

APPROVED

Resolution No. 291-40

of 31 March 2014



**AGROWILL GROUP AB**

(incorporated in Lithuania with limited liability, corporate ID code 126264360)

PROSPECTUS OF ADMISSION OF UP TO 102,595,266 NEWLY ISSUED ORDINARY REGISTERED SHARES IN  
AGROWILL GROUP AB TO TRADING ON THE SECONDARY LIST OF NASDAQ OMX VILNIUS AND ON THE PARALLEL  
MARKET OF THE WARSAW STOCK EXCHANGE  
with a nominal value of LTL 1 each

This prospectus (the "Prospectus") was prepared by Agrowill Group AB (the "Company" or the "Issuer") for the purpose of admission of up to 102,595,266 new shares of the Company (the "New Shares"), to be issued following the decision of 13 March 2014 of the general meeting of shareholders of the Company (the "General Meeting") to trading on the Secondary List of NASDAQ OMX Vilnius AB ("OMX") and on the Parallel Market of the Warsaw Stock Exchange (in Polish: *Giełda Papierów Wartościowych w Warszawie S.A.*, the "WSE"), i. e. on the regulated markets, trading on which all the currently issued shares of the Issuer are admitted to. No other securities issued by the Company are currently admitted to trading on any other regulated market.

No public offering of the New Shares shall be executed by the Company. Consequently, information communicated by this Prospectus does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any member of its group nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its group, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

Distribution of this Prospectus in certain jurisdictions may be restricted by law. Thus, persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

This Prospectus constitutes a prospectus for the purposes of Articles 3.3 and 5.3 of Directive 2003/71/EC of the European Parliament and of the Council, as amended (the "Prospectus Directive") and Articles 5(6) and 6(4) of the Law on Securities of the Republic of Lithuania, as amended (the "Law on Securities") and Commission Regulation (EC) 809/2004 of 29 April 2004, as amended (the "Prospectus Regulation"). The Bank of Lithuania (in Lithuanian: *Lietuvos bankas*, the "LB") in its capacity as the competent authority in Lithuania under the Law on Securities, has approved this document as a prospectus. Following the requirements of the applicable legal acts, the LB has provided to the competent authority in Poland, Polish Financial Supervision Authority (in Polish: *Komisja Nadzoru Finansowego*, the "PFSA") (i) a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive, (ii) a copy of the Prospectus in English, (iii) a Polish translation of the Prospectus summary, and (iv) website address of the LB, on which the electronic version of the Prospectus is published. The Issuer will be authorised to apply for introduction of the New Shares to trading on the WSE and OMX, once the LB has provided the PFSA with a certificate of approval of this Prospectus and after the Prospectus has been made available to the public together with a translation of the Prospectus summary into Polish and Lithuanian languages.

All the Shares are ordinary registered shares and are registered with the Central Securities Depository of Lithuania (in Lithuanian: *Lietuvos centrinis vertybinių popierių depozitoriumas*, the "CSDL") under ISIN code LT0000127466, as well as in the Polish clearing and settlement institution's, the National Depository for Securities (in Polish: *Krajowy Depozyt Papierów Wartościowych S.A.*, the "NDS") foreign account in the CSDL. Upon registration of the New Shares with the CSDL they will also be registered with the NDS as indicated above, which is acting as a secondary depository for the Shares.

Based on this Prospectus, the Issuer intends to apply for up to 102,595,266 New Shares to be admitted and introduced to listing and trading on the WSE and OMX (the "Admission"). The Issuer expects that trading in the New Shares on the WSE and OMX will commence in the beginning of April 2014.

The date of this Prospectus  
31 March 2014

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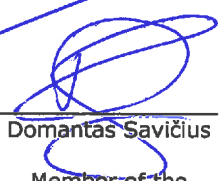

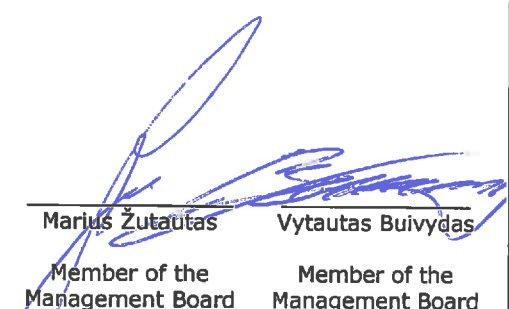
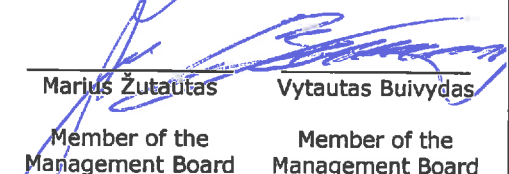
## I. IMPORTANT INFORMATION

**Governing Law.** The listing and trading of the New Shares on the WSE and OMX shall be conducted in accordance with and governed by the Polish and Lithuanian laws and the WSE and NDS, as well as OMX and CSDL rules. The Company is organised and exists under the Lithuanian law. Also the Lithuanian law will be applicable with regards to the procedure of approval of this Prospectus and its supplements (if applicable) and certain other issues, related to the capital increase of the Company.

**Prospectus.** This Prospectus has been prepared by the Company in connection with the Admission, solely for the informational purposes. The information contained in the Prospectus has been provided by the Issuer and other sources identified herein. This Prospectus is a prospectus in the form of a single document within the meaning of the Prospectus Directive and the Prospectus Regulation. This Prospectus has been prepared in accordance with Annex I (Minimum Disclosure Requirements for the Share Registration Document), Annex II (Pro forma financial information building block) and Annex III (Minimum Disclosure Requirements for the Share Securities Note) of the Prospectus Regulation. A summary of the Prospectus contains the key information items set out in Annex XXII (Disclosure Requirements in Summaries) of the Prospectus Regulation. This Prospectus was approved by the LB and notified to the PFSA according to the Law on Securities and other applicable legal acts and regulations.

### 1.1 Responsibility for this Prospectus

**Persons Responsible.** The person responsible for the information provided in this Prospectus is Agrowill Group AB, corporate ID code 126264360, with the registered office at Smolensko str. 10, Vilnius, Lithuania. The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and members of its Management Board – Mr. Vladas Bagavičius (Chairman), Mr. Domantas Savičius, Mr. Linas Strėlis, Mr. Marius Žutautas and Mr. Vytautas Buivydas, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

				
Vladas Bagavičius	Domantas Savičius	Linas Strėlis	Marius Žutautas	Vytautas Buivydas
Chairman of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

**Limitations of Liability.** Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely on the basis of the summary of this Prospectus, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information.

The persons responsible do not accept any responsibility for the information pertaining to the Admission of the New Shares to trading on the WSE and/or OMX, the Group or its operations, where such information is disseminated or otherwise made public by third parties either in connection with the Admission or otherwise.

Any persons in possession of this Prospectus should not assume that the information in this Prospectus is accurate as of any other date than the date of this Prospectus. The delivery of this Prospectus at any time after the conclusion of it will not, under any circumstances, create any implication that there has been no change in the Company's (its Group's) affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date. In case until the term of validity of this Prospectus or until Admission (depending on what will happen earlier), material changes in operations of the Issuer occur, they will be reflected in supplements to the Prospectus, which will be subject to an approval by the LB and notification to the PFSA. The supplement (if any) will be published in the same manner as the Prospectus.

In case of a dispute related to this Prospectus, the plaintiff may have to resort to the jurisdiction of the Lithuanian courts and consequently a need may arise for the plaintiff to cover relevant state fees and translation costs in respect of this Prospectus or other relevant documents.

### 1.2 Presentation of Financial and Other Information

**Financial Information.** This Prospectus contains incorporate by reference financial statements of, and financial information relating to the Company and its subsidiaries (the "Group").

The Prospectus contains incorporated by reference the Group's and Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2012 (the "2012 Financial Statements"), the Group's and Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2011

(the "2011 Financial Statements") and the Group's audited consolidated financial statements for the years ended 31 December 2008, 2009, 2010 (the "2010 Financial Statements", together with the 2012 Financial Statements and 2011 Financial Statements, the "Consolidated Financial Statements") prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), as well as the Group's unaudited consolidated financial information for the twelve months ended 31 December 2013 (the "Consolidated Interim Information") prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Furthermore, the Prospectus contains the pro forma financial information, pro forma balance sheet as of 31 December 2013 and 31 December 2012, and pro forma income statement for the period ended on 31 December 2013, and related notes (the "Pro Forma Financial Information").

The presentation of financial information in accordance with IFRS requires Management to make various estimates and assumptions which may impact the values shown in the financial statements and notes thereto. The actual values may differ from such assumptions.

The Consolidated Financial Statements were audited by PricewaterhouseCoopers UAB, with its registered office in Vilnius, Lithuania (see Section 4.1 *Statutory Auditors*). The Consolidated Interim Information was neither audited nor subject to a review by the auditor. Independent auditor's assurance report on the compilation of the Pro Forma Financial Information, included in the Prospectus, as required under Article 7 of Annex II of the Prospectus Regulation, was issued by IDG auditoriai UAB.

In the Group's and Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2012 the comparative data as of and for the year ended 31 December 2011 was adjusted to reflect the effects of restatements on the 2011 Financial Statements being a result of identified prior year errors. The financial information as of and for the year ended 31 December 2011 presented in this prospectus is presented on a restated basis.

**Approximation of Numbers.** Numerical and quantitative values in this Prospectus (e.g. monetary values, percentage values, etc.) are presented with such precision which the Company deems sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values, have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation. Exact numbers may be derived from the financial statements of the Group, to the extent that the relevant information is reflected therein.

