrease in trade and other accounts receivable		(31,892)	14,218	(71)	(344)
(Increase) decrease in restricted cash	17	(1,304)	2,315	-	-
(Decrease) increase in trade and other accounts payable		(25,386)	(42,617)	24	(1,385)
Income tax (paid)		(6,785)	(7,851)	-	(38)
Net cash flows from (to) operating activities		**(21,952)**	**64,515**	**(1,211)**	**(3,602)**

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

Cash flow statements (cont'd)

		Group		Company	
		Financial year ended		Financial year ended	
	Notes	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Cash flows from (to) investing activities					
(Acquisition) of intangible assets, property, plant and equipment and investment property	5, 6, 7	(10,449)	(20,645)	-	-
Proceeds from sale of intangible assets, property, plant and equipment and investment property		594	1,788	8	217
Acquisition of subsidiaries (less received cash balance in the Group)	3	(2,046)	(8,895)	(528)	(7,338)
Disposal of subsidiaries (less disposed cash balance in the Group)	3	-	(180)	-	-
(Acquisition) of other investments	3	-	(7,529)	(524)	-
Prepayments for financial assets	10	(12,757)	-	(36,757)	-
Proceeds from sales of other investments		-	197	-	-
Loans (granted)		(14,261)	(2,998)	(30,620)	-
Repayment of granted loans		27,763	9,606	6,764	-
Interest received		3,229	1,550	104	14
Dividends received	8	1,045	1,180	1,045	1,880
Net cash flows (to) investing activities		**(6,882)**	**(25,926)**	**(60,508)**	**(5,227)**
Cash flows from (to) financing activities					
Issue of share capital	1	75,574	5,623	75,574	5,623
Proceeds from loans		27,104	61,724	6,183	2,740
(Repayment) of loans		(23,080)	(89,513)	(4,439)	(200)
Finance lease (payments)		(1,225)	(1,562)	-	-
Interest (paid)		(7,044)	(11,599)	(420)	(43)
Dividends (paid) to non-controlling shareholders		(1,971)	(2,898)	-	-
Repurchase of bonds issued	21	(14,700)	-	-	-
Net cash flows from (to) financing activities		**54,658**	**(38,225)**	**76,898**	**8,120**
Net increase (decrease) in cash and cash equivalents		**25,824**	**364**	**15,179**	**(709)**
Cash and cash equivalents at the beginning of the year	18	**8,190**	**7,826**	**23**	**732**
Cash and cash equivalents at the end of the year	18	**34,014**	**8,190**	**15,202**	**23**
Supplemental information of cash flows:					
Non-cash investing activity:					
Property, plant and equipment acquisitions financed by finance lease		308	1,411	-	-
Property, plant and equipment acquisitions financed by grants and subsidies	20	622	1,442	-	-

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

Managing Director	Darius Zubas		30 September 2010
Finance Director	Tomas Tumėnas		30 September 2010

Notes to the financial statements

1. General information

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

The address of its registered office is as follows:

Smėlynės Str. 2C,
Panevėžys,
Lithuania.

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

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

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

As of 30 June 2010 and 2009 the shareholders of the Company were:

	As of 30 June 2010		As of 30 June 2009	
	Number of shares held	Percentage	Number of shares held	Percentage
Akola ApS (Denmark)	87,641,551	55.14 %	32,795,190	79.99 %
Darius Zubas	17,049,995	10.73 %	5,822,000	14.20 %
Other shareholders (private and institutional investors)	54,248,852	34.13 %	2,382,810	5.81 %
Total	158,940,398	100.00 %	41,000,000	100.00 %

All the shares of the Company are ordinary shares with the par value of LTL 1 each as of 30 June 2010 (LTL 1 each as of 30 June 2009) and were fully paid as of 30 June 2010 and 2009. The Company, its subsidiaries and other related companies did not hold any shares of the Company as of 30 June 2010 and 2009.

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

As of 30 June 2010 the number of employees of the Group was 532 (542 as of 30 June 2009). As of 30 June 2010 the number of employees of the Company was 9 (4 as of 30 June 2009).

The Company's management approved these financial statements on 30 September 2010. The shareholders of the Company have a statutory right to approve these financial statements or not to approve them and to require preparation of a new set of financial statements.

Changes in share capital during the year ended 30 June 2009

On 30 July 2008 the Company's share capital was increased by issuing 31,931 ordinary shares with the par value of LTL 2 each (in total LTL 64 thousand), which were fully paid by the main shareholder Akola ApS. The new share capital and the Company's by-laws were registered on 12 September 2008.

On 29 September 2008 the Company's share capital was increased by issuing 20,425,000 ordinary shares with the par value of LTL 2 each.

The issued shares acquired by Akola ApS were paid in cash in the amount of LTL 5,559 thousand. The shares acquired by other persons were paid by contributing 100 % of AB Linas Agro shares as a contribution in kind valued at LTL 157,202 thousand. As the price of the share issue was LTL 162,761 thousand, the amount of LTL 121,911 thousand was accounted for as share premium. The new share capital and the Company's by-laws were registered on 1 October 2008.

On 15 January 2009 the par value of the Company's shares was decreased from LTL 2 to LTL 1.

As of 30 June 2009 part of the shares of the Company was contributed by the individuals to the share capital of Akola ApS.

1. General information (cont'd)

Changes in share capital during the year ended 30 June 2010

On 30 October 2009 the Company's share capital was increased by issuing 79 million ordinary shares with the par value of LTL 1 each (in total LTL 79 million), which were fully paid from the Company's share premium. The new share capital of LTL 120 million and the Company's by-laws were registered on 16 November 2009. The new share premium was equal to LTL 42,911 thousand.

On 20 November 2009 the Company's shareholders decided to increase the share capital from LTL 120,000 thousand to LTL 158,940 thousand by issuing 38,940,398 ordinary shares with the par value of LTL 1 each (in total LTL 38,940,398), with issue price of LTL 2.05 each (in total LTL 79,827,816). The newly issued shares were fully paid by Akola ApS. The new share capital and the Company's by-laws were registered on 17 February 2010. Difference between the issue price and the par value equal to LTL 40,888 thousand was accounted for as share premium less LTL 4,253 thousand of shares issue transaction costs.

On 12 February 2010 the shareholder Akola ApS has sold 47,284,769 of the Company's shares during the initial public offering for LTL 2.05 each, in total LTL 96,934 thousand.

Trade in shares in NASDAQ OMX Vilnius stock exchange started on 17 February 2010.

2. Accounting principles

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

The principal accounting policies adopted in preparing the Group's financial statements for the year ended 30 June 2010 are as follows:

2.1. Basis of preparation

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

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

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

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

- Amendment to IAS 1 *Presentation of Financial Statements*;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements*;
- Amendment to IFRS 2 *Share-based Payment*;
- Amendments to IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*;
- Amendments to IFRS 7 *Financial Instruments: Disclosures*;
- Amendment to IAS 23 *Borrowing Costs*;
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation;
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* – Eligible Hedged Items;
- Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* – Embedded derivatives;
- IFRIC 12 *Service Concession Arrangements*;
- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;
- IFRIC 15 *Agreement for the Construction of Real Estate*;
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*;
- IFRIC 17 *Distributions of Non-cash Assets to Owners*;
- IFRIC 18 *Transfers of Assets from Customers*;
- Improvements to IFRS (issued in 2008 and effective on 1 January 2009).

2. Accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

The principal effects of these changes are as follows:

Amendment to IAS 1 *Presentation of Financial Statements*.

This amendment introduces a number of changes, including introduction of a new terminology, revised presentation of equity transactions and introduction of a new statement of comprehensive income as well as amended requirements related to the presentation of the financial statements when they are restated retrospectively. The Group and the Company has elected to present its comprehensive income in a single statement.

Amendments to IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*.

Revised IFRS 3 (IFRS 3R) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*. In accordance with the transitional requirements of these amendments, the Group adopted them as a prospective change. Accordingly, assets and liabilities arising from business combinations prior to the date of application of the revised standards were not restated.

Amendment to IAS 23 Borrowing Costs

The amendment requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions, the Group has adopted the standard on a prospective basis. Therefore, borrowing costs should be capitalised on qualifying assets with a commencement date on or after 1 July 2009. For the year ended 30 June 2010 the Group added LTL 22 thousand of borrowing costs to the value of long preparation assets.

The other standards and interpretations and their amendments adopted in the year ended 30 June 2010 did not impact the financial statements of the Group, because the Group did not have the respective financial statement items and transactions addressed by these changes.

Standards issued but not yet effective

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

Amendments to IFRS 2 *Share-based Payment* (effective for financial years beginning on or after 1 January 2010, once adopted by the EU).

The amendment clarifies the scope and the accounting for group cash-settled share-based payment transactions. The amendment will have no impact on the financial position or performance of the Group, as the Group does not have share-based payments.

Improvements to IFRSs

In April 2009 and May 2010 IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard, furthermore, the omnibus issued in 2010 has to be adopted by the EU. The adoption of the following amendments may result in changes to accounting policies but is not expected to have any impact on the financial position or performance of the Group.

IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2013, once adopted by the EU).

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

Amendments to IAS 24 *Related Party Disclosures* (effective for financial years beginning on or after 1 January 2011).

The amendments simplify the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. They also provide a partial exemption from the disclosure requirements for government-related entities. The implementation of these amendments will have no impact on the financial position or performance of the Group, however it may impact the related parties disclosures.

2. Accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues (*effective for financial years beginning on or after 1 February 2010).

The amendment changes the definition of a financial liability to exclude certain rights, options and warrants. The amendment will have no impact on the financial position or performance of the Group as the Group does not have such instruments.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for financial years beginning on or after 1 April 2010).

The interpretation provides guidance on accounting for extinguishing financial liabilities with equity instruments. Since the Group does not have such transactions, IFRIC 19 will not have any impact on its financial statements.

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

2.2. Functional and presentation currency

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania, Litas (LTL). The functional currency of the Group companies operating in Lithuania is Litas. The functional currency of Rosenkrantz A/S, which operates in Denmark, is Danish Krone (DKK). The functional currency of SIA Linas Agro, which operates in Latvia, is Latvian Lat (LVL).

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

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

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

2.3. Principles of consolidation

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

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

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

Business combinations and goodwill

Business combinations are accounted for using the purchase method. Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The excess of the acquired interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the investment remaining after the reassessment of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination is recognised in the income statement immediately.

2. Accounting policies (cont'd)

2.3. Principles of consolidation (cont'd)

Business combinations involving entities under common control

Business combination involving entities under common control is a transaction in which all of the combining entities are controlled by the same party or parties before and after the transaction and that control is not transitory.