**Dating of Information.** This Prospectus is drawn up based on information which was valid on 31 December 2013. Where not expressly indicated otherwise, all information presented in this Prospectus (including the consolidated unaudited financial information of the Group, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than 31 December 2013, this is identified by either specifying the relevant date or by the use of expressions as "the date of this Prospectus", "to date", "until the date hereof" and other similar expressions, which must all be construed to mean the date of this Prospectus (31 March 2014).

**Currencies.** In this Prospectus, financial information is presented either in Lithuanian Litas (LTL), i.e. the official currency of the Republic of Lithuania, in Euro (EUR), i.e. the official currency of the EU Member States participating in the Economic and Monetary Union, or US Dollars (USD), i.e. the official currency of the United States of America. On the date of this Prospectus, the exchange rate between Euro and Lithuanian Litas is fixed to be LTL 3.4528 for EUR 1. Amounts originally available in other currencies have been converted to Euros or Lithuanian Litas as of the date for which such information is expressed to be valid. With respect to the state fees, taxes and similar country specific values, information may occasionally be presented in currencies other than LTL or EUR. The exchange rates between such currencies and Euro may change from time to time. Lithuania aims to introduce Euro as its currency as from 1 January 2015 and has initiated the procedures in connection therewith. If Lithuania becomes one of the European Union Member States that adopted the single currency as indicated above, all the quantity values, currently expressed in Lithuanian Litas (Company's financial data, its production tariffs, etc.) will be converted into Euro.

**Updates.** The Company will update the information contained in this Prospectus only to such extent, at such intervals and by such means as required by applicable law or considered necessary and appropriate by the Company. The Company is under no obligation to update or modify forward-looking statements included in this Prospectus.

**Third Party Information and Market Information.** With respect to certain portions of this Prospectus, some information may have been sourced from third parties. Such information has been accurately reproduced as far as the Company is aware and is able to ascertain from the information published by such other third parties that no facts have been omitted, which would render the reproduced information inaccurate or misleading. Certain information with respect to the markets, on which the Company and its Subsidiaries are operating, is based on the best assessment made by the Management Board. With respect to the industry, in which the Group is active, and certain jurisdictions, in which its operations are being conducted, reliable market information might be unavailable or incomplete. While every reasonable care was taken to provide the best possible estimate of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation into the relevant market or seek professional advice. Information on market shares represents the Management Board's views, unless specifically indicated otherwise.

### 1.3 Forward Looking Statements

This Prospectus includes forward-looking statements. Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the belief of the Management as well as assumptions made by and information currently available to the Management. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Group, the macro-economic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as *strategy, expect, forecast, plan, anticipate, believe, will, continue, estimate, intend, project, goals, targets* and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Prospectus whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Group operates in a competitive business. This business is affected by changes in domestic and foreign laws and regulations, taxes, developments in competition, economic, strategic, political and social conditions and other factors. The Group's actual results may differ materially from the Management's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Group (please see Section III *Risk Factors* for a discussion of the risks which are identifiable and deemed material at the date hereof).

### 1.4 Information Incorporated by Reference

The following information is incorporated in this Prospectus by reference in accordance with Article 28 of the Prospectus Regulation:

- the Group's audited consolidated financial statements for the years ended 31 December 2008, 2009, 2010 together with the consolidated annual report and the independent auditor's report;
- the Group's and the Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2011 together with the consolidated annual report and the independent auditor's report;
- the Group's and the Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2012 together with the consolidated annual report and the independent auditor's report;
- the Group's unaudited consolidated financial information for the twelve months ended 31 December 2013 together with the consolidated interim report;
- Articles of Association.

It is possible to get acquaintance with the aforementioned documents on the website of the Company at <http://www.agrowill.lt> also at <http://www.crib.lt>, <https://newsclient.omxgroup.com>, [www.gpwlnfostrefa.pl](http://www.gpwlnfostrefa.pl), and at <http://gpw.pl>.

**Documents on Display.** Throughout the lifetime of this Prospectus, the aforementioned documents as well as the Pro Forma Financial Information, the Certificate on Establishment of Market Value of shares of Baltic Champs UAB (Business Valuation Certificate No. 21330 VAT\_2014 SVA VHAN), prepared by an asset appraiser Ober-Haus Nekilnojamas Turtas UAB and Certificate on Establishment of Market Value of shares of eTime invest UAB (Business Valuation Certificate No. 21809 VAT\_2014 SVA VHAN), prepared by an asset appraiser Ober-Haus Nekilnojamas Turtas UAB are attached to this Prospectus (for more information please see Section 4.23 *Third Party Information and Statement by Experts and Declarations of any Interest*) may also be inspected at the head office of the Company located at Smolensko str. 10, Vilnius, Lithuania. Any interested party may obtain a copy of these documents from the Company without charge.

To the extent that documents other than mentioned above (i.e. reports, letters, valuations, statements) are not reflected in this Prospectus with reasonable fullness and do not at the sole discretion of the Company constitute business secrets of the Company, physical inspection of such documents will be arranged at the office of the Company or via electronic mail at the request of any interested party and subject to an agreement between the Company and such interested party regarding the means of inspection of the relevant documents. Reference to the Company's website in this Prospectus should not be deemed to incorporate the information on the Company's website by reference.

### 1.5 Definitions used in the Prospectus

In this Prospectus, the definitions in capital letters will have the meaning indicated below unless the context of the Prospectus requires otherwise. Definitions are listed in alphabetical order and the list is limited to the definitions which are considered to be of more importance. Other definitions may be defined elsewhere in the Prospectus.

"Admission"	Admission of the New Shares to trading on the WSE and on the OMX.
"Articles of Association"	Articles of Association of the Company.
"Audit Committee"	Audit Committee of the Company.
"CIT"	Polish Act of 15 February 15 1992 on Corporate Income Tax (as amended from time to time).

<b>"Committees"</b>	Audit Committee collectively with the Nomination and Remuneration Committee.
<b>"Company" or "Issuer"</b>	Agrowill Group AB – a public limited liability company organized and existing under the laws of the Republic of Lithuania, corporate ID code 126264360, VAT code LT100001193419, registered at the address Smolensko str. 10, Vilnius, Lithuania, Company's data is collected and stored with the Register of Legal Persons.
<b>"Consolidated Financial Statements"</b>	The Group's and Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2012, the Group's and Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2011 and the Group's audited consolidated financial statements for the years ended 31 December 2008, 2009, 2010, prepared in accordance with IFRS.
<b>"Consolidated Interim Information"</b>	The Group's unaudited consolidated interim financial information for the twelve months ended 31 December 2013, prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".
<b>"CSDL"</b>	Lithuanian Central Securities Depository (in Lithuanian: <i>Lietuvos Centrinis Vertybinių Popierių Depozitoriumas</i> ), the clearing and settlement institution in Lithuania.
<b>"ESPI"</b>	<i>Elektroniczny System Przekazywania Informacji</i> , electronic system for transmission of information operated by the PFSA.
<b>"EU"</b>	European Union.
<b>"EUR", "€", "Euro"</b>	The lawful currency of the European Union Member States that adopted the single currency.
<b>"General Meeting"</b>	General Meeting of Shareholders of the Company.
<b>"Group"</b>	The Issuer and all the Subsidiaries of the Issuer, as set out in Section 4.6 <i>Organisational Structure</i> .
<b>"IAS"</b>	International Accounting Standards as adopted by the EU.
<b>"IFRS"</b>	International Financial Reporting Standards as adopted by the EU.
<b>"Issue"</b>	The issue of up to 102,595,266 New Shares, 88,444,014 of which shall be subscribed, paid and acquired by Baltic Champs Group UAB and 14,151,252 by Vretola Holdings Limited.
<b>"Key Executives"</b>	The General Manager, the Chief Financial Officer and the Chief Accountant of the Company collectively.
<b>"Law on Companies"</b>	Law on Companies of the Republic of Lithuania (as amended from time to time).
<b>"Law on Securities"</b>	Law on Securities of the Republic of Lithuania (as amended from time to time).
<b>"LB"</b>	The Bank of Lithuania (in Lithuanian: <i>Lietuvos bankas</i> ).
<b>"LTL", "Lithuanian Litas"</b>	Litas, the lawful currency of the Republic of Lithuania.
<b>"Major Shareholders"</b>	The Company's major shareholders Volemer Holdings Limited, Vretola Holdings Limited, Mr. Linas Strėlis, Eastern Agro Holdings UAB and Mr. Romualdas Antanas Petrošius, as indicated in Section 4.17 <i>Major Shareholders</i> .
<b>"Management"</b>	Management Board and Key Executives of the Company.
<b>"Management Board" or "Board"</b>	Management Board of the Company.
<b>"Member State"</b>	A Member State of the European Economic Area.
<b>"Merger Agreement"</b>	Merger Agreement, concluded on 14 February 2014 by the Company and certain of its current shareholders (Volemer Holdings Limited, Vretola Holdings Limited, Eastern Agro Holdings UAB, Novitum UAB, Inovacinis Žemės Ūkis UAB, Romualdas Antanas Petrošius, Aldona Petrošienė, Jurgis Petrošius, Marius Žutautas, Vladas Bagavičius, Domantas Savičius), a party of the one part, and Baltic Champs Group UAB and Kęstutis Juščius, a party of the other part, regarding merger of the Company with Baltic Champs UAB and eTime invest UAB, as well as regarding sale of 100% of blocks of shares of AGRO Ramučiai UAB and Luganta UAB, held by Kęstutis Juščius to the Company.
<b>"MiFID"</b>	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (as amended from time to time).
<b>"N/A"</b>	'not applicable'.
<b>"NDS"</b>	<i>Krajowy Depozyt Papierów Wartościowych S.A. (KDPW S.A)</i> , the National Depository for Securities – the clearing and settlement institution in Poland.
<b>"New Shares"</b>	Up to 102,595,266 ordinary registered Shares to be newly issued by the Issuer