As business combinations involving entities under common control are excluded from IFRS 3 scope, the Group's management applies judgment to determine an appropriate accounting policy for such transactions and applied a pooling of interest method for accounting for acquisition of AB Linas Agro and Rosenkrantz A/S shares (Note 3).

The previous carrying values of AB Linas Agro subgroup (per its consolidated IFRS financial statements) and Rosenkrantz A/S (per its separate IFRS financial statements) were used for inclusion in the consolidated financial statements of the Group.

2.4. Investments into associates

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

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

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

2.5. Investments into joint ventures

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

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

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

2. Accounting policies (cont'd)

2.6. Intangible assets other than goodwill

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

The useful lives of intangible assets can be either definite or indefinite. The Group does not have any intangible assets with indefinite useful life.

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

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

Licenses

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

Software

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

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

2.7. Property, plant and equipment

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

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

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

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

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

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

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

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

2. Accounting policies (cont'd)

2.8. Investment property

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

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

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

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

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

2.9. Financial assets (except for derivative financial instruments designated as hedging instruments)

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

Financial assets at fair value through profit or loss

The category of financial assets at fair value through profit or loss includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Held-to-maturity investments

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

Loans and receivables

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

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

Available-for-sale financial assets

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

2. Accounting policies (cont'd)

2.10. Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

2.11. Biological assets

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

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

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

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

2.12. Inventories

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

Under inventories caption the Group also accounts for commitments to purchase agricultural produce (Note 2.15.).

2.13. Cash and cash equivalents

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

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

2.14. Financial liabilities

Interest bearing loans and borrowings

Borrowings are initially recognised at fair value of proceeds received less the costs of transaction. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings. Borrowing costs related with an asset demanding long preparation, acquisition, construction or production of which commenced after 1 July 2009, are capitalised to the value of this asset. Other borrowing costs are expensed as incurred. Borrowings are classified as non-current if the completion of a refinancing agreement before the reporting date provides evidence that the substance of the liability at the reporting date was non-current.

2. Accounting policies (cont'd)

2.14. Financial liabilities (cont'd)

Factoring

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

Financial guarantee liabilities

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

Trade liabilities

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

2.15. Derivative financial instruments and hedge accounting

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

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

For futures contracts which were concluded after 1 July 2009 the Group applies hedge accounting.

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

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

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

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

2. Accounting policies (cont'd)

2.16. Finance and operating lease obligations

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

Finance lease – the Group as a lessee

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

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

Operating lease – the Group as a lessee

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

Operating lease – the Group as a lessor

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

2.17. Share capital

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

2.18. Provisions

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

Onerous contracts provision

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

2.19. Grants and subsidies

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

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

2. Accounting policies (cont'd)

2.20. Income tax

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

In the year ended 30 June 2010 the standard income tax rate for the Group companies operating in Lithuania was 20 %, starting from 1 July 2010 – 15 %. In the year ended 30 June 2009 the standard income tax rate in Lithuania was 15 %.

Certain tax provisions are applicable to the agricultural entities: if the share of agricultural products supplied and services provided to the entities engaged in agricultural activities exceeded 50 % of the total sales of the legal entities producing agricultural products and specialised service companies, these entities were not subject to income tax till 1 January 2009. The entities of the Group which were not subject to income tax were Šakiai district Lukšiai ŽŪB, Sidabravas ŽŪB, Biržai district Medeikiai ŽŪB, Panevėžys district Aukštadvaris ŽŪB. For the year ended 30 June 2010 the income tax rate for these companies is 5 % (10 % and 15 % for the years ended 30 June 2011 and 2012 and afterwards, respectively).

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

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

Republic of Latvia	15 %
Kingdom of Denmark	25 %

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

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

2.21. Revenue recognition

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

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

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

Revenue from services is recognised when services are rendered.

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

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

2. Accounting policies (cont'd)

2.22. Expense recognition

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

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

2.23. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each reporting date.

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

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

Other assets

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

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

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

2.24. Segment information

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

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

2. Accounting policies (cont'd)

2.25. Use of significant accounting judgments and estimates in the preparation of financial statements

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

Significant accounting judgments

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

Business combination involving entities under common control

The Company's management applied a pooling of interest method for accounting for acquisition of AB Linas Agro and Rosenkrantz A/S shares (Note 3).

Acquisition of shares of UAB Lignineko

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

Accounting for trading contracts

Within grains and oilseeds as well as feedstuffs segments, the Group's activity is an agricultural goods intermediary (buying and selling different types of grain, oilseeds, rapeseed, etc.). The Group buys and sells agricultural goods at a fixed price for a specified delivery period in the future. The terms of the Group's contracts permit net settlement; however, in practice, contracts result in physical delivery. The Group acts as an intermediary by entering into purchase and sales contracts with producers and users of the agricultural goods, creating links within the value chain for the agricultural goods for a stable customer base, making profits from a distributor margin rather than from fluctuations in price or a broker traders' margin. As a result, the Group's purchases and sales contracts are entered into in accordance with the expected purchase and sale requirements and, therefore, have not been accounted for as derivatives within the scope of IAS 39, except for those contracts which are hedged (Note 2.15.).

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

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

Revenue recognition gross versus net

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

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

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

2. Accounting policies (cont'd)

2.25. Use of significant accounting judgments and estimates in the preparation of financial statements (cont'd)

Significant accounting estimates

The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation (Notes 2.7., 2.8., 6 and 7), fair value estimation of biological assets (Note 12) and impairment evaluation (Notes 2.23., 6, 7, 13, 14, 15 and 16). Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

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

Valuation of biological assets

As of 30 June 2010 and 2009 the Group did not have an independent appraisal of its biological assets. According to IFRS, such assets must be recorded at market value. Biological assets consist of two groups: animals and livestock and crops which are accounted for at fair value less costs to sell (Note 2.11.).

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

As of 30 June 2010 the key assumptions used to determine fair value of milking cows are the estimated gross margin (24 % for the year ending 30 June 2011 and 26 % for the year ending 30 June 2012) used to calculate the expected future cash inflows as well as discount rate (11 %). As of 30 June 2009 the key assumptions used to determine fair value of milking cows are the estimated gross margin (17 % for the year ending 30 June 2010 and 21 % for the year ending 30 June 2011) used to calculate the expected future cash inflows as well as discount rate (16 %).

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

	30 June 2010		30 June 2009	
	Possible change	**Effect on fair value**	**Possible change**	**Effect on fair value**
Gross margin	+ 3 %	680	+ 3 %	496
Gross margin	- 3 %	(564)	- 3 %	(407)
Discount rate	+ 1 %	(90)	+ 2 %	(119)
Discount rate	- 1 %	91	- 5 %	316

Impairment of property, plant and equipment (excluding land)

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

As of 30 June 2010 and 2009 the recoverable amount is most sensitive to the discount rate (11 % as of 30 June 2010 and 16 % as of 30 June 2009) used for the discounted cash flow model as well as the expected future cash inflows and the growth rate (1 %) used for extrapolation purposes.

As of 30 June 2010 and 2009 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of property, plant and equipment to exceed its recoverable amount, except for already impaired assets.

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

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

2. Accounting policies (cont'd)

2.25. Use of significant accounting judgments and estimates in the preparation of financial statements (cont'd)

Significant accounting estimates (cont'd)

Impairment of investment in ZAT UkrAgro NPK

On 9 September 2008 the Group acquired 13.38 % of ZAT UkrAgro NPK (Ukraine) shares for LTL 5,545 thousand from Akola ApS. Furthermore, as of 30 June 2010 the Group had a prepayment paid for acquisition of additional 50 % shares for LTL 12,757 thousand. As of 30 June 2010 and 2009 the Group made an assessment whether the value of this investment should be impaired. The recoverable amount of investment in ZAT UkrAgro NPK was determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next four years and do not include restructuring activities that ZAT UkrAgro NPK is not yet committed to or significant future investments that will enhance the asset base of the investee being tested.

As of 30 June 2010 and 2009 the recoverable amount is most sensitive to the discount rate (20 %) used for the discounted cash flow model as well as the expected future cash inflows and the growth rate (2 %) used for extrapolation purposes.

As of 30 June 2010 and 2009 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of the investment to exceed its recoverable amount.

Impairment of the Company's investment (except for investment in ZAT UkrAgro NPK)

As of 30 June 2010 and 2009 the Company has investments in subsidiaries, associates and joint ventures. As of 30 June 2010 and 2009 the Company made an assessment whether the value of the investments should be impaired. The recoverable amount of investment in AB Linas Agro was determined based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the forecast for the next three years and do not include restructuring activities that AB Linas Agro is not yet committed to or significant future investments that will enhance the asset base of the investee being tested.

As of 30 June 2010 and 2009 the recoverable amount of the investment into AB Linas Agro is most sensitive to the discount rate (11 % and 16 %, respectively) used for the discounted cash flow model as well as the expected future cash inflows and the growth rate (1 %) used for extrapolation purposes.

As of 30 June 2010 and 2009 there were no reasonably possible changes in the key assumptions which would cause the carrying amount of the investment into AB Linas Agro to exceed its recoverable amount.

Where necessary, the Company also performed an impairment test for other investments in subsidiaries, associates and joint ventures using possible selling prices method. According to the test performed as of 30 June 2010 and 2009 the Company accounted for impairment so as the carrying amount of the investments would not exceed their respective recoverable amounts (Note 3).

2.26. Contingencies

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

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

2.27. Subsequent events

Post-balance sheet events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

2.28. Offsetting and comparative figures

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

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

For the year ended 30 June 2009 information in the Group's cash flow statement on proceeds from loans and repayment of loans was adjusted by showing the movements in the credit line and overdraft accounts net instead of gross.

3. Group structure and changes in the Group

As of 30 June 2010 and 2009 the Company held these directly and indirectly controlled subsidiaries (hereinafter the Group):

		Effective share of the stock held by the Group		Cost of investment in the Company				
	Place of regist-ration	30 June 2010	30 June 2009	30 June 2010	30 June 2009	Profit (loss) for the year ended 30 June 2010	Equity as of 30 June 2010	Main activities
Investments into directly controlled subsidiaries								
AB Linas Agro	Lithuania	100 %	100 %	157,277	157,277	19,691	89,629	Wholesale trade of grains and oilseeds, feedstuffs and agricultural programs
UAB Linas Agro Konsultacijos	Lithuania	100 %	100 %	2,023	2,023	93	3,447	Management of the subsidiaries engaged in agriculture
ŽŪB Landvesta 1	Lithuania	100 %	100 %	679	679	282	651	Rent and management of agricultural purposes land
ŽŪB Landvesta 2	Lithuania	100 %	100 %	689	689	(32)	(72)	Rent and management of agricultural purposes land
ŽŪB Landvesta 3	Lithuania	100 %	100 %	689	689	65	21	Rent and management of agricultural purposes land
ŽŪB Landvesta 4	Lithuania	100 %	100 %	236	4	(13)	(259)	Rent and management of agricultural purposes land
ŽŪB Landvesta 5	Lithuania	100 %	100 %	158	4	87	(322)	Rent and management of agricultural purposes land
ŽŪB Landvesta 6	Lithuania	100 %	100 %	142	4	19	(359)	Rent and management of agricultural purposes land
				161,893	161,369			
	Less: allowances for impairment			(1,184)	(926)			
				160,709	160,443			
Investments into indirectly controlled subsidiaries (through AB Linas Agro)								
SIA Linas Agro	Latvia	100 %	100 %	-	-	1,557	7,582	Wholesale trade of grains and oilseeds, agricultural programs
UAB Gerera	Lithuania	100 %	100 %	-	-	(20)	218	Not operating company
UAB Linas Agro Grūdų Centras	Lithuania	100 %	100 %	-	-	52	142	Management services
UAB Linas Agro Grūdų Centras KŪB	Lithuania	100 %	100 %	-	-	4,854	34,214	Preparation and warehousing of grains for trade
Rosenkrantz A/S	Denmark	60 %	60 %	-	-	3,605	10,821	Wholesale trade of grains and oilseeds, feedstuffs
ŽŪK Kupiškio grūdai	Lithuania	37.43 %	37.43 %	-	-	416	1,782	Preparation and warehousing of grains for trade
UAB Lignineko	Lithuania	100 %	-	-	-	(18)	308	Manufacturing of lignin
Investments into indirectly controlled subsidiaries (through UAB Linas Agro Konsultacijos)								
Biržai district Medeikių ŽŪB	Lithuania	96.54 %	96.54 %	-	-	(424)	5,450	Growing and sale of crops
Šakiai district Lukšių ŽŪB	Lithuania	93.93 %	93.93 %	-	-	2,712	22,537	Mixed agricultural activities
Panevėžys district Aukštadvario ŽŪB	Lithuania	65.35 %	65.35 %	-	-	663	5,828	Mixed agricultural activities
Sidabravo ŽŪB	Lithuania	55.90 %	55.90 %	-	-	1,334	8,757	Mixed agricultural activities

3. Group structure and changes in the Group (cont'd)

Changes in the Group during the year ended 30 June 2009

During the year ended 30 June 2009 the Group acquired 20 % in each of the three companies (ŽŪB Landvesta 1, ŽŪB Landvesta 2 and ŽŪB Landvesta 3) for LTL 629 thousand each. All the shares were acquired from the non-controlling shareholders. The excess of the acquisition price over the share of carrying values of net assets of respective companies amounting to LTL 1,347 thousand arising on the acquisition was recognised directly in equity.

During the year ended 30 June 2009 the Group acquired 2.47 % of Šakiai district Lukšių ŽŪB share capital for LTL 82 thousand, 2.2 % of Biržai district Medeikių ŽŪB share capital for LTL 5 thousand and 2.13 % of Panevėžys district Aukštadvario ŽŪB share capital for LTL 10 thousand. All the shares were acquired from the non-controlling shareholders. The excess of the share of carrying values of net assets of respective companies over the acquisition price amounting to LTL 670 thousand arising on the acquisition was recognised directly in equity.

On 1 July 2008 the Group companies signed a shareholders' agreement with the members of ŽŪK Kupiškio grūdai. The total shareholding of the members that entered into the agreement is 63.63 %. According to the clauses of the agreement AB Linas Agro has obtained control over ŽŪK Kupiškio grūdai's operations and financial decisions and as a result of the agreement of the other shareholders to transfer their rights to appoint the board of directors, AB Linas Agro is able to appoint the chairman and the majority of the board members of ŽŪK Kupiškio grūdai and, therefore, the mentioned company is consolidated to the Group from 1 July 2008. At the acquisition date carrying value of net assets of ŽŪK Kupiškio grūdai did not differ materially from their fair value. Differences between the purchase consideration and fair values of the acquired assets, liabilities and contingent liabilities at the acquisition were the following:

	ŽŪK Kupiškio grūdai
Acquisition date	1 July 2008
Non-current assets	5,401
Current assets	507
Liabilities	(5,035)
Fair value of net assets of subsidiary acquired	873
Non-controlling interest (62.57 % in the acquired subsidiary)	(546)
Fair value of net assets acquired by the Group	327
Negative goodwill recognised in other income	(6)
Total carrying value of investment (transferred from investments into associates)	321
Less: cash acquired	(105)
Acquisition price less cash acquired	(105)
Revenue for the year ended 30 June 2009	2,233
Profit for the year ended 30 June 2009	492

On 21 July 2008 AB Linas Agro acquired 60 % of the share capital of Rosenkrantz A/S from Akola ApS (Denmark) for LTL 9 million. At the date of transaction and throughout the earlier periods both AB Linas Agro and Akola ApS were controlled by the same individual shareholders (Note 35) operating under a common control agreement. According to the agreement all the companies in which these individuals have direct or indirect control (in their combined share) are managed collectively under the terms of the agreement.

As a result, acquisition of shares of Rosenkrantz A/S did not result in a change of an ultimate controlling party and, therefore, was considered to be a common control transaction. Such business combination is not within the scope of IFRS 3. Therefore, the Group's management applied judgment to determine an appropriate accounting policy for this transaction and applied a pooling of interest method for accounting for acquisition of Rosenkrantz A/S shares (Note 2.3.).

The shares were acquired for LTL 9,000 thousand. All purchase consideration has been settled in cash.

As mentioned in Note 1, part of the Company's share capital issue was paid by contributing 100 % of AB Linas Agro shares as a contribution in kind. At the date of the contribution and throughout the earlier periods both AB Linas Agro and the Company were controlled by the same individual shareholders (Notes 1 and 35) operating under a common control agreement. According to the agreement all the companies in which these individuals have direct or indirect control (in their combined share) are managed collectively under the terms of the agreement.

As a result, acquisition of shares of AB Linas Agro did not result in a change of an ultimate controlling party and, therefore, was considered to be a common control transaction. Such business combination is not within the scope of IFRS 3. Therefore, the Company's management applied judgment to determine an appropriate accounting policy for this transaction and applied a pooling of interest method for accounting for acquisition of AB Linas Agro shares (Note 2.3.).

3. Group structure and changes in the Group (cont'd)

Changes in the Group during the year ended 30 June 2009 (cont'd)

As of 31 March 2009 the Group entities sold all the shares held in the following subsidiaries:

	UAB Invisco	**UAB Sinrena**	**UAB Consonus**
Disposal date	31 March 2009	31 March 2009	31 March 2009
Non-current assets	3,838	3,354	3,764
Current assets	98	123	114
Liabilities	(4,848)	(4,103)	(4,488)
Net assets of subsidiaries sold	(912)	(626)	(610)
Sales price (received in cash)	0.06	0.07	0.07
Gain on disposal of subsidiaries in the Group	912	626	610
Cash disposed in the subsidiaries	(90)	(90)	-
Sales price less cash disposed	(90)	(90)	-

Changes in the Group during the year ended 30 June 2010

During the year ended 30 June 2010 the Company together with AB Linas Agro participated in share capital increase of ŽŪB Landvesta 4, ŽŪB Landvesta 5 and ŽŪB Landvesta 6 for the total amount of LTL 654 thousand.

On 30 April 2010 AB Linas Agro acquired 100 % of UAB Lignineko shares for LTL 2,046 thousand. UAB Lignineko possesses raw material which is used in production of lignin but does not have any business processes, therefore the Group accounted for purchase of UAB Lignineko shares not as a business combination but as an acquisition of assets, and attributed most of the purchase price to inventory cost.

4. Segment information

For management purpose the Group is organized into five operating segments based on their products and services as follows:

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

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

Group **Financial year ended 30 June 2010**	**Grains and oilseeds**	**Feedstuffs**	**Agricultural inputs**	**Farming**	**Other products and services**	**Not attributed to any specified segment**	**Adjustments and eliminations**	**Total**
Revenue								
From one client UAB Mestilla	81,808	-	-	-	986	-	-	82,794
Other third parties	368,928	253,122	94,460	21,044	13,768	-	-	751,322
Intersegment	-	1,623	7,184	9,977	18,285	-	(37,069)[1)]	-
Total revenue	**450,736**	**254,745**	**101,644**	**31,021**	**33,039**	**-**	**(37,069)**	**834,116**
Results								
Operating expenses	14,374	8,405	2,216	3,006	2,875	1,203	-	32,079
Depreciation and amortisation	523	217	63	1,786	4,184	2	-	6,775
Provisions for onerous contracts	(159)	(5,274)	-	-	-	-	-	(5,433)
Impairment of property, plant and equipment	-	-	-	(190)	-	-	-	(190)
Impairment of investment property	-	-	-	-	(204)	-	-	(204)
Segment operating profit (loss)	11,657	5,069	10,428	5,856	7,994	(1,316)	-	39,688
Share of profit of associates	-	-	122	-	-	-	-	122
Share of profit of joint ventures	-	-	2,553	-	-	-	-	2,553
Assets								
Investments into associates	-	-	284	-	-	-	-	284
Investments into joint ventures	-	-	22,888	-	-	-	-	22,888
Capital expenditure[2)]	554	164	62	1,144	9,283	104	-	11,311
Non-current assets (excluding investments into associates and joint ventures)	1,690	603	5,393	48,942	63,742	22,537[3)]	-	142,907
Current assets	29,757	63,873	110,152	30,317	749	47,374[4)]	-	282,222
Total assets	**31,447**	**64,476**	**138,717**	**79,259**	**64,491**	**69,911**	**-**	**448,301**
Current liabilities	10,287	29,158	66,958	8,087	5,077	25,074[5)]	-	144,641

4. Segment information (cont'd)

Group **Financial year ended 30 June 2009**	**Grains and oilseeds**	**Feedstuffs**	**Agricul-tural inputs**	**Farming**	**Other products and services**	**Not attributed to any specified segment**	**Adjust-ments and elimina-tions**	**Total**
Revenue								
From one client UAB Mestilla	110,985	9,995	-	-	1,162	-	-	122,142
Other third parties	551,160	337,192	52,815	20,560	30,011	-	-	991,738
Intersegment	-	2,194	5,361	16,496	12,043	-	(36,094)1)	-
Total revenue	**662,145**	**349,381**	**58,176**	**37,056**	**43,216**	**-**	**(36,094)**	**1,113,880**
Results								
Operating expenses	15,996	8,075	728	4,737	4,158	1,331	-	35,025
Depreciation and amortisation	514	245	31	1,707	3,986	35	-	6,518
Provisions for onerous contracts	159	5,274	-	-	-	-	-	5,433
Impairment of property, plant and equipment	-	-	-	568	-	-	-	568
Impairment of investment property	-	-	-	-	857	-	-	857
Segment operating profit (loss)	18,353	10,937	3,089	1,175	9,901	1,076	-	44,531
Share of profit of associates	-	-	113	-	-	-	-	113
Share of profit of joint ventures	-	-	3,965	-	-	-	-	3,965
Assets								
Investments into associates	-	-	207	-	-	-	-	207
Investments into joint ventures	-	-	21,561	-	-	-	-	21,561
Capital expenditure2)	487	275	52	5,911	16,770	3	-	23,498
Non-current assets (excluding investments into associates and joint ventures)	2,411	1,772	5,220	43,442	60,051	25,5863)	-	138,482
Current assets	50,293	52,180	70,003	30,545	2,925	21,0324)	-	226,978
Total assets	**52,704**	**53,952**	**96,991**	**73,987**	**62,976**	**46,618**	**-**	**387,228**
Current liabilities	34,633	43,528	65,500	15,281	12,914	15,3405)	-	187,196

1) Intersegment revenue are eliminated on consolidation.
2) Capital expenditure consists of additions of intangible assets, property, plant and equipment and investment property.
3) The amount includes not rented investment property, other investments, prepayments for financial assets, non-current loans receivable from related parties, non-current loans receivable from employees and deferred income tax asset.
4) The amount includes current loans receivable from related parties, part of other accounts receivable (excluding receivable from National Paying Agency), restricted cash as well as part of cash and cash equivalents.
5) As of 30 June 2010 and 2009 the amount mainly includes income and other taxes payable, and part of borrowings, which are managed on the Group basis.