	based on the decision of the extraordinary General Meeting of 13 March 2014.
<b>"Nomination and Remuneration Committee"</b>	Nomination and Remuneration Committee of the Company.
<b>"Issue Price"</b>	The issue price per each New Share, equal to LTL 1.
<b>"OMX"</b>	NASDAQ OMX Vilnius AB – Vilnius Stock Exchange.
<b>"OMX Corporate Governance Code"</b>	Corporate Governance Code for the Companies Listed on the OMX.
<b>"PFSA"</b>	Polish Financial Supervision Authority (in Polish: <i>Komisja Nadzoru Finansowego</i> ), the capital market regulatory authority of the Republic of Poland.
<b>"PLN", "Polish zloty"</b>	The lawful currency of the Republic of Poland.
<b>"Pro Forma Financial Information"</b>	Pro forma balance sheet as of 31 December 2013 and 31 December 2012, and pro forma income statement for the period ended on 31 December 2013, and related notes.
<b>"Prospectus"</b>	This document, prepared for the purpose of the Admission, including its annexes and supplements, if any.
<b>"Prospectus Directive"</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (as amended from time to time).
<b>"Prospectus Regulation"</b>	Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended from time to time).
<b>"Public Offering Act"</b>	Polish Act of 29 July 2005 on Public Offerings and Conditions governing the Admission of Financial Instruments to Trading on Organized Markets, and on Listed Companies (as amended from time to time).
<b>"Register of Legal Persons"</b>	Register of Legal Persons of the Republic of Lithuania.
<b>"Related Parties"</b>	As defined in International Accounting Standard 24 <i>Related Party Disclosures</i> .
<b>"Section"</b>	A section of this Prospectus.
<b>"Shares"</b>	Any ordinary registered shares of the Company with the nominal value of LTL 1 each issued and outstanding at any time.
<b>"Subsidiaries"</b>	Subsidiaries of the Issuer, as set out in Section 4.6 <i>Organisational Structure</i> .
<b>"Summary"</b>	The summary of this Prospectus.
<b>"Supervisory Council"</b>	Supervisory Council of the Company.
<b>"Takeover Directive"</b>	Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (as amended from time to time).
<b>"Trading in Financial Instruments Act"</b>	Polish Act of 29 July 2005 on Trading in Financial Instruments (as amended from time to time).
<b>"USD", "\$", "US Dollars"</b>	The lawful currency of the United States of America.
<b>"VAT"</b>	The value added tax applicable in the Republic of Lithuania.
<b>"WSE"</b>	Warsaw Stock Exchange (In Polish: <i>Giełda Papierów Wartościowych w Warszawie S.A.</i> ), a regulated market in Poland.
<b>"WSE Corporate Governance Code"</b>	Code of Best Practice for WSE Listed Companies.

## II. SUMMARY

This Summary is made up of disclosure requirements known as "Elements" in accordance with the Annex XXII (Disclosure Requirements in Summaries) of the Prospectus Regulation. These elements are numbered in Sections A – E (A.1 – E.7) below. This Summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of 'not applicable'.

### Section A – Introduction and warnings

Element	Title	Disclosure
A.1	Introduction and warnings	<p>This Summary is not the prospectus for the listing of the Company's New Shares and should be read merely as an introduction to the same. This Summary presents the facts and circumstances that the Company considers important with respect to the Company's business and the Admission and is a summary of certain information appearing in more detail elsewhere in the Prospectus. Any decision to invest in the Company's Shares on the secondary market (WSE or OMX) should be based by each investor on the Prospectus (including any amendments or supplements thereto, if any) as a whole and not merely on this Summary.</p> <p>Investors are cautioned that where a claim relating to the information contained in the Prospectus (or this Summary) is brought before a court, the plaintiff investor might, under the national legislation of the relevant state, have to bear the costs of translating the entire Prospectus before court proceedings are initiated. The Company accepts civil liability in respect of this Summary (including any translation hereof) solely in the case where this Summary is found to be misleading, inaccurate or inconsistent when read together with the Prospectus as a whole or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2		Not applicable.

### Section B – Issuer

Element	Title	Disclosure
B.1	Legal and commercial name	Agrowill Group AB.
B.2	Domicile / legal form / legislation / country of incorporation	The Issuer is a public limited liability company with its statutory seat in Vilnius, Lithuania, and its registered office at Smolensko str. 10A, Vilnius, Lithuania. It is registered with the Register of Legal Persons under number 126264360. The Issuer is incorporated and operates under the laws of the Republic of Lithuania.
B.3	Key factors regarding current operations, principal activities, categories of products sold and services performed. Principal markets	<p>The Issuer is one of the largest primary agricultural production producers in Lithuania and manages one of the largest agricultural land portfolios in the country. The Group carries out its activities in Lithuania managing agricultural companies in the stock-breeding and crop growing sectors. Through the land management Subsidiaries, which control arable land, the Group also manages the land which is leased to farmers and other businesses.</p> <p>The Group divides its operations into the following segments:</p> <ol style="list-style-type: none"> <li><b>1. Stock-breeding.</b> This activity is the most stable among all segments. Stock-breeding is one of the two main activities of the Group (the other is crop growing), which historically generates between 12 to 23% of total Group revenues. Stock-breeding activities are particularly important for the Group, as revenues received from stock-breeding covers expenses for other sectors, while the main commercial crops – rapeseeds and wheat – are being grown. As of 31 December 2013 the Group held 2,985 dairy cows 3,107 heifers of all ages. Revenues from production of milk and cattle-meat in 2013 amounted to LTL 29.6 million.</li> <li><b>2. Crop-growing.</b> Crop growing constitutes the largest operational segment – historically from 38 to 61% of the total Group revenues were generated from crop growing. Winter and summer wheat and rapeseeds are mainly grown by the Group. Grain for cattle feed is grown from barley and triticale, while green feed is grown from corns and a variety of perennial grasses. The Group currently operates about 22,400 ha. In 2013 the Group's revenues from crop</li> </ol>



growing amounted to LTL 45.1 million.

- 3. Other segments.** The Group currently owns 11.8 thousand ha of land, 4.3 thousand ha of which is owned by or leased to the Group's agricultural companies, while 7.5 thousand ha is leased to other agricultural subjects. The Group has also founded new companies for investments in alternative energy, however as of the date of this Prospectus none of the investment projects had been started. In 2013 revenues from land rent and other activities amounted to LTL 6.8 million.

Item (amounts are in LTL thousand)	Year ended 31 Dec. 2013 (unaudit ed)	Year ended 31 Dec. 2012	Year ended 31 Dec. 2011 (restate d)	Year ended 31 Dec. 2010	3 month ended 31 Dec. 2013 (unaudit ed)	3 month ended 31 Dec. 2012 (unaudit ed)
<b>Stock-breeding</b>	<b>29,605</b>	<b>22,710</b>	<b>19,067</b>	<b>18,654</b>	<b>8,477</b>	<b>5,964</b>
Milk	26,138	18,171	16,514	16,802	7,800	5,281
Cattle meat	3,467	3,999	2,552	1,852	677	683
<b>Crop growing</b>	<b>45,120</b>	<b>61,186</b>	<b>31,304</b>	<b>20,812</b>	<b>20,044</b>	<b>36,487</b>
Wheat	27,372	34,994	16,434	11,905	11,240	24,538
Rapeseed	15,873	22,931	13,749	6,717	7,504	9,008
Other crops	1,875	3,261	1,121	2,190	1,300	2,941
<b>Trade</b>	<b>1,085</b>	<b>219</b>	<b>713</b>	<b>2,285</b>	<b>615</b>	<b>139</b>
<b>Other segments</b>	<b>6,762</b>	<b>3,113</b>	<b>4,993</b>	<b>3,234</b>	<b>3,344</b>	<b>724</b>
<b>Total revenues</b>	<b>82,572</b>	<b>86,688</b>	<b>56,078</b>	<b>45,165</b>	<b>32,470</b>	<b>43,314</b>

Source: Consolidated Financial Statements, Consolidated Interim Information and the Company

After the capital increase of the Company under the decisions of the General Meeting of 13 March 2014, as well as after acquisition of AGRO Ramučiai UAB and Luganta UAB by the Company under the agreement on sale-purchase of shares of the indicated companies to be concluded with Kęstutis Juščius, the Group's operations will expand to new fields of champignon growing, compost production, and peat coating layer production:

- 1. Champignon growing.** Historically champignon growing constituted the largest part of Baltic Champs UAB and its predecessor company Kęstutis Juščius Farm business. In 2012 sales of champignons generated LTL 56.1 million in revenues. Over 11,400 tons of fresh white and brown champignons were sold during this period for the average price of LTL 4.9 per kg. Historically revenues of champignon growing segment have been showing moderate growth – in 2011 the revenues increased by 2.5% while in 2012 it grew by 6%. During the twelve months of 2013<sup>1</sup> over 10,800 tons of champignons were sold which generated sales revenues of LTL 58.2 million.
- 2. Compost production.** Production of mycelium in its growth medium (compost) is the second largest business segment of Baltic Champs UAB. The compost is sold to other champignon cultivation companies in Lithuania, Poland and Russia. In 2012 over 22,600 tons of compost was sold which generated LTL 14.3 million in revenues. This segment has increased significantly (+33%) in 2011 while in 2012 revenue growth has slowed down to 2.9%. During the twelve months of 2013<sup>1</sup> over 23,200 tons of compost was sold for LTL 15.4 million.
- 3. Peat coating layer production.** Production of peat coating layer, which is used for the champignons cultivation, is the smallest business segment of Baltic Champs UAB. In 2012 this activity has generated LTL 0.5 million in revenues while 4,700 m<sup>3</sup> of product was sold. Peat coating layer production is the newest business segment of Baltic Champs UAB and has been growing significantly in recent years – from 2010 till 2012 the sales of the layer have

<sup>1</sup> Encompasses period from 1 January 2013 till 31 July 2013, when champignon cultivation business was consolidated under Kęstutis Juščius Farm and period from 1 August 2013 to 31 December 2013, when champignon cultivation business was undertaken by Baltic Champs UAB.

been on average growing by 24% per year. During the twelve months of 2013<sup>1</sup> 4,500 m<sup>3</sup> of peat coating layer were sold for LTL 474 thousand.