Sales include:

	Group		**Company**	
	Financial year ended			
	30 June 2010	**30 June 2009**	**30 June 2010**	**30 June 2009**
Sales of goods	821,885	1,100,212	-	-
Sales of services	12,231	13,668	225	25
Dividends from joint-ventures	-	-	1,500	1,000
Dividends from subsidiaries	-	-	847	-
Rental income from investment and other property	-	-	161	213
Dividends from associates	-	-	45	180
	834,116	1,113,880	2,778	1,418

4. Segment information (cont'd)

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

	Group	
	Financial year ended	
Revenue from external customers	**30 June 2010**	**30 June 2009**
Lithuania	239,222	234,626
Europe (except for Scandinavian countries, CIS and Lithuania)	191,874	327,173
Scandinavian countries	152,789	222,994
Africa	91,994	135,953
Asia	84,868	100,106
CIS	73,369	92,230
Other	-	798
	834,116	1,113,880

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

	Group	
Non-current assets	**As of 30 June 2010**	**As of 30 June 2009**
Lithuania	103,410	102,008
Denmark	354	199
Latvia	154	186
	103,918	102,393

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

5. Intangible Assets

Group	**Software**	**Other intangible assets**	**Total**
Cost:			
Balance as of 30 June 2008	1,191	725	1,916
Additions	14	20	34
Write-offs	(1)	(61)	(62)
Balance as of 30 June 2009	1,204	684	1,888
Additions	147	-	147
Write-offs	(8)	(483)	(491)
Balance as of 30 June 2010	1,343	201	1,544
Accumulated amortisation:			
Balance as of 30 June 2008	1,174	658	1,832
Charge for the year	11	22	33
Write-offs	(1)	(61)	(62)
Balance as of 30 June 2009	1,184	619	1,803
Charge for the year	11	27	38
Write-offs	(8)	(483)	(491)
Balance as of 30 June 2010	1,187	163	1,350
Net book value as of 30 June 2010	**156**	**38**	**194**
Net book value as of 30 June 2009	**20**	**65**	**85**
Net book value as of 30 June 2008	**17**	**67**	**84**

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

Part of the intangible assets of the Group with the acquisition value of LTL 1,301 thousand as of 30 June 2010 was fully amortised (LTL 1,733 thousand as of 30 June 2009) but was still in active use.

6. Property, plant and equipment

Group	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as of 30 June 2008	4,897	49,334	45,364	6,199	6,600	3,503	115,897
Additions	1,467	15,478	2,233	835	971	1,799	22,783
Acquisition of subsidiaries (Note 3)	-	2,321	2,518	12	519	-	5,370
Disposals and write-offs	-	(164)	(2,097)	(787)	(133)	(113)	(3,294)
Transfers to investment property	(487)	-	-	-	-	-	(487)
Reclassifications	-	5,335	(1,056)	-	(133)	(4,146)	-
Balance as of 30 June 2009	5,877	72,304	46,962	6,259	7,824	1,043	140,269
Additions	238	6,070	561	332	1,311	2,570	11,082
Disposals and write-offs	(1)	-	(465)	(1,057)	(131)	-	(1,654)
Transfers to/from investment property	257	(434)	-	-	-	-	(177)
Reclassifications	10	1,162	(110)	27	136	(1,225)	-
Balance as of 30 June 2010	6,381	79,102	46,948	5,561	9,140	2,388	149,520
Accumulated depreciation:							
Balance as of 30 June 2008	-	10,916	19,810	3,271	4,111	-	38,108
Charge for the year	-	3,671	4,277	738	791	-	9,477
Disposals and write-offs	-	(18)	(1,339)	(677)	(39)	-	(2,073)
Reclassifications	-	441	(358)	-	(83)	-	-
Balance as of 30 June 2009	-	15,010	22,390	3,332	4,780	-	45,512
Charge for the year	-	4,113	3,976	725	879	-	9,693
Disposals and write-offs	-	-	(449)	(937)	(93)	-	(1, 479)
Transfers to investment property	-	(29)	-	-	-	-	(29)
Reclassifications	-	(26)	(2)	-	28	-	-
Balance as of 30 June 2010	-	19,068	25,915	3,120	5,594	-	53,697
Impairment losses:							
Balance as of 30 June 2008	-	-	1	-	56	-	57
Charge for the year	278	266	20	3	1	-	568
Balance as of 30 June 2009	278	266	21	3	57	-	625
Transfers from investment property	62	-	-	-	-	-	62
(Reversal) charge for the year	(134)	-	(2)	1	(55)	-	(190)
Balance as of 30 June 2010	206	266	19	4	2	-	497
Net book value as of 30 June 2010	**6,175**	**59,768**	**21,014**	**2,437**	**3,544**	**2,388**	**95,326**
Net book value as of 30 June 2009	**5,599**	**57,028**	**24,551**	**2,924**	**2,987**	**1,043**	**94,132**
Net book value as of 30 June 2008	**4,897**	**38,418**	**25,553**	**2,928**	**2,433**	**3,503**	**77,732**

6. Property, plant and equipment (cont'd)

The Group's depreciation charge for the years ended 30 June 2010 and 2009 was included into the following captions of the statement of financial position and the income statement:

	Financial year ended	
	30 June 2010	**30 June 2009**
Cost of sales	6,272	6,699
Biological assets	1,711	1,506
Operating expenses	1,463	872
Other expenses	129	119
Raw materials and other inventories	118	281
	9,693	9,477

Depreciation amount was decreased in the income statement by LTL 1,164 thousand for the year ended 30 June 2010 (LTL 1,321 thousand for the year ended 30 June 2009) by the amortisation of grants received by the Group (Note 20).

As of 30 June 2010 part of property, plant and equipment of the Group with the net book value of LTL 74,887 thousand (LTL 82,603 thousand as of 30 June 2009), was pledged to banks as a collateral for the loans (Note 21).

Part of property, plant and equipment with the acquisition cost of LTL 8,362 thousand was fully depreciated as of 30 June 2010 (LTL 6,698 thousand as of 30 June 2009) but was still in active use.

7. Investment property

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

	Land	Buildings	Total
Cost:			
Balance as of 30 June 2008	18,158	2,863	21,021
Additions	681	-	681
Disposals	(284)	-	(284)
Disposals of subsidiaries (Note 3)	(10,956)	-	(10,956)
Transfers from property, plant and equipment	487	-	487
Balance as of 30 June 2009	8,086	2,863	10,949
Additions	82	-	82
Disposals	(237)	-	(237)
Transfers to/from property, plant and equipment	(257)	434	177
Balance as of 30 June 2010	7,674	3,297	10,971
Accumulated depreciation:			
Balance as of 30 June 2008	-	411	411
Charge for the year	-	116	116
Balance as of 30 June 2009	-	527	527
Charge for the year	-	37	37
Transfers from property, plant and equipment	-	29	29
Balance as of 30 June 2010	-	593	593
Impairment losses:			
Balance as of 30 June 2008	204	1,389	1,593
Charge for the year	857	-	857
Disposals of subsidiaries (Note 3)	(204)	-	(204)
Balance as of 30 June 2009	857	1,389	2,246
Charge for the year	(204)	-	(204)
Transfers to property, plant and equipment	(62)	-	(62)
Balance as of 30 June 2010	591	1,389	1,980
Net book value as of 30 June 2010	**7,083**	**1,315**	**8,398**
Net book value as of 30 June 2009	**7,229**	**947**	**8,176**
Net book value as of 30 June 2008	**17,954**	**1,063**	**19,017**

7. Investment property (cont'd)

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

	Buildings
Cost:	
Balance as of 30 June 2008	722
Additions	11
Disposals	(107)
Balance as of 30 June 2009	626
Additions	-
Disposals	-
Balance as of 30 June 2010	626
Accumulated depreciation:	
Balance as of 30 June 2008	20
Charge for the year	2
Balance as of 30 June 2009	22
Charge for the year	2
Balance as of 30 June 2010	24
Net book value as of 30 June 2010	**602**
Net book value as of 30 June 2009	**604**
Net book value as of 30 June 2008	**702**

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

As of 30 June 2010 part of investment property of the Group with the net book value of LTL 8,243 thousand (LTL 8,176 thousand as of 30 June 2009), was pledged to banks as a collateral for the loans (Note 21). As of 30 June 2010 and 2009 the Company has pledged all its investment property to the bank as a collateral for the loan received by its subsidiary AB Linas Agro (Note 21).

Fair value of the Group's and the Company's investment property as of 30 June 2010 is LTL 9,795 thousand and LTL 1,710 thousand, respectively (as of 30 June 2009 LTL 9,190 thousand and LTL 1,710 thousand, respectively). Fair value has been determined based on valuations performed by independent valuators at near reporting date using the comparable prices method.

8. Investments into associates and joint ventures

As of 30 June 2010 and 2009 the Group had investments into the following associates and joint ventures:

	Place of registration	Effective share held by the Group: As of 30 June 2010	Effective share held by the Group: As of 30 June 2009	Main activities
Associates				
UAB Jungtinė ekspedicija	Lithuania	45.05 %	45.05 %	Expedition and ship's agency services
Joint ventures				
UAB Kustodija	Lithuania	50.00 %	50.00 %	Sale of fertilizers and plant protection products
UAB Dotnuvos Projektai	Lithuania	50.00 %	50.00 %	Sale of seeds, agricultural machinery
Companies controlled by UAB Dotnuvos Projektai				
UAB Dotnuvos Technika	Lithuania	50.00 %	50.00 %	Dormant
SIA Dotnuvos Projektai	Latvia	50.00 %	-	Sale of seeds, agricultural machinery
UAB Dotnuvos Agroservisas	Lithuania	49.98 %	49.98 %	Agricultural equipment maintenance and related services

8. Investments into associates and joint ventures (cont'd)

Information on associates and joint ventures of the Group as of 30 June 2010 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė ekspedicija	284	272	5,614	174	1,453	-	995
	284						
Investments into joint ventures							
UAB Kustodija	1,843	503	39,890	660	32,380	37	29,317
UAB Dotnuvos Projektai (consolidated)	21,045	5,316	143,089	34,641	82,624	7,815	67,359
	22,888						

Information on associates and joint ventures of the Group as of 30 June 2009 was as follows (full amounts of revenue and profit and full amounts of statement of financial position):

	Investment at equity method	Profit (loss) for the reporting period	Sales revenue	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Investments into associates							
UAB Jungtinė ekspedicija	207	252	6,193	222	1,059	44	777
	207						
Investments into joint ventures							
UAB Kustodija	1,592	(527)	31,498	552	28,304	105	25,568
UAB Dotnuvos Projektai (consolidated)	19,969	8,205	150,539	35,171	78,750	12,807	61,347
	21,561						

Movements of investments into associates and joint ventures for the years ended 30 June 2010 and 2009 are the following:

Balance as of 30 June 2008	19,230
Dividends received from associates and joint ventures	(1,180)
Share profit of associates and joint ventures (before eliminations of unrealised gains)	4,039
Transfer to subsidiaries	(321)
Balance as of 30 June 2009	21,768
Dividends received from associates and joint ventures	(1,545)
Share profit of associates and joint ventures (before eliminations of unrealised gains)	2,949
Balance as of 30 June 2010	23,172

Information on associates and joint ventures of the Company as of 30 June 2010 and 2009 was as follows:

	Share of the stock held by the Company		Cost of investment	
	As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
Investments into associates				
UAB Jungtinė ekspedicija	45.05 %	45.05 %	132	132
			132	132
Investments into joint ventures				
UAB Dotnuvos Projektai	50.00 %	50.00 %	4,902	4,902
UAB Kustodija	50.00 %	50.00 %	700	702
			5,602	5,602

9. Other investments

Other investments of the Group consist of:

	Share held by the Group	As of 30 June 2010	As of 30 June 2009
ZAT UkrAgro NPK (Ukraine)	13.38 %	5,545	5,545
Panevėžys district Ėriškių ŽŪB	25.05 %	173	173
Other investments		166	201
		5,884	5,919

Other investments of the Company consist of:

	Share held by the Company	As of 30 June 2010	As of 30 June 2009
ZAT UkrAgro NPK (Ukraine)	13.38 %	5,545	5,545
Other investments		7	7
		5,552	5,552

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

10. Prepayments for financial assets

	Group		Company	
	As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
Prepayment for acquisition of 50 % of shares of ZAT UkrAgro NPK (Note 36)	12,757	-	12,757	-
Prepayment for increase of share capital of AB Linas Agro (Note 36)	-	-	24,000	-
	12,757	-	36,757	-

11. Non-current receivables

	Group	
	As of 30 June 2010	As of 30 June 2009
Trade receivables from agricultural produce growers due after one year	7,422	4,548
Loans to employees	192	179
	7,614	4,727

12. Biological assets

Fair value of the Group's livestock:

	Milking cows	Heifers	Bulls	Horses	Total livestock
Fair value as of 30 June 2008	4,331	2,824	22	11	7,188
Acquisitions	-	4	-	-	4
Births	-	188	191	-	379
Makeweight	357	2,437	747	2	3,543
Transfers between groups	1,842	(1,842)	-	-	-
Disposals	(1,590)	(346)	(697)	(5)	(2,638)
Write-offs and falls	(305)	(35)	(24)	(1)	(365)
Change in fair value of biological assets	(261)	(1,497)	149	-	(1,609)
Fair value as of 30 June 2009	4,374	1,733	388	7	6,502
Acquisitions	4	153	21	-	178
Births	-	153	170	-	323
Makeweight	114	2,092	795	-	3,001
Transfers between groups	2,105	(2,105)	-	-	-
Disposals	(1,663)	(273)	(822)	(4)	(2,762)
Write-offs and falls	(219)	(39)	(27)	(1)	(286)
Change in fair value of biological assets	2,334	140	104	-	2,578
Fair value as of 30 June 2010	7,049	1,854	629	2	9,534
Quantity according to biological assets group (unaudited):					
As of 30 June 2010	1,467	1,371	499	3	3,340
As of 30 June 2009	1,381	1,438	411	7	3,237
As of 30 June 2008	1,443	1,536	317	6	3,302

Fair value of the Group's crops:

	Winter cultures	Summer cultures	Rapeseeds	Feeding cultures	Total crops
As of 30 June 2009					
Total sowed (ha) (unaudited)	3,269	2,583	2,103	1,928	9,883
Total cost incurred	6,021	3,846	4,495	1,588	15,950
Change in fair value of biological assets	601	(464)	1,127	-	1,264
Total fair value	6,622	3,382	5,622	1,588	17,214
As of 30 June 2010					
Total sowed (ha) (unaudited)	3,233	3,158	2,134	1,007	9,532
Total cost incurred	5,663	4,422	3,864	1,146	15,095
Change in fair value of biological assets	881	1,207	603	-	2,691
Total fair value	6,544	5,629	4,467	1,146	17,786

As of 30 June 2010 and 2009 the management of the Group treats all animals and livestock as non-current assets and all crops as current.

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

As of 30 June 2010 part of animals and livestock of the Group with the value of LTL 7,132 thousand (LTL 4,427 thousand as of 30 June 2009) was pledged to banks as a collateral for the loans (Note 21).

13. Inventories

	Group	
	As of 30 June 2010	As of 30 June 2009
Purchased goods for resale (at cost or net realisable value)	51,451	58,618
Raw materials and other inventories (at cost)	8,412	5,300
Commitments to purchase agricultural produce (Note 17)	2,922	-
	62,785	63,918

The carrying value of the Group's inventories accounted for at net realisable value as of 30 June 2010 amounted to LTL 21 thousand (LTL 2,765 thousand as of 30 June 2009). The amount of write-down of inventories to net realisable value recognised as an expense in the year ended 30 June 2010 is LTL 200 thousand (LTL 868 thousand in the year ended 30 June 2009), and is recognised in cost of sales of the income statement.

As of 30 June 2010 part of inventories of the Group with the value of LTL 26,486 thousand (LTL 45,047 thousand as of 30 June 2009) was pledged to banks as a collateral for the loans (Note 21).

14. Prepayments

	Group	
	As of 30 June 2010	As of 30 June 2009
Payments on behalf of agricultural produce growers	12,472	8,860
Prepayments to other suppliers	10,309	10,436
Less: allowance for doubtful prepayments to other suppliers	(3,251)	(1,916)
	19,530	17,380

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

As of 30 June 2010 Group payments on behalf of agricultural produce growers in amount of LTL 9,525 thousand were pledged to banks as a collateral for the loans (as of 30 June 2009 – LTL 8,860 thousand) (Note 21).

Changes in allowance for prepayments for the years ended 30 June 2010 and 2009 were included into operating expenses in the income statement.

As of 30 June 2010 the Group's prepayments with the nominal value of LTL 3,251 thousand (LTL 1,395 thousand as of 30 June 2009) were impaired and fully provided for.

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

	Individually impaired
Balance as of 30 June 2008	1,916
Charge for the year	-
Balance as of 30 June 2009	1,916
Charge for the year	1,335
Balance as of 30 June 2010	3,251

15. Trade receivables

	Group	
	As of 30 June 2010	As of 30 June 2009
Trade receivables from agricultural produce growers	79,196	61,400
Trade receivables from other customers	43,783	37,944
Less: allowance for doubtful trade receivables	(1,827)	(1,216)
	121,152	98,128

Changes in allowance for trade receivables for the years ended 30 June 2010 and 2009 were included into operating expenses in the income statement.

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

As of 30 June 2010 the Group's trade receivables with the nominal value of LTL 1,651 thousand (LTL 898 thousand as of 30 June 2009) were impaired and fully provided for.

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

	Individually impaired
Balance as of 30 June 2008	780
Charge for the year	635
Written-off during the year	(80)
Reversed during the year	(119)
Balance as of 30 June 2009	1,216
Charge for the year	797
Reversed during the year	(186)
Balance as of 30 June 2010	1,827

The ageing analysis of the Group's trade receivables as of 30 June 2010 and 2009 is as follows:

		Past due but not impaired				
	Trade receivables neither past due nor impaired	Less than 90 days	91 - 180 days	180 - 270 days	More than 271 days	Total
2009	90,482	4,938	2,708	-	-	98,128
2010	107,520	8,011	2,777	1,021	1,823	121,152

As of 30 June 2010 the Group transferred rights to part of its trade receivables with the value of LTL 77 034 thousand (LTL 87,442 thousand as of 30 June 2009) to banks as a collateral for the loans (Note 21). Additionally, as collateral for the loans to banks, the Group transferred rights to future receivables with the value of LTL 4,095 thousand arising from the investment property rent contracts.

16. Other accounts receivable

	Group	
	As of 30 June 2010	**As of 30 June 2009**
Financial assets		
National Paying Agency	4,357	4,420
Loans receivable	13,348	3,971
Loans to the Group employees	207	162
Other receivables	250	384
Less: allowance for doubtful loans receivable	(3,971)	(2,969)
	14,191	5,968
Non-financial assets		
VAT receivable	2,571	1,999
Import VAT receivable	1,190	278
Other recoverable taxes	769	94
	4,530	2,371
	18,721	8,339

As of 30 June 2010 the Group's loans receivable include loans provided to UAB Sinrena, UAB Consonus and UAB Invisco for the total amount of LTL 3,971 thousand (LTL 3,971 thousand as of 30 June 2009). As of 30 June 2010 the Group accounted for LTL 3,971 thousand allowance for these loans receivable (LTL 2,969 thousand as of 30 June 2009).

Changes in allowance for other accounts receivable for the years ended 30 June 2010 and 2009 were included into operating expenses in the income statement.