Item (amounts are in LTL thousand)	Year ended 31 Dec. 2013	Year ended 31 Dec. 2012	Year ended 31 Dec. 2011	Year ended 31 Dec. 2010
Champignon growing	58,158	56,058	52,938	51,665
Compost production	15,413	14,313	13,904	10,421
Peat coating layer production	474	497	414	321
<b>Total revenues</b>	<b>74,046</b>	<b>70,869</b>	<b>67,257</b>	<b>62,407</b>

Source: unaudited financial statements and consolidated interim information for the twelve months period of Baltic Champs UAB and Kęstutis Juščius Farm

B.4a Significant recent trends affecting the issuer and the industry

The global demand for dairy products has been growing very rapidly in recent years, the growth being driven mainly by the developing economies, but in 2008, together with starting worldwide financial crisis and melamine scandal in China, the demand for milk products decreased significantly. Due to abovementioned influence, the milk prices were on continuous decline until May 2009, when the price bottom was reached – LTL 0.58 per kg of milk (almost half from top price in the end of 2007). Currently, the demand for milk products has increased up to 2007 levels again, with the most rapid growth in the demand for dairy products coming from China, India and Mexico, which are major importers of dairy products. In the end of 2013, the Group sold raw milk at farm gate for a price of LTL 1.2 per kg. The Group increased milking cow herd to around 3.5 thousand in 2013–2014 with expected increase up until 4.5 thousand in 3 years' time. In addition, it is planned to establish couple of "programming centres" for growing of heifers in order to specialize different companies and increase efficiency and profitability.

The main crop growing cultures grown for sales are wheat and rapeseed. The remaining area (roughly 25%) is planted with various feed cultures – corn, barley, perennial grasses. The grown green feed is used for feeding of the animal herds. In the nearest future the Group plans to expand the production capacity also focusing on making this business line more efficient. The Group intends to shift most of the crop rotation to winter crops, in order to benefit from better harvest and increased profitability of land cultivation business. The Group plans to increase the working area by at least 20–25 percent over the next 3 years.

The revenues of the Group decreased as compared to previous year due to a significantly larger harvest in 2012 together with higher crop prices in international markets. The decrease in crop revenues was partly compensated by increase in production and prices of raw milk, as well as increase in other revenues as the Group started new activities in 2013 (cow feed sales, different IT services for agricultural sector).

Mushroom production and consumption has been steadily growing in recent years globally. The growth has been mainly driven by increasing demand for organic products. In Lithuania alone procurement of champignons by quantity for fresh consumption and processing has increased by 9% in 2013 while average price has risen by 1%. Baltic Champs UAB total revenues have reached LTL 74 million in 2013, 4.5% higher than in 2012. Revenues from champignon and mycelium compost sales have respectively increased by 4% and 8% in 2013 while revenues from peat coating layer sales have decreased by 5%. The average price of one kg of champignons and mycelium compost sold has respectively increased by 9.4% and 4.7% to 5.4 LTL/kg and 0.7 LTL/kg in 2013. The price of peat coating layer has marginally decreased by 0.4% and reached 105 LTL/m<sup>3</sup> in 2013. Baltic Champs UAB expects to see marginally increasing production of all product types mainly driven by improving efficiency of cultivation processes.

B.5 Group description. Position of the Company within the Group

Founded in 2003, the Issuer is an investment company focusing on investments in and development of Lithuanian agricultural sector. The Issuer directs its investments into three directions:

- Acquisition of agricultural entities;
- Purchase of land for controlled agricultural entities;
- Modernization of agricultural entities.

The Issuer is one of the largest primary agricultural production producers in Lithuania and manages one of the largest agricultural land portfolios in the country. The main areas of activity are production of raw milk, crop-growing and land rent.

		<p>The Issuer is a holding company operating through its Subsidiaries and associated companies. As of the date of this Prospectus the Group controlled 91 Subsidiaries: 18 Agricultural Companies (ŽŪB) and the remaining being responsible for land acquisition, rent, management and other activities.</p> <p>Following the registration of the capital increase of the Company according to the decisions of the General Meeting of 13 March 2014, as well as after acquisition of AGRO Ramučiai UAB and Luganta UAB by the Company under the agreement on sale-purchase of shares of the indicated companies, to be concluded under the terms of the Merger Agreement in addition to the aforementioned Subsidiaries, the Company will own 100% stakes in the following companies: (i) Baltic Champs UAB (code 302942064, registered at Šiauliai district municipality, Poviliškiai village, Lithuania; activities – mushroom growing), (ii) eTime invest UAB (code 300578676, registered at Saltoniškių str. 29, Vilnius, Lithuania; this company possesses land plots through its subsidiary in Ukraine as the lessee), (iii) AGRO Ramučiai UAB (code 302854479, registered at Šiauliai district municipality, Poviliškiai village, Lithuania, activities – crop activities), and (iv) Luganta UAB (code 300045023, registered at Kelmės district municipality, Pašiaušės village, Lithuania, activities – crop activities).</p>																					
B.6	<p>Persons, directly or indirectly, having interest in the Company's capital or voting rights notifiable under Lithuanian law and the amount of such interest. Voting rights of major shareholders. Direct or indirect control of the Company</p>	<p>The holdings of Major Shareholders of the Issuer as on the date of this Prospectus are provided below:</p> <table border="1" data-bbox="539 786 1481 1093"> <thead> <tr> <th><i>Name, surname / name of the company</i></th> <th><i>Votes and shares held by shareholder, units</i></th> <th><i>Votes and shares held by shareholder, %</i></th> </tr> </thead> <tbody> <tr> <td>Vretola Holdings Limited</td> <td>17,522,426</td> <td>20.66</td> </tr> <tr> <td>Volemer Holdings Limited</td> <td>16,575,672</td> <td>19.54</td> </tr> <tr> <td>Linas Strėlis</td> <td>10,837,572</td> <td>12.78</td> </tr> <tr> <td>Eastern Agro Holdings UAB</td> <td>8,343,609</td> <td>9.84</td> </tr> <tr> <td>Romualdas Antanas Petrošius</td> <td>6,468,984</td> <td>7.63</td> </tr> <tr> <td>Clients of Finvesta UAB FMĮ</td> <td>4,616,805</td> <td>5.44</td> </tr> </tbody> </table> <p><i>Source: the Company</i></p> <p>All Issuer's Shares (including the New Shares) provide the same voting rights for all the shareholders.</p> <p>The control of the Issuer is exercised by the Issuer's shareholders. The Issuer is not aware of any direct or indirect control links, except that on 12 May 2011 Volemer Holdings Limited, Mr. Romualdas Petrošius and two minority shareholders of the Company (Mr. Jurgis Petrošius and Ms. Aldona Petrošienė) reached 31.03% of total voting shares in the Company (the reason for overstepping the threshold – acquisition of voting rights by acquiring the control of legal entity (shareholder of the Company)). Mr. Jurgis Petrošius controls the company, which indirectly controls one of the shareholders of the Company (Volemer Holdings Limited). Others of the indicated persons are related to Mr. Jurgis Petrošius, also holding shares in the Company, thus, are (and deem themselves) as persons acting in concert.</p> <p>The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. Also, the Company is not aware of any common control agreements between its shareholders. As of the date of the Prospectus, the Company is not aware of any existing agreements between the shareholders of the Company on the use of voting rights in effect following the completion of the capital increase of the Company.</p> <p>However, pursuant to the Shareholders' Agreement to be concluded on the closing day of the transaction under the Merger Agreement by the existing shareholders of the Company Volemer Holdings Limited, Vretola Holdings Limited, Eastern Agro Holdings UAB, Novitum UAB, Inovacinis Žemės Ūkis UAB, Romualdas Antanas Petrošius, Aldona Petrošienė, Jurgis Petrošius, Marius Žutautas, Vladas Bagavičius, Domantas Savičius, by the new shareholder Baltic Champs Group UAB and by the Company, the indicated persons will agree in addition to the issues related to the management of the Company, that following the capital increase under the decisions of the General Meeting, dated 13 March 2014 the mandatory takeover bid to buy-up the remaining voting shares in the Company will be submitted and implemented by the above-indicated current shareholders of the Company together with the new shareholder Baltic Champs Group UAB pro rata to the number of the Company's shares held by them.</p>	<i>Name, surname / name of the company</i>	<i>Votes and shares held by shareholder, units</i>	<i>Votes and shares held by shareholder, %</i>	Vretola Holdings Limited	17,522,426	20.66	Volemer Holdings Limited	16,575,672	19.54	Linas Strėlis	10,837,572	12.78	Eastern Agro Holdings UAB	8,343,609	9.84	Romualdas Antanas Petrošius	6,468,984	7.63	Clients of Finvesta UAB FMĮ	4,616,805	5.44
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B.7 Selected historical key financial information. Narrative description of significant change to the Company's financial condition and operating results subsequent to the period covered by selected historical key financial information