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

	Individually impaired
Balance as of 30 June 2008	-
Charge for the year	2,969
Balance as of 30 June 2009	2,969
Charge for the year	1,002
Balance as of 30 June 2010	3,971

The ageing analysis of the Group's other receivables (except for non-financial assets) as of 30 June 2010 and 2009 is as follows:

		Past due but not impaired				
	Other accounts receivable neither past due nor impaired	**Less than 90 days**	**91 - 180 days**	**181 - 270 days**	**More than 271 days**	**Total**
2009	5,968	-	-	-	-	5,968
2010	14,098	61	5	25	2	14,191

17. Other financial assets

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

		Group	
		As of 30 June 2010	**As of 30 June 2009**
Financial instruments, held for trading	Level 1	-	967
Restricted cash		1,304	-
		1,304	967

17. Other financial assets (cont'd)

The Group concludes forward agreements (with fixed price) with Lithuanian and Latvian agricultural produce growers for purchase of rapeseeds and wheat. For part of such agreements the Group does not have agreed sales contracts with fixed price. As of 30 June 2010 the Group's total amount of such purchase commitments to buy rapeseeds and wheat was LTL 59,296 thousand (LTL 22,133 thousand as of 30 June 2009). To hedge the arising risk of price fluctuations, for the total amount of such purchase commitments the Group concluded futures contracts that are traded on NYSE Euronext Paris SA exchange.

For futures contracts which were concluded after 1 July 2009 the Group has started to apply hedge accounting. For the purpose of hedge, the Group's management attributed the concluded futures contracts to the category of fair value hedge. As of 30 June 2010 the fair value of futures contracts was LTL 3,091 thousand losses (Level 1). These losses are accounted for in cost of sales in the income statement. Hedged item (commitments to purchase agricultural produce) of LTL 2,922 thousand is accounted for as inventories in the statements of financial position and in cost of sales in the income statement by netting with losses arising from the hedge instrument.

As of 30 June 2009 financial instruments held for trading consist of rapeseeds' futures contracts. Change in fair value of these financial instruments for the year ended 30 June 2009, equal to LTL 967 thousand, was included into cost of sales in the income statement.

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

18. Cash and cash equivalents

	Group		Company	
	As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
Cash at bank	18,955	8,089	202	23
Money market instruments with maturity of less than three months	15,000	-	15,000	-
Cash on hand	59	25	-	-
Deposits with maturity of less than three months	-	76	-	-
	34,014	8,190	15,202	23

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

Original maturities for all deposits of the Group are up to three months and the weighted average of the annual interest rate as of 30 June 2009 was 6.4 %.

Part of the Group's accounts at banks and cash inflows is pledged to banks as a collateral for the loans. As of 30 June 2010 and 2009 there were no restrictions on use of cash balances held in the pledged accounts (Note 21).

19. Reserves

Legal reserve

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

Foreign currency translation reserve

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

Other reserves

Other reserves are formed based on the decision of the General Shareholders' Meeting on appropriation of distributable profit. These reserves can be used only for the purposes approved by the General Shareholders' Meeting. As of 30 June 2009 these reserves were included in retained earnings in the Group.

20. Grants and subsidies

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

Balance as of 30 June 2008	11,849
Acquisition of subsidiary	1,125
Received	1,442
Amortisation	(2,606)
Balance as of 30 June 2009	11,810
Received	622
Amortisation	(1,875)
Balance as of 30 June 2010	10,557

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

The amortisation of grants of the Group for the years ended 30 June 2010 and 2009 was included into the following captions of the statement of financial position and the income statement:

	Group	
	Financial year ended	
	30 June 2010	**30 June 2009**
Cost of sales (reduces the depreciation expenses of related assets)	1,159	1,321
Biological assets	688	1,181
Operating expenses (reduces the depreciation expenses of related assets in the year ending 30 June 2010)	5	104
Raw materials and other inventories	23	-
	1,875	2,606

For the year ended 30 June 2010 the Group also received subsidies for animals and livestock, crops and milk in the total amount of LTL 5,572 thousand (LTL 6,029 thousand for the year ended 30 June 2009), which were accounted for in the sales caption of the income statement.

21. Borrowings

	Group		**Company**	
	As of 30 June 2010	**As of 30 June 2009**	**As of 30 June 2010**	**As of 30 June 2009**
Non-current borrowings				
Bank borrowings secured by the Group assets	25,770	26,585	-	-
Other non-current borrowings (Note 35)	1,035	1,387	-	1,790
	26,805	27,972	-	1,790
Current borrowings				
Current portion of non-current bank borrowings	12,733	22,112	-	-
Current portion of other non-current borrowings (Note 35)	2,312	2,851	-	-
Current bank borrowings secured by the Group assets	83,111	75,425	-	-
Factoring with recourse liability	9,946	3,433	-	-
Bonds issued	-	14,700	-	-
Accumulated bonds interest	-	1,124	-	-
Other current borrowings (Note 35)	1,692	1,478	4,663	1,129
	109,794	121,123	4,663	1,129
	136,599	149,095	4,663	2,919

21. Borrowings (cont'd)

On 21 July 2007 AB Linas Agro issued bonds emission with the par value of LTL 15 million. On 21 July 2009 AB Linas Agro has redeemed the bonds emission together with accrued interest.

In 2006/2007 ŽŪB Landvesta 1 received non-current interest free loans amounting to LTL 1,400 thousand from non-controlling shareholders. These loans were discounted to their fair value using 8 % discount rate. The discounting effect amounting to LTL 648 thousand was accounted for directly in equity in the non-controlling interest caption. Discount unwinding effect is accounted for under finance expenses caption (Note 30).

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

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

	Group		Company	
	As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
Current borrowings	3.35 %	5.55 %	4.56 %	8.00 %
Non-current borrowings	3.54 %	4.71 %	-	8.00 %

Borrowings at the end of the year in national and foreign currencies:

	Group		Company	
	As of 30 June 2010	As of 30 June 2009	As of 30 June 2010	As of 30 June 2009
Borrowings denominated in:				
EUR (LTL equivalent)	92,326	96,204	4,663	-
LTL	35,300	47,352	-	2,919
USD (LTL equivalent)	7,111	4,673	-	-
DKK (LTL equivalent)	1,851	692	-	-
GBP (LTL equivalent)	11	174	-	-
	136,599	149,095	4,663	2,919

As of 30 June 2010 unutilised part of credit lines of the Group comprises LTL 106,259 thousand (LTL 132,635 thousand as of 30 June 2009).

As of 30 June 2010 property, plant and equipment, investment property, biological assets, inventories, prepayments, trade receivables and bank accounts were pledged to banks as a collateral for the loans (Notes 6, 7, 12, 13, 14, 15 and 18). Also as of 30 June 2010 and 2009 UAB Linas Agro Konsultacijos pledged shares of Biržai district Medeikių ŽŪB, Šakiai district Lukšių ŽŪB, Panevėžys district Aukštadvario ŽŪB, Sidabravo ŽŪB, Panevėžys district Ėriškių ŽŪB and Panevėžys district Žibartonių ŽŪB to bank as a collateral for the loans.

Compliance with the covenants of the borrowings agreements

As of 30 June 2010 ŽŪB Landvesta 2 did not comply with the covenant of non-current borrowings agreement, that is did not reach the required EBITDA level and the ratio of rent income divided by total land value. The amount of the loan as of 30 June 2010 is LTL 1,170 thousand. According to the borrowing agreement with the bank, if the company does not comply with the covenant, the lender has a right to demand full or partial repayment of the loan. Therefore, the loan was classified as current in these financial statements.

As of 30 June 2010 AB Linas Agro did not comply with the covenant of one current borrowing agreement to maintain net debt and total equity ratio ((total financial debt – total cash and cash equivalents) / total equity) not more than 72 %. The amount of the loan as of 30 June 2019 is LTL 50 million. As described in Note 36, on 21 July 2010 AB Linas Agro prolonged the credit line agreement with AB SEB bank till 15 July 2011. The new terms of the agreement do not require to comply with the mentioned net debt and total equity ratio.

22. Finance lease obligations

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

	Group	
	As of 30 June 2010	As of 30 June 2009
Land	640	640
Investment property (land)	155	155
Buildings and structures	350	427
Machinery and equipment	1,511	1,831
Vehicles	1,461	2,092
Other property, plant and equipment	116	185
	4,233	5,330

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

	Group	
	As of 30 June 2010	As of 30 June 2009
EUR	1,890	2,783
LTL	616	663
	2,506	3,446

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

As of 30 June 2009 the interest rate on the finance lease obligations in EUR varies depending on the EURLIBOR and EURIBOR and ranges from 2.51 % to 5.92 %. The interest rate for the remaining portion of the finance lease liability in LTL outstanding as of 30 June 2009 is fixed, i.e. from 2 % to 5 %.

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

	Group	
	As of 30 June 2010	As of 30 June 2009
Within one year	1,000	1,247
From one to five years	1,383	2,117
After five years	400	397
Total finance lease obligations	2,783	3,761
Interest	(277)	(315)
Present value of finance lease obligations	2,506	3,446
Finance lease obligations are accounted for as:		
- current	928	1,138
- non-current	1,578	2,308

23. Operating lease

The Group concluded several contracts of operating lease. The terms of lease do not include restrictions on the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. For the year ended 30 June 2010 the lease expenses of the Group amounted to LTL 2,409 thousand (LTL 1,869 thousand for the year ended 30 June 2009).

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

	Group	
	As of 30 June 2010	As of 30 June 2009
Within one year	1,381	1,442
From one to five years	2,953	2,583
After five years	1,604	1,872
Total	5,938	5,897
Denominated in:		
- EUR	2,510	3,235
- LTL	3,397	2,630
- LVL	31	32

The Company does not have operating lease agreements as of 30 June 2010 and 2009.

24. Trade payables

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

25. Provisions

During the year ended 30 June 2009 the Group companies concluded several goods purchase agreements according to which the purchase price is higher than the probable sales price after the reporting date. The estimated loss of the contracts was recognised as provisions for onerous contracts and was charged to cost of sales in the income statement. Based on the purchase contracts the Group companies were committed to purchase the goods according to the following schedule: July 2009, March 2010 and June 2010. The market price as of 30 June 2009 was used to estimate part of the provision amounting to LTL 5,274 thousand.

As of 30 June 2010 the Group did not have onerous contracts.