Summary financial information is provided in the table below. The information is extracted from the Consolidated Financial Statements and the Consolidated Interim Information. Unless otherwise stated, this information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

<i>Item (amounts are in LTL thousand)</i>	<i>Year ended 31 Dec. 2013 (unaudited)</i>	<i>Year ended 31 Dec. 2012</i>	<i>Year ended 31 Dec. 2011</i>	<i>Year ended 31 Dec. 2010</i>
<b>Income statement</b>				
Revenues	82,572	86,688	56,078	45,165
Operating profit	8,559	14,024	1,223	7,736
Profit before tax	(3,801)	7,590	(6,544)	912
Net profit (loss) for the year	(4,893)	5,897	(5,042)	7,297
<b>Balance sheet</b>				
Property, plant and equipment	147,596	148,110	139,711	140,442
Investment property	70,863	69,048	68,732	81,794
Intangible assets	1,761	1,717	1,446	2,916
Long term receivables	-	4,926	5,512	430
Financial assets	3	13	702	757
Deferred tax asset	926	1,333	3,181	3,543
Biological assets - livestock	20,152	18,459	16,660	13,009
<b>Total non-current assets</b>	<b>241,301</b>	<b>243,606</b>	<b>235,944</b>	<b>242,891</b>
Biological asset - crops	15,663	12,139	12,239	10,384
Inventory	14,017	18,343	15,845	11,588
Trade receivables, advance payments and other receivables	11,095	18,023	12,859	22,779
Cash and cash equivalents	6,215	3,118	2,756	1,322
<b>Total current assets</b>	<b>46,990</b>	<b>51,623</b>	<b>43,699</b>	<b>46,073</b>
<b>Total assets</b>	<b>288,291</b>	<b>295,229</b>	<b>279,643</b>	<b>288,964</b>
Share capital	84,821	84,821	84,821	71,552
Share premium	24,639	24,639	24,639	25,595
Revaluation reserves	29,090	41,555	44,182	45,885
Legal reserves	2,000	2,000	2,000	2,000
Retained earnings	(23,738)	(32,566)	(40,566)	(38,326)
Minority interest	1,325	2,581	2,057	2,431
<b>Total equity</b>	<b>118,137</b>	<b>123,030</b>	<b>117,133</b>	<b>109,137</b>
Borrowings and financial lease	64,302	7,409	2,022	29,128
Grants	14,010	11,683	10,262	9,905
Restructured liabilities	36,478	49,493	51,296	22,152
Deferred tax liability	6,835	7,906	8,061	10,870
<b>Total non-current liabilities</b>	<b>121,625</b>	<b>76,491</b>	<b>71,641</b>	<b>72,055</b>
Current portion of non-current borrowings and financial lease	8,073	62,608	72,627	73,392
Current borrowings	1,149	2,771	816	6,128
Current portion of restructured liabilities	18,146	3,842	-	-
Trade payables	11,689	14,248	10,987	16,084

Other payables and current liabilities	9,472	12,239	6,439	12,168
<b>Total current liabilities</b>	<b>48,529</b>	<b>95,708</b>	<b>90,869</b>	<b>107,772</b>
<b>Total liabilities</b>	<b>170,154</b>	<b>172,199</b>	<b>162,510</b>	<b>179,827</b>
<b>Total equity and liabilities</b>	<b>288,291</b>	<b>295,229</b>	<b>279,643</b>	<b>288,964</b>
Financial debt (current and non-current, including financial lease)	128,148	126,123	126,761	130,800
Invested capital (financial debt and equity)	246,285	249,153	243,894	239,937
<b>Cash flow statement</b>				
Cash flow from/ (to) operating activities	25,305	23,338	(3,591)	133
Cash flow from/ (to) investing activities	(16,627)	(16,160)	(4,150)	(990)
Cash flow from/ (to) financing activities	(5,581)	(6,816)	9,175	(1,546)
<b>Key ratios and indicators</b>				
Equity ratio, %	40.98%	41.67%	41.89%	37.77%
Working capital	(1,539)	(44,085)	(47,170)	(61,699)
Current ratio	0.97	0.54	0.48	0.43
Quick ratio	0.68	0.35	0.31	0.32
ROA, %	2.93%	4.88%	0.43%	2.76%
ROE, %	(4.06%)	4.91%	(4.46%)	9.33%

Source: Consolidated Financial Statements, Consolidated Interim Information and the Company

Equity ratio = Total equity / Total assets

Working capital = Current assets - Current liabilities

Current ratio = Current assets / Current liabilities

Quick ratio = (Current assets - Inventory) / Current liabilities

ROA = Operating profit / Average total assets

ROE = Net profit / Average total equity

Item (amounts are in LTL thousand)	3 month period ended 31 Dec. 2013 (unaudited)	3 month period ended 31 Dec. 2012 (unaudited)
<b>Income statement</b>		
Revenues	32,470	43,314
Operating profit	7,943	3,162
Profit before tax	1,529	1,922
Net profit (loss)	480	229

Source: Consolidated Interim Information

Over the fourth quarter of 2013, the Group's revenues amounted to LTL 32,470 thousand and were almost 25% lower than during the same period of 2012. This was a result of lower crop yields as well as decreased prices of grain in international markets.

During the year ended 31 December 2013 the Group reached an agreement to offset its long-term receivables against amounts payable. Therefore long-term receivables have decreased to zero.

Also, a portion of borrowings that in previous years were classified as current liabilities due to breach of covenants have as of 31 December 2013 been classified as long-term borrowings because covenants are now met. Some of the borrowings were also repaid as per their respective repayment schedules. Furthermore, several new lease agreements for agricultural machinery were signed during the year. All this resulted in a decrease of the current portion of non-current borrowings and financial lease and an increase in borrowings and financial lease as compared to the balance sheet of 31 December 2012.

During 2013 the Group generated LTL 82.6 million in agricultural activity revenues, what constituted a 4.7% decrease from 2012 when LTL 86.7 million was generated. The

		<p>Group's operating profit decreased from LTL 14.0 million in 2012 to LTL 8.6 million in 2013. In the year 2013 the Group's operating profit margin approximated to 10% and the Group generated a net loss of LTL 4.9 million.</p> <p>As of 31 December 2013 the Group's total equity capital was LTL 118.1 million, or 4.0% lower as compared with the end of year 2012. The major effects came from the decrease in revaluation reserve and the net loss of 2013.</p> <p>Non-current liabilities of the Group increased by 59% during 2013 and as of 31 December 2013 amounted to LTL 121.6 million. This was mainly the result of agreements reached with banks to postpone payment of a portion of current borrowings as well as a portion of borrowings previously classified as current borrowings being reclassified as long-term borrowings during 2013. Total liabilities of the Group decreased by LTL 2.0 million (1.2%) and in 2013 amounted to LTL 170.2 million. Total financial debt increased by LTL 2.0 million and amounted to LTL 128.1 million. The Group's invested capital (financial debt and equity) decreased by 1.2% and in 2013 amounted to LTL 246.3 million.</p> <p>Significant decrease in current liabilities over the year 2013 resulted in improved current ratio which was 0.97 (2012: 0.54, 2011: 0.48; 2010: 0.43). The quick ratio also improved in 2013 and as of 31 December 2013 equaled 0.68 (2012: 0.35, 2011: 0.31; 2010: 0.32).</p> <p>Return on equity, after being negative in year 2011, turned positive and increased to 5.01% in 2012. For 2013 Return on equity was again negative at (4.06%). Return on assets also decreased from 4.88% in 2012 to 2.93% in 2013 (2011: 0.43%).</p>																																																																		
B.8	Selected key pro forma financial information	<p>The Prospectus contains Pro Forma Financial Information, which is attached as Annex II to the Prospectus. Pro Forma Financial Information is prepared in order to indicate consolidated financial information of Agrowill Group AB if the Group would have acquired Baltic Champs UAB as at 1 January 2013.</p> <p>Summary Pro forma financial information is provided in the table below. The information is extracted from Pro forma Financial Information. Unless otherwise stated, this information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.</p> <table border="1" data-bbox="534 1144 1481 2096"> <thead> <tr> <th><i>Item (amounts are in LTL thousand)</i></th> <th><i>31 December 2013</i></th> <th><i>31 December 2012</i></th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Consolidated Income statement</b></td> </tr> <tr> <td>Revenues</td> <td>156,483</td> <td>-</td> </tr> <tr> <td>Operating profit</td> <td>20,492</td> <td>-</td> </tr> <tr> <td>Profit/(loss) before income tax</td> <td>7,180</td> <td>-</td> </tr> <tr> <td>Net profit/(loss) for the year</td> <td>5,818</td> <td>-</td> </tr> <tr> <td colspan="3"><b>Consolidated Balance sheet</b></td> </tr> <tr> <td>Property, plant and equipment</td> <td>258,947</td> <td>263,903</td> </tr> <tr> <td>Investment property</td> <td>70,863</td> <td>69,048</td> </tr> <tr> <td>Intangible assets</td> <td>1,763</td> <td>1,717</td> </tr> <tr> <td>Long term receivables</td> <td>-</td> <td>4,926</td> </tr> <tr> <td>Financial assets</td> <td>3</td> <td>13</td> </tr> <tr> <td>Deferred tax asset</td> <td>926</td> <td>1,333</td> </tr> <tr> <td>Biological assets - livestock</td> <td>20,152</td> <td>18,459</td> </tr> <tr> <td><b>Total non-current assets</b></td> <td><b>352,654</b></td> <td><b>359,399</b></td> </tr> <tr> <td>Biological assets - crops</td> <td>15,663</td> <td>12,139</td> </tr> <tr> <td>Inventory</td> <td>26,347</td> <td>25,928</td> </tr> <tr> <td>Trade receivables, advance payments and other receivables</td> <td>21,411</td> <td>29,905</td> </tr> <tr> <td>Cash and cash equivalents</td> <td>6,742</td> <td>4,176</td> </tr> <tr> <td><b>Total current assets</b></td> <td><b>70,163</b></td> <td><b>72,148</b></td> </tr> <tr> <td><b>Total assets</b></td> <td><b>422,817</b></td> <td><b>431,547</b></td> </tr> <tr> <td>Share capital</td> <td>180,325</td> <td>180,325</td> </tr> </tbody> </table>	<i>Item (amounts are in LTL thousand)</i>	<i>31 December 2013</i>	<i>31 December 2012</i>	<b>Consolidated Income statement</b>			Revenues	156,483	-	Operating profit	20,492	-	Profit/(loss) before income tax	7,180	-	Net profit/(loss) for the year	5,818	-	<b>Consolidated Balance sheet</b>			Property, plant and equipment	258,947	263,903	Investment property	70,863	69,048	Intangible assets	1,763	1,717	Long term receivables	-	4,926	Financial assets	3	13	Deferred tax asset	926	1,333	Biological assets - livestock	20,152	18,459	<b>Total non-current assets</b>	<b>352,654</b>	<b>359,399</b>	Biological assets - crops	15,663	12,139	Inventory	26,347	25,928	Trade receivables, advance payments and other receivables	21,411	29,905	Cash and cash equivalents	6,742	4,176	<b>Total current assets</b>	<b>70,163</b>	<b>72,148</b>	<b>Total assets</b>	<b>422,817</b>	<b>431,547</b>	Share capital	180,325	180,325
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		Share premium	-	-
		Revaluation reserves	-	-
		Legal reserves	-	-
		Retained earnings	5,818	-
		Minority interest	-	-
		<b>Total equity</b>	<b>186,143</b>	<b>180,325</b>
		Borrowings and financial lease	107,182	53,128
		Grants	14,010	11,683
		Restructured liabilities	36,478	49,493
		Deferred tax liability	6,835	7,906
		<b>Total non-current liabilities</b>	<b>164,505</b>	<b>122,210</b>
		Current portion of non-current borrowings and financial lease	15,971	83,970
		Current borrowings	3,149	2,771
		Current portion of restructured liabilities	18,146	3,842
		Trade payables	23,496	24,720
		Other payables and current liabilities	11,407	13,709
		<b>Total current liabilities</b>	<b>72,169</b>	<b>129,012</b>
		<b>Total liabilities</b>	<b>236,674</b>	<b>251,222</b>
		<b>Total equity and liabilities</b>	<b>422,817</b>	<b>431,547</b>
		Financial debt (current and non-current, including financial lease)	180,926	193,204
		Invested capital (financial debt and equity)	367,069	373,529
		<b>Key ratios and indicators</b>		
		Equity ratio, %	44.02%	41.79%
		Working capital	(2,006)	(56,864)
		Current ratio	0.97	0.56
		Quick ratio	0.61	0.36
		ROA, %	4.80%	-
		ROE, %	3.18%	-
		<i>Source: Pro Forma Financial Information</i>		
		Equity ratio = Total equity / Total assets		
		Working capital = Current assets - Current liabilities		
		Current ratio = Current assets / Current liabilities		
		Quick ratio = (Current assets - Inventory) / Current liabilities		
		ROA = Operating profit / Average total assets		
		ROE = Net profit / Average total equity		
B.9	Profit forecast or estimate	Not applicable. The Issuer has not made a decision to include the financial forecasts or estimates in the Prospectus.		
B.10	Qualifications in the audit report on the historical financial information	<p>In the independent auditors' reports on the 2012 Financial Statements, the 2011 Financial Statements and the 2010 Financial Statements, the Issuer's auditors included an emphasis of matter. In the emphasis of matter the auditors called attention to the Company's assumptions about its ability to continue as a going concern. The going concern assumption is dependent on the successful implementation of the Restructuring plans as well as the Group's and the Company's possibilities to operate at a profit in the future. These conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.</p> <p>The independent auditor's report on the 2011 Financial Statements included a qualified opinion on:</p> <p>(i) value of investment in and receivables from certain subsidiaries (in stand-alone financial statements). In the independent auditor's opinion investment in and receivables from certain subsidiaries as of 31 December 2011 and net profit of Agrowill Group AB for the year then ended should be decreased by the</p>		

		<p>aggregate of LTL 12,100 thousand;</p> <p>(ii) error related to interest income calculation in 2010 financial statements (stand-alone financial statements). In the independent auditor's opinion net profit for the year ended 31 December 2010 should be increased and net profit for the year ended 31 December 2011 should be reduced by LTL 2,145 thousand, representing the interest income referred to above reduced by income tax effect;</p> <p>(iii) value of goodwill (in consolidated financial statements). In the independent auditor's opinion the Group's net profit for the year ended 31 December 2011 should be decreased by LTL 1,818 thousand;</p> <p>(iv) fair value on equity investment (consolidated financial statements). In the independent auditor's opinion the carrying amount of financial assets as of 31 December 2011 and the Group's net profit for the year then ended should be decreased by LTL 3,776 thousand;</p> <p>(v) acquisition of additional interest in subsidiary. In the independent auditor's opinion changes in a parent's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions. Therefore, the Group's net profit for the year ended 31 December 2011 should be decreased by LTL 711 thousand.</p> <p>The independent auditor's report on the 2010 Financial Statements included a qualified opinion with limitation of scope related to physical inventory count.</p>
B.11	Working capital	The Management is of the opinion that the working capital available to the Group is sufficient to meet its present requirements for at least the next 12 months following the date of the Prospectus.

### Section C – Securities

Element	Title	Disclosure
C.1	Type and class of securities and security identification number	<p>All the Shares (including the New Shares) are ordinary registered shares with a nominal value of LTL 1 each and are registered with the Central Securities Depository of Lithuania under ISIN code LT0000127466, as well as in the Polish clearing and settlement institution's NDS foreign account in the CSDL.</p> <p>After issuance of the New Shares and assimilation of the previous issue, ISIN number of the New Shares will be the same as the number of Shares, already issued.</p> <p>This Prospectus was not prepared for the public offering of the New Shares of the Company and was drafted exclusively for the purpose of Admission of the New Shares to trading on the Secondary List of OMX and on the Parallel Market of the WSE.</p> <p>All the Shares, including the New Shares, are pari passu (at an equal pace without preference) with regard to property and non-property rights they grant to shareholders.</p>
C.2	Currency of the issue	LTL (Lithuanian Litas).
C.3	Number of shares issued and fully paid / issued but not fully paid. Par value per share	<p>As of the date of this Prospectus, the Company's share capital is LTL 84,820,986 and is divided into 84,820,986 registered Shares with a nominal value of LTL 1 each.</p> <p>As of the date of this Prospectus, all of the issued and outstanding Shares are fully paid up.</p>
C.4	Rights attached to the securities	<p>Pursuant to Article 4 of the Articles of Association, rights conferred by the shares of the Company are as follows:</p> <ul style="list-style-type: none"> <li>- To receive a part of the profit of the Company (a dividend);</li> <li>- To receive funds of the Company where the authorised capital of the Company is reduced for the purpose of paying the funds of the Company to Shareholders;</li> <li>- To receive a part of assets of the Company in liquidation;</li> <li>- To receive shares without payment where the authorised capital of the Company is increased out of the funds of the Company, except in cases provided by the Law on Companies;</li> <li>- To have the pre-emptive right in acquiring the shares or convertible debentures issued by the Company, except when the General Meeting resolves to withdraw the pre-emptive right for all the Shareholders following the procedure provided by the Law on Companies;</li> <li>- To transfer all or any of the shares to other persons following the procedure established by the Articles of Association and the laws and regulations of the Republic of Lithuania. Shareholders shall have the right to transfer only fully</li> </ul>