Movements in the provision for onerous contracts of the Group were as follows:

Balance as of 30 June 2008	80
Charge for the year	5,433
Realised during the year	(80)
Balance as of 30 June 2009	5,433
Charge for the year	-
Realised during the year	(5,433)
Balance as of 30 June 2010	-

26. Other current liabilities

	Group	
	As of 30 June 2010	As of 30 June 2009
Financial liabilities		
Accrual for professional services	285	259
Other	406	289
	691	548
Non-financial liabilities		
Accrued expenses (mainly bonuses to employees)	2,610	2,600
Vacation accrual	2,577	2,786
Advances received	1,866	232
Payroll related liabilities	1,803	2,147
Import VAT payable	1,190	278
VAT payable	1,155	1,472
Accrued bonuses to the board of Rosenkrantz A/S	267	591
	11,468	10,106
	12,159	10,654

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

27. Cost of sales

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Cost of inventories recognised as an expense	678,144	882,177
Logistics expenses	71,774	125,908
Wages and salaries and social security	9,121	9,808
Provision for onerous contracts (Note 25)	(5,433)	5,433
Depreciation	5,113	5,378
Utilities expenses	1,997	2,822
(Income) expense from change in fair value of biological assets (Note 12)	(5,269)	345
(Income) expense from change in fair value of financial instruments (Note 17)	(241)	(907)
Other	8,569	7,177
	763,775	1,038,141

28. Operating expenses

	Group		Company	
	Financial year ended			
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Wages and salaries and social security	17,651	16,972	114	109
Change in allowance for receivables and prepayments (Notes 14, 15 and 16)	2,948	3,485	61	144
Consulting expenses	2,044	3,451	1,139	1,672
Depreciation and amortization	1,496	905	2	-
Change in impairment of property, plant and equipment (Note 6)	(190)	568	-	-
Change in impairment of investments into subsidiaries	-	-	258	926
Other	8,130	9,644	335	152
	32,079	35,025	1,909	3,003

29. Other income (expenses)

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Other income		
Currency exchange gain	299	1,453
Rental income from investment property and property, plant and equipment	932	531
Gain from disposal of investment property and property, plant and equipment	261	522
Gain from disposal of investments into subsidiaries (Note 3)	-	2,148
Other income	93	599
	1,585	5,253
Other (expenses)		
Direct operating expenses arising on rental and non-rental earning investment properties	(164)	(262)
Loss from disposal of property, plant and equipment	(22)	(34)
Currency exchange loss	-	(3)
Change in impairment of investment property (Note 7)	204	(857)
Other expenses	(181)	(280)
	(163)	(1,436)

30. Income (expenses) from financing activities

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Income from financing activities		
Interest income	1,954	2,025
Income from overdue payments	854	1,313
	2,808	3,338
(Expenses) from financing activities		
Interest expenses	(5,169)	(11,353)
Expenses for overdue payments	(10)	(246)
	(5,179)	(11,599)

31. Income tax

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Current income tax expense	7,082	8,336
Income tax correction for prior periods	(216)	-
Deferred income tax (income) expense	(388)	241
Income tax expenses recorded in the income statement	6,478	8,577

	Group	
	As of 30 June 2010	As of 30 June 2009
Deferred income tax asset		
Tax loss carry forward (available indefinitely)	1,368	351
Accruals	573	390
Allowance for trade receivables	253	200
Impairment of investment property	208	278
Allowance for inventories	57	116
Impairment of property, plant and equipment	43	10
Fair value of financial instruments	29	-
Provision for onerous contracts	-	1,005
Deferred income tax asset	2,531	2,400
Deferred income tax liability		
Property, plant and equipment (difference between tax and accounting values)	(1,542)	(2,067)
Fair value of biological assets	(464)	(61)
Fair value of financial instruments	-	(193)
Deferred income tax liability	(2,006)	(2,321)
Deferred income tax, net	525	79
Accounted for as deferred income tax asset in the statements of financial position	1,897	1,950
Accounted for as deferred income tax liability in the statements of financial position	(1,372)	(1,871)

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

As of 30 June 2010 and 2009 the Group has not recognised deferred tax asset for the following temporary differences:

	Group	
	As of 30 June 2010	As of 30 June 2009
Tax loss carry forward (available indefinitely)	357	724
Allowance for trade receivables	96	-
Impairment of investment property	89	111
Tax loss carry forward from investing activity (available till 30 June 2014)	41	55
Impairment of property, plant and equipment	31	116
Allowance for inventories	26	-
Accrued expenses	3	6
	643	1,012

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

The temporary differences associated with investments in associates and joint ventures, for which deferred tax liability has not been recognized, aggregate to LTL 17,438 thousand and LTL 16,034 thousand as of 30 June 2010 and 2009, respectively.

31. Income tax (cont'd)

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

	Group	
	Financial year ended	
	30 June 2010	30 June 2009
Profit before tax	39,988	40,348
Income tax expenses, applying the statutory rate in Lithuania (20 % and 15 %, respectively)	7,998	6,052
Effect of different tax rates in the Republic of Latvia and Denmark, 0 % and 5 % tax rate for the entities engaged in agricultural activities (Note 2.20.)	253	1,215
Deferred taxes in acquired subsidiaries	(58)	31
Income tax correction for prior periods	(216)	-
Temporary differences for which no deferred taxes were recognised	(369)	1,012
Permanent differences	(413)	711
Effect of change in income tax rate	(717)	(444)
Total income tax expenses	6,478	8,577

32. Basic and diluted earnings per share

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

The weighted average number of ordinary shares for the years ended 30 June 2010 and 2009 was as follows:

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

Calculation of weighted average for the year ended 30 June 2009	Number of shares	Par value (LTL)	Issued/365 (days)	Weighted average
Shares issued as at 30 June 2008	43,069	2	365/365	43,069
12 September 2008	31,931	2	292/365	25,545
1 October 2008	20,425,000	2	365/365	20,425,000
Shares issued before decrease of par value	20,500,000	2	-	20,493,614
Shares issued as at 30 June 2009 after decrease of par value on 15 January 2009	41,000,000	1	-	40,987,228

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

	Financial year ended	
	30 June 2010	30 June 2009
Net profit, attributable to the shareholders of the parent	30,826	28,114
Weighted average number of ordinary shares outstanding for the year	104,427,434	40,987,228
Basic and diluted earnings per share (in LTL)	0.30	0.69

As of 30 October 2010 the shareholders meeting approved the dividends payment policy, according to which during the following three years the Company will distribute to its shareholders up to 20 % of the net profit of the Group as dividends annually. For the year ended 30 June 2010 the Company is going to pay LTL 3,500 thousand dividends, or LTL 0.02 per share.

33. Financial assets and liabilities and risk management

Credit risk

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

The Group's procedures are in force to ensure that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. Part of Rosenkrantz A/S trade receivables are insured with the insurance limit equal to equivalent of LTL 11,340 thousand (LTL 12 million as of 30 June 2009).

The Group does not guarantee obligations of other parties.

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

Interest rate risk

The major part of the Group's borrowings is with variable rates, related to LIBOR, which creates an interest rate risk. There were no financial instruments designated to manage the exposure to fluctuation in interest rates outstanding as of 30 June 2010 and 2009.

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

		Effect on the profit before income tax for the year ended	
	Increase / decrease of basis points	**30 June 2010**	**30 June 2009**
EUR	+ 150	(1,413)	(1,485)
EUR	- 150	1,413	1,485
LTL	+ 350	(1,270)	(1,681)
LTL	- 350	1,270	1,681
USD	+ 150	(107)	(70)
USD	- 150	107	70
DKK	+ 150	(28)	(10)
DKK	- 150	28	10

33. Financial assets and liabilities and risk management (cont'd)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets – crops and inventories) / total current liabilities) ratios as of 30 June 2010 were 1.95 and 1.39, respectively (as of 30 June 2009 1.21 and 0.78, respectively).

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

Group	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current borrowings	6,135	21,026	18,942	9,563	12,448	10,237	78,351
Lease liabilities	-	273	974	1,001	1,116	397	3,761
Current borrowings	28,226	7,127	46,291	-	-	-	81,644
Current trade payables	634	35,832	3,526	-	-	-	39,992
Payables to related parties	-	2,096	2,512	-	-	-	4,608
Other liabilities	-	417	131	-	-	-	548
Balance as of 30 June 2009	**34,995**	**66,771**	**72,376**	**10,564**	**13,564**	**10,634**	**208,904**
Non-current borrowings	1,270	2,196	12,718	9,200	11,294	8,630	45,308
Lease liabilities	-	218	782	951	432	400	2,783
Current borrowings	32,834	50,370	12,213	-	-	-	95,417
Derivative financial instruments	-	3,091	-	-	-	-	3,091
Current trade payables	335	13,139	668	-	-	-	14,142
Payables to related parties	78	3,001	33	-	-	-	3,112
Other liabilities	83	572	36	-	-	-	691
Balance as of 30 June 2010	**34,600**	**72,587**	**26,450**	**10,151**	**11,726**	**9,030**	**164,544**

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

Company	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current borrowings	-	-	-	1,983	-	-	1,983
Current borrowings	-	-	1,198	-	-	-	1,198
Current trade payables	-	13	-	-	-	-	13
Payables to related parties	-	-	600	97	-	-	697
Other liabilities	-	33	-	-	-	-	33
Balance as of 30 June 2009	**-**	**46**	**1,798**	**2,080**	**-**	**-**	**3,924**
Current borrowings	-	-	4,728	-	-	-	4,728
Current trade payables	-	28	-	-	-	-	28
Other liabilities	-	63	-	-	-	-	63
Balance as of 30 June 2010	**-**	**91**	**4,728**	**-**	**-**	**-**	**4,819**

33. Financial assets and liabilities and risk management (cont'd)

Foreign exchange risk

Major currency risks of the Group occur due to the fact that the Group borrows foreign currency denominated funds as well as is involved in imports and exports. The Group's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency. When the Group opens a position in USD (i.e., goods are bought for USD and sold for EUR or vice versa), it manages USD exposure by changing positions in its credit line, i.e., buys or sells USD to close the open position. The Group does not use any financial instruments to manage its exposure to foreign exchange risk other than aiming to borrow in EUR, to which LTL and LVL are pegged. Monetary assets and liabilities stated in various currencies as of 30 June 2010 and 2009 were as follows (LTL equivalent):

	As of 30 June 2010		As of 30 June 2009	
Group	**Assets**	**Liabilities**	**Assets**	**Liabilities**
LTL	132,158	52,172	85,447	80,490
EUR	48,255	102,915	60,910	111,553
USD	20,563	10,419	11,511	13,262
DKK	119	4,433	74	5,822
LVL	2,406	1,181	1,102	510
Other currencies	9	38	-	174
	203,510	171,158	159,044	211,811

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

		Effect on the profit before income tax for the year ended	
	Increase/ decrease in exchange rate	**30 June 2010**	**30 June 2009**
USD	+ 15.00 %	1,522	(263)
USD	- 15.00 %	(1,522)	263
DKK	+ 5.00 %	(216)	(287)
DKK	- 5.00 %	216	287
LVL	+ 1.00 %	12	6
LVL	- 1.00 %	(12)	(6)

Financial risk, arising from biological assets, management strategy

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

33. Financial assets and liabilities and risk management (cont'd)

Fair value of financial instruments

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

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

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

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

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

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

Capital management

For capital management purposes the Group's capital includes share capital, share premium, legal reserve, foreign currency translation reserve and retained earnings amounting to LTL 250,531 thousand as of 30 June 2010 (LTL 143,967 thousand as of 30 June 2009).