		<p>paid up shares to other persons;</p> <ul style="list-style-type: none"> <li>- To lend money to the Company following the procedure and as provided by the laws of the Republic of Lithuania. However, when borrowing from its Shareholders, the Company may not pledge its assets to the Shareholders. When the Company borrows from a Shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusions of the loan agreement. In this case the Company and Shareholders shall be prohibited from negotiating a higher interest rate;</li> <li>- To attend General Meetings with the right to vote and to vote at General Meetings according to voting rights carried by their shares;</li> <li>- To provide the questions to the Company in advance relating to the items on the agenda of the General Meetings;</li> <li>- To receive information about the Company specified in the Law on Companies;</li> <li>- To file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Manager of the Company and members of the Board of their obligations established by the laws of the Republic of Lithuania and these Articles of Association, as well as in other cases laid down by law of the Republic of Lithuania;</li> <li>- Other property and non-property rights provided by the laws and the Articles of Association.</li> </ul>
C.5	Restrictions on free transferability of securities	<p>There are no restrictions on transfer of Shares (including the New Shares) as they are described in the applicable laws.</p> <p>Two of the Major Shareholders holding together approx. 22.62% of Shares (Eastern Agro Holdings UAB and Mr. Linas Strėlis), pledged all of their Shares to the banks as the security for the granted facility.</p>
C.6	Admission to trading / Names of the regulated markets	<p>As of the date of this Prospectus, all the existing Shares of the Issuer (84,820,986 units) are dual-listed on the Secondary List of OMX and on the Parallel Market of the WSE. Following the registration of capital increase under the decisions of the General Meeting, dated 13 March 2014 with the Register of Legal Persons and registration of the New Shares in the CSDL, as well as in the NDS foreign account in the CSDL, the Issuer also intends to make an application to the WSE and OMX for the Admission of New Shares (up to 102,595,266 units) to trading on the aforementioned regulated markets.</p> <p>Thus, this Prospectus was prepared exclusively for the purpose of Admission of the New Shares (up to 102,595,266 units) to trading on the Secondary List of OMX and on the Parallel Market of the WSE. In this Prospectus a public offering of the New Shares is not foreseen, as all the New Shares will not be offered publicly and will be subscribed and acquired solely by Baltic Champs Group UAB and Vretola Holdings Limited, following the withdrawal of the pre-emptive right of the existing Company's shareholders to acquire the New Shares as indicated in the decision of the General Meeting, dated 13 March 2014.</p>
C.7	Dividend policy	<p>The Company does not have an approved policy on dividend distributions and any restrictions thereon.</p> <p>The Company's and the Group's current priority is to use profits for the development of the Company, rather than for the distribution of dividends and it has not paid out dividends in the last three years. However, the Company does not rule out paying dividends in the future depending on its financial performance, cash flows, financial condition, capital requirements and the results of the investment projects currently underway.</p>

#### Section D – Risks

Element	Title	Disclosure
D.1	Key risks specific to the Company or the industry	<p><i>General Risk Factors of the Business, in which the Group Operates:</i></p> <p>The Group conducts its business in Lithuania, which is also the principle sales market for the milk and grain produced by the Group. However, milk and grain prices in Lithuania are dependent on the prices in global commodity markets and in turn depend on global economic developments. As a result, economic downturn and volatile business conditions may adversely influence the Group's ability to execute its business strategy and may negatively affect its operating results or possibilities to obtain external financing.</p> <p>Dependence on external financing. Further development of the Group's activities will</p>

require substantial amounts of capital to fund operating activities and capital expenditures. For this reason, failure to secure adequate levels of external financing might limit the Group's growth plans and place it at competitive disadvantage as compared to well-capitalized peers.

The recent global sovereign debt crisis could result in higher borrowing costs and more limited availability of credit, as well as impact the overall industry, in which the Group operates and the financial health of the Group's counterparties.

Insolvencies among major customers and contracting parties could result in losses for the Group and may have a material adverse effect on the Group's revenues and results of operations.

The Group conducts its business operations in multiple currencies. Therefore, unfavourable currency movements may adversely affect business transactions of the Group and consequently impair its financial position.

Success of previous, current, and future investment projects is uncertain.

The upcoming years may entail considerable inflation. Relevant expenses of the Issuer, e.g., investment to equipment and workforce, are closely related to the general price level. Thus, strong inflation may have a considerable adverse influence on the Issuer's financial situation and business results.

Labour costs make a considerable part of the cost of the Issuer's products. Though workforce is cheaper in Lithuania than in old EU Member States, the difference should decrease constantly as the Lithuanian economy is catching up with the average of the EU. If the Issuer fails to increase labour efficiency and effectiveness by increasing these costs, this may have a considerable adverse effect on the Issuer's financial situation and business results.

Different unexpected events and accidents may impede the Issuer's business.

Unstable political situation in the Autonomous Republic of Crimea.

*Group Specific Risk Factors:*

Issuer's financial reporting accuracy risk. In the independent auditor's report on the 2012 Financial Statements, the Issuer's auditors included an emphasis of matter. In the emphasis of matter the auditors called attention to the Company's assumptions about its ability to continue as a going concern, which are disclosed in Note 2.1 of the financial statements. Also, a risk exists that the financial data for 2013 included in the Prospectus may materially change upon the publication of the audited 2013 financial statements as a result of the audit.

The Pro Forma Financial Information, included in the Prospectus does not reflect the factual situation or financial information of Agrowill Group AB.

The level of the Group's borrowed capital may lead to restricted financing opportunities of the Group and cause difficulties in settlement with creditors.

Group's capital risk. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Group's credit risk. Investors assume the risk that due to the existing adverse changes in product markets, deterioration in the Group's financial situation, decrease of loan re-financing possibilities or other risk factors, the Group may be unable to settle with its creditors and this would have a negative effect on the Group's business and the value of the Group's shares respectively.

A notable part of the Group's financial liabilities will become due in 2014, the Group's liquidity ratio is below 1 for last couple of years.

Group's cash flow and fair value interest rate risk.

Dependence on key executives and personnel. Each area of the Group's activities depends on the Issuer's and Group's executive team responsible for the development, growth and proper day-to-day operation of a separate field. Loss of these employees or the Issuer's incapability to hire new executives having appropriate knowledge and skills, or shortfall of these people in the market may have a considerable adverse effect on the Issuer's business perspectives, financial situation and results.

The insurance policies held by the Group do not cover all risk types, which may affect the Group's business. Although the insurance policies held cover the main risk factors, the insurance amount may be insufficient to cover all damages incurred by the Group in relevant circumstances.

The Issuer is a holding company operating through its Subsidiaries and associated companies. Thus, the Issuer's financial situation is subject to the possibilities of the Issuer's Subsidiaries and associated companies to pay management fees, to declare and pay dividends. Any decrease in these payments may have a considerable adverse effect on the Issuer's financial situation, business and its results.

Business results of the Group also depend on its ability to attract qualified and less qualified workforce.

The Group has to comply with environmental rules and it may be held liable for improper compliance with such rules.

The Group may need to update existing and operational equipment significantly.

Most of the land parcels owned by the Group companies were formed according to preliminary measurements and upon performance of geodesy measurements, the land parcels owned by the Group companies may be adjusted.

The Issuer has undertaken contractual obligations the non-performance of which may incur sanctions upon the Group companies.

The Group is dependent on the availability of third party suppliers of equipment and raw materials.

The payments under the Group's land lease agreements may increase.

Considerable amount of shares of Group companies' is pledged. Shareholder cannot dispose of the pledged shares without the written consent of the creditors. Furthermore, in case obligations secured by pledge will be not fulfilled (which is the case in certain of the aforementioned pledges), pledged shares could be taken over by the creditors of the Group companies.

Certain extended loans of the Company to its Subsidiaries may be recognized as concluded at the interest rate that is higher than the market standard.

Insolvency of one of agricultural companies of the Group may have a significant negative effect to the financial standing of other agricultural companies.

Credit Agreement concluded with Žemės vystymo fondas 6 UAB, amounting to EUR 408 thousand was terminated.

The Group companies have extensive commercial relations with each other, which may create negative tax implications.

Expansion of agricultural activities in geographically distant market.

New business consolidation risk.

eTime invest UAB equity value can significantly decrease due current political crisis in the Autonomous Republic of Crimea. After the subscription of New Shares by Vretola Holdings Limited under the terms and conditions of the Merger Agreement, the Group will consolidate eTime invest UAB, which, through a subsidiary company Karakash Agro OOO operates agricultural land in Autonomous Republic of Crimea. In the eTime invest UAB share appraisal report appraiser has identified, that the share value was determined using assumption that current political crisis in the Crimean region will not significantly affect business environment of Karakash Agro OOO. If after annexation by Russia business regulations are adversely changed (e.g. it is decided to nationalize real estate or business owned by foreign entities), it can significantly decrease the market value of eTime invest UAB shares. Such decrease in price would adversely affect Groups financial results and financial position.

*Industry Specific Risk Factors:*

The Issuer's business is related to raw materials of vegetable or animal origin. An epidemic of pig or cattle diseases may adversely affect the manufacture and decrease demand of products due to fear of diseases.

Risk of adverse consequences resulting from decrease of sales volumes.

		<p>Failure to comply with the legal acts regulating agriculture may have a significant effect on the Issuer's activities and business perspectives.</p> <p>Climatic conditions are one of the most significant risk factors of agricultural activities. Poor or adverse meteorological conditions have a dominant influence on productivity and may negatively affect the Issuer's financial situation, business and results.</p> <p>Prices of agricultural products are beyond the Group's control and may decline.</p> <p>Expressed or implied dangers related to the quality, safety or health effects of products offered by the Group could give rise to liability of the Group and prejudice its business and reputation.</p> <p>The Group is subject to fluctuation of prices of seeds, fertilisers, compound foodstuffs.</p> <p>National policies and regulation in the field of agriculture and related business areas may adversely affect the Issuer's activities and profitability.</p>
D.3	Key risks that are specific to the Shares	<p><i>Risk Factors Related to Company's Shares:</i></p> <p>The price of the Company's Shares may fluctuate. The market price of shares listed on a regulated market is determined by supply and demand, which depends on a number of factors as well as reactions of investors that are difficult to predict.</p> <p>Turmoil in emerging markets could cause the value of the Shares to suffer. Financial or other turmoil in emerging markets has in the recent past adversely affected market prices in the world's securities markets for companies operating in the affected developing economies.</p> <p>The market value of Shares may be adversely affected by future sales or issues of substantial amounts of Shares.</p> <p>Intended increase of number of Shares of the Issuer may reduce the price thereof.</p> <p>The marketability of the Shares may decline and the market price of the Company's Shares may fluctuate disproportionately in response to adverse developments that are unrelated to the Company's operating performance.</p> <p>Securities or industry analysts may cease to publish research or reports about the Company's business or may change their recommendations regarding the Shares.</p> <p>No guarantee of dividend payment to the Issuer's shareholders. The Company is under no lasting and definite obligation to pay regular dividends to its shareholders and no representation can be made with respect to the payment and amount of future dividends, if any.</p> <p>There is no guarantee that the Company will remain listed on the WSE or on OMX.</p> <p>Trading in the Company's Shares on the WSE or on OMX may be suspended.</p> <p>There can be no assurance regarding the future development of the market for the Shares and its liquidity. The existing Shares are listed on the WSE and on OMX. However, the past performance of such Shares on the WSE and/or on OMX cannot be treated as indicative of likely future development of market and future demand for the Shares.</p> <p>Dual listing of the Shares results in differences in liquidity, settlement and clearing systems, trading currencies and transaction costs between the two exchanges where the Shares are listed. These and other factors may hinder the transferability of the Shares between the two exchanges.</p> <p><i>Legal and Taxation Risk Factors:</i></p> <p>The rights of Lithuanian company shareholders may differ from the rights of the shareholders of a Polish company and the legislation, interpretation and application of legal acts may be different in Lithuania from that in Poland.</p> <p>Judgments of Polish courts against the Company may be more difficult to enforce than if the Company and its management were located in Poland.</p> <p>Tax treatment for non-Lithuanian investors in a Lithuania company may vary.</p> <p>The Issuer does not follow the OMX Corporate Governance Code and the WSE Corporate Governance Code to their full extent.</p>