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economics conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2010 and 2009.

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

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

	Group	
	As of 30 June 2010	**As of 30 June 2009**
Total equity	263,348	156,071
Total assets	448,301	387,228
Total equity / Total assets	59 %	40 %
Leverage ratio	41 %	60 %

34. Commitments and contingencies

As of 30 June 2010 the Group is committed to purchase property, plant and equipment for the total amount of LTL 1,194 thousand (LTL 409 thousand as of 30 June 2009).

Additional investments are required for cattle farms located in Panevėžys district Aukštadvario ŽŪB and Sidabravo ŽŪB due to stiffening environmental regulation in Lithuania. Incompliance with such regulations may result in significant fines. Total estimated investment value for modernisation till compliance level with the environmental regulations set by the Republic of Lithuania amounts to LTL 1,300 thousand (Panevėžys district Aukštadvario ŽŪB – LTL 650 thousand and Sidabravo ŽŪB – LTL 650 thousand)

A few Group companies (Panevėžys district Aukštadvario ŽŪB, Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB and Sidabravo ŽŪB) received grants from the European Union and National Paying Agency mostly for acquisition of agricultural heavy duty equipment. Panevėžys district Aukštadvario ŽŪB is committed not to discontinue operations related to agriculture up to September 2010, Šakiai district Lukšių ŽŪB – up to 2013, Biržai district Medeikių ŽŪB – up to 2014 and Sidabravo ŽŪB – up to 2013. In case of non-compliance with the requirements the Group companies will have to return funds received to the state of Lithuania amounting to LTL 5,232 thousand as of 30 June 2010 (LTL 7,588 thousand as of 30 June 2009).

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

As of 30 June 2010 AB Linas Agro had bank guarantee contracts signed in favor of National Paying Agency for the total amount of LTL 283 thousand (as of 30 June 2009 – LTL 4,102 thousand). No restrictions on AB Linas Agro assets were imposed according to these agreements.

AB Linas Agro is a party to the Shareholders' agreement with the non-controlling shareholder of Rosenkrantz A/S. According to the agreement AB Linas Agro has an option to acquire the shares from the non-controlling shareholder if certain conditions are met. As of 30 June 2010 and 2009 the intrinsic value of the option was negative; therefore, the option was not accounted for.

As of 30 June 2010 the balance of guarantees and warranties issued by the Company to the banks for the controlled companies (directly and indirectly controlled subsidiaries) amounted to LTL 23,298 thousand (LTL 4,535 thousand as of 30 June 2009). The Company's guarantees are issued for the loans granted to these companies. The Company is obliged to repay the companies' liabilities to banks in full, if the companies are not able to do it themselves. Guarantees issued are not secured with the assets of the Company. The management of the Group believes that the companies on behalf of which guarantees and warranties were issued will meet their liabilities to the creditors, therefore, no provisions in respect of these guarantees were accounted for in the financial statements as of 30 June 2010 and 2009.

35. Related parties transactions

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

The related parties of the Company and Group for the years ended 30 June 2010 and 2009 were as follows:

Members of the board of the Company:

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

Subsidiaries:

List provided in Note 3;
UAB Invisco (related until 31 March 2009);
UAB Sinrena (related until 31 March 2009);
UAB Consonus (related until 31 March 2009).

35. Related parties transactions (cont'd)

Joint ventures (Note 8):

UAB Dotnuvos Projektai;
ŽŪB Dotnuvos Agroservisas;
UAB Dotnuvos Technika;
SIA Dotnuvos Projektai (related from 26 April 2010);
UAB Kustodija.

Associates (Note 8):

UAB Jungtinė ekspedicija.

Akola ApS group companies:

Akola ApS (Denmark) (controlling shareholder);
UAB Mestilla (same ultimate controlling shareholders);
OOO Ukrkalyj (Ukraine), in liquidation status (same ultimate controlling shareholders);
ZAT UkrAgro NPK (Ukraine) (same ultimate controlling shareholders);
OAO Rajagrohim (Ukraine) (same ultimate controlling shareholders; liquidated on 9 November 2009).

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

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

2010			**Receivables**				
	Purchases	**Sales**	**Trade receivables**	**Current loans receivable**	**Non-current loans receivable**	**Payables**	**Current loans received**
Members of the board	47	-	-	-	-	-	656
Joint ventures	23,484	2,124	1,534	-	-	2,346	-
Associates	6,911	45	41	-	-	401	-
Akola ApS group companies	7,300	86,481	1,924	3,431	1,303	365	970
	37,742	88,740	3,499	3,431	1,303	3,112	1,626*

The Group's transactions with related parties in 2009 were as follows:

2009			**Receivables**				
	Purchases	**Sales**	**Trade receivables**	**Current loans receivable**	**Non-current loans receivable**	**Payables**	**Current loans received**
Members of the board	47	111	-	-	-	-	656
Joint ventures	13,511	2,955	1,477	-	-	4,463	-
Associates	5,662	-	-	-	-	145	-
Akola ApS group companies	13,015	125,063	1,991	9,374	16,991	-	1,609
	32,235	128,129	3,468	9,374	16,991	4,608	2,265*

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

35. Related parties transactions (cont'd)

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

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

The Company's transactions with related parties in 2009 were as follows:

2009	Purchases	Sales and dividends	Trade receivables	Non-current loans received	Non-current payables	Current loans received	Current payables
Subsidiaries	182	563	4	1,790	97	1,129	600
Joint ventures	-	1,000	1,000	-	-	-	-
Associates	-	180	-	-	-	-	-
Akola ApS group companies	-	160	160	-	-	-	-
	182	1,903	1,164	1,790	97	1,129	600

As of 30 June 2010 annual interest rate of the Group's loans borrowed and non-current loans receivable from related parties are fixed and equal to 7 % and 8 %, respectively. Current loans receivable from related parties bear 1m EURIBOR + 4.1 % margin annual interest rate.

As of 30 June 2009 annual interest rate of the Group's current loans receivable, non-current loans receivable from related parties and loans borrowed from related parties is fixed and equals to 8 %. The non-current loan provided to Akola ApS amounting to LTL 16,991 thousand bears 6m EURIBOR + 1.5 % annual interest rate.

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

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

Terms and conditions of the financial assets and liabilities:

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

The Group's receivables from related parties were not past due as of 30 June 2010 and 2009.

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

The Group's management consists of the Company's board of directors and directors of each of the company in the Group. The Group's management remuneration amounted to LTL 4,434 thousand (including LTL 638 thousand of bonuses to the board of directors of AB Linas Agro and LTL 160 thousand of bonuses to the board of directors of Rosenkrantz A/S) in the year ended 30 June 2010 (LTL 3,825 thousand (including LTL 591 thousand of bonuses to the board of directors of Rosenkrantz A/S) in the year ended 30 June 2009). For the year ended 30 June 2010 the Group's management has also received LTL 17 thousand of rent payments and LTL 295 thousand of payments to life insurance funds (LTL 22 thousand of rent payments for the year ended 30 June 2009).

35. Related parties transactions (cont'd)

The Company's management consists of the board of directors and a managing director. For the year ended 30 June 2010 the Company's management remuneration amounted to LTL 13 thousand (LTL 12 thousand for the year ended 30 June 2009).

No other payments or property transfers to/from the management were made or accrued; no other loans or guarantees were received/granted in the years ended 30 June 2010 and 2009.

36. Subsequent events

Group

On 1 July 2010 the Company acquired additional 50 % shares of ZAT UkrAgro NPK for EUR 3,694 thousand (LTL 12,757 thousand equivalent) from UAB Arvi Ir Ko. After the share acquisition the Group directly controls 63.38 % of the investee. The financial information on the acquired subsidiary as of 30 June 2010 is only available unaudited as of the date of the release of these financial statements and is presented below. The fair values of the net assets acquired have not yet been assessed by the Group.

	ZAT UkrAgro NPK
Acquisition date	1 July 2010
Carrying values	(unaudited)
Non-current assets	16,442
Current assets	78,808
Non-current liabilities	(3,090)
Current liabilities	(64,340)
Net assets	27,820
Cash in the subsidiary	7,657
Revenue for the year ended 30 June 2010	181,558
Profit for the year ended 30 June 2010	1,291

On 21 July 2010 AB Linas Agro prolonged the credit line agreement with AB SEB bank till 15 July 2011 and on 9 August 2010 the total credit line limit was increased from LTL 80 million to LTL 132 million. According to the new agreement AB Linas Agro has increased the amount of inventories pledged from LTL 90 million to LTL 140 million and decreased the amount of trade receivables pledged from LTL 70 million to LTL 60 million. Also, all current and future cash flows in AB SEB bank accounts up to LTL 83 million are pledged.

On 27 July 2010 Biržai district Medeikių ŽŪB has acquired additional 36.36 % shares of ŽŪK Kupiškio grūdai for LTL 920 thousand. After the acquisition the effective share of ŽŪK Kupiškio grūdai owned by the Group increased to 72.53 % (as of 30 June 2010 – 37.43 %). This subsidiary was already consolidated to the Group in the years ended 30 June 2010 and 2009 (Note 3).

On 25 August 2010 SIA Linas Agro prolonged factoring agreement with SIA Swedbank Lizings till 1 August 2011 and the total factoring limit was increased from EUR 6.5 million (equivalent of LTL 22.4 million) to EUR 9.8 million (equivalent of LTL 33.8 million)

During August-September 2010 Rosenkrantz A/S incurred losses of USD 600 thousand (equivalent of LTL 1,692 thousand as of 30 June 2010) according to the unexecuted sales contracts due to the fact that suppliers breached the contracts and did not supply grains after increase in grain prices in July-August. No provision for the losses was accounted for as of 30 June 2010 as such losses could not be foreseen at that time.

Company

On 12 July 2010 the Company granted a loan in the amount of LTL 920 thousand to Biržai district Medeikių ŽŪB to purchase additional shares of ŽŪK Kupiškio grūdai as described above.

On 13 July 2010 the Company has increased the share capital of AB Linas Agro by LTL 24 million.

On 3 August and 2 September 2010 the Company increased the share capital of UAB Linas Agro Konsultacijos by LTL 920 thousand and LTL 189 thousand, respectively.

On 3 August and 30 August 2010 the Company increased the share capital of ŽŪB Landvesta 4 by LTL 22 thousand.

On 16 August 2010 the Company granted a new loan to AB Linas Agro in the amount of LTL 8 million and additional one according to already existing agreement in the amount of EUR 782 thousand (LTL 2,700 thousand equivalent).
On 17 September 2010 the Company increased the share capital of ŽŪB Landvesta 5 by LTL 12 thousand.