		<p>Considerable part of Group companies is undergoing the procedure of restructuring.</p> <p>Formal requirement regarding possible Board members of the Group's agricultural companies is not followed.</p> <p>The right of use of a number of buildings owned by Group companies has not been duly established.</p>
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## Section E – Offer

<i>Element</i>	<i>Title</i>	<i>Disclosure</i>
E.1	Total net proceeds. Estimate of total expenses of the Issue (including estimated expenses charged to the investor)	<p>No monetary proceeds will be received by the Company as a result of the Issue.</p> <p>Following the preliminary calculations, the Issuer's fixed expenses, related to this issue, shall comprise of up to EUR 20 thousand (including, without limitation, the fixed fees (if any) for the Lithuanian and Polish legal counsels, fees to the LB for approval of the Prospectus, fees to the CSDL, OMX, NDS and WSE, fees for preparation of the Prospectus).</p> <p>The Issuer does not intend to charge any expenses to the investors.</p>
E.2a	Reasons for the Issue / Use of proceeds / Estimated net amount of proceeds	<p>The Issue is organized in order to implement a merger of the Group with the companies Baltic Champs UAB and eTime invest UAB under the Merger Agreement, concluded on 14 February 2014 by the Company and its certain current shareholders (Volemer Holdings Limited, Vretola Holdings Limited, Eastern Agro Holdings UAB, Novitum UAB, Inovacinis Žemės Ūkis UAB, Romualdas Antanas Petrošius, Aldona Petrošienė, Jurgis Petrošius, Marius Žutautas, Vladas Bagavičius, Domantas Savičius), a party of the one part, and Baltic Champs Group UAB and Kęstutis Juščius, a party of the other part. The merger will be implemented by way of capital increase of the Company, whereby Baltic Champs Group UAB, the sole shareholder of Baltic Champs UAB and Vretola Holdings Limited, the sole shareholder of eTime invest UAB shall subscribe all the newly issued Shares of the Issuer and pay them up with a non-monetary contribution, 100% of shares of Baltic Champs UAB and 100% of shares of eTime invest UAB respectively. Thus, no monetary proceeds will be received by the Company as a result of the Issue.</p> <p>As it is indicated in the Certificate on Establishment of Market Value of shares of Baltic Champs UAB (Business Valuation Certificate No. 21330 VAT_2014 SVA VHAN), attached to this Prospectus, the market value of 100% of shares of Baltic Champs UAB is LTL 88,500,000.</p> <p>As it is indicated in the Certificate on Establishment of Market Value of shares of eTime invest UAB (Business Valuation Certificate No. 21809 VAT_2014 SVA VHAN), attached to this Prospectus, the market value of 100% of shares of eTime invest UAB is LTL 16,700,000.</p> <p>The difference between the issue price of New Shares and the market values of shares of Baltic Champs UAB and eTime invest UAB, as indicated above, will be accounted as share premium by the Company.</p> <p>Apart from subscription of the New Shares, Baltic Champs Group UAB on the day of closing of the transaction under the Merger Agreement will additionally acquire from Vretola Holdings Limited a block of shares of the Company, which will constitute 3% from the increased authorised capital of the Company.</p>
E.3	Terms and conditions of the offer	Not applicable. This Prospectus was not prepared for the public offering of the New Shares of the Company and was drafted exclusively for the purpose of Admission of the New Shares to trading on the Secondary List of OMX and on the Parallel Market of the WSE. The Company expects that the New Shares will be admitted to trading on the WSE and OMX in the beginning of April 2014.
E.4	Interests material to the Issue / Conflicting interests	The Issuer is not aware on any interests of natural or legal persons, including the conflicting ones that could be material to the issue of New Shares under the decision of the General Meeting of 13 March 2014, except that all the New Shares shall be subscribed and acquired by Baltic Champs Group UAB and Vretola Holdings Limited.
E.5	Name of the person or entity offering to sell the security. Lock-up	Not applicable. This Prospectus was not prepared for the public offering of the New Shares of the Company and was drafted exclusively for the purpose of Admission of the New Shares to trading on the Secondary List of OMX and on the Parallel Market of the WSE.

	agreements: parties involved; period of lock-up	
E.6	Immediate dilution	The Issuer's share capital consists of 84,820,986 ordinary registered shares with a nominal value of LTL 1 each (nominal share capital: LTL 84,820,986). During the new Issue it is planned to issue up to 102,595,266 ordinary registered Shares with a nominal value of LTL 1 each. After the new Issue (in case all the New Shares will be subscribed and acquired), the Issuer's share capital will increase from LTL 84,820,986 to LTL 187,416,252. Due to this, current shareholders of the Company who will not acquire equivalent amounts of Shares in a new Issue (due to withdrawal of their pre-emptive right) will bear a dilution effect equal to 45.26%: shareholders stake in the Issuer's share capital before the new Issue will be equal to 45.26% after the new Issue, i.e. such shareholders' stake will be reduced by 54.74%.
E.7	Estimated Expenses charged to the investor by the Company	Not applicable. The Issuer does not intend to charge any expenses to the investors.

### III. RISK FACTORS

*The risk factors exist, related to activities of the Issuer and investment into its securities. If any of the events described below actually occur, the Group's business, financial condition or results of operations could be materially adversely affected, and the value and trading price of the Shares may decline, resulting in a loss of all or a part of any investment in the Shares. Furthermore, the risks described below are not the only risks the Group faces. The order of the risk factors described below is not an indication of their relative importance for the Group, the probability of their occurrence or their potential influence on the Group's activity. Additional risks not currently known or which are currently believed to be immaterial may also have a material adverse effect on the business, financial condition and results of operations of the Group.*

#### 3.1 General Risk Factors of the Business, in which the Group Operates

**Economic instability.** The Group conducts its business in Lithuania, which is also the principle sales market for the milk and grain produced by the Group. However, milk and grain prices in Lithuania are dependent on the prices in global commodity markets and in turn depend on global economic developments. Both developed and emerging markets are subject to impacts of the continuing economic downturn, including decreased global demand for agricultural products and conservative lending policy of credit institutions. In addition, profit margins for various products are influenced by economic conditions and tend to decrease during economic recessions. As a result, economic downturn and volatile business conditions may adversely influence the Group's ability to execute its business strategy and may negatively affect its operating results or possibilities to obtain external financing.

**Dependence on external financing.** Further development of the Group's activities will require substantial amounts of capital to fund operating activities and capital expenditures. For this reason, failure to secure adequate levels of external financing might limit the Group's growth plans and place it at competitive disadvantage as compared to well-capitalized peers.

Furthermore, credit facilities of the Company's Subsidiaries contain covenants placing certain restrictions and limiting the discretion of the Subsidiaries' management by the necessity to meet certain financial ratios and existence of restrictions to grant or receive loans, to establish new entities, etc. without an approval of the financing party. In case of a failure to comply with these covenants, the Company's Subsidiaries run the risk of certain credit facilities being cancelled or a demand being made to repay certain loans. Such events may cause interruptions in regular business activities, loss of collateral or, in extreme cases, a financial distress in the respective Subsidiary.

**The recent global sovereign debt crisis could result in higher borrowing costs and more limited availability of credit, as well as impact the overall industry, in which the Group operates and the financial health of the Group's counterparties.** Due to on-going recession and financial disturbance in Europe the availability of capital can be limited and therefore the cost of borrowing can increase. Poor economic situation in Greece, Spain, Ireland, Cyprus and other EU Member States might further negatively affect the commercial situation of many banks operating in Europe. In addition, the risk of lower consumer confidence can have an adverse impact on financial markets and economic conditions in the EU and throughout the world and, in turn, the market's anticipation or reflection of these impacts could have a material adverse effect on the Group's business in a variety of ways:

- difficulty or inability to acquire capital for further business expansion and to cover financial obligations of current debt;
- increased risk of weak financial condition of the Group's counterparties resulting from current economic situation;
- exposure to increased bank risk, if banks issue letters of credit or other forms of guarantees to the Group in lieu of cash security deposit from its counterparties, such banks may fail to pay when the Group seeks to draw on these letters of credit.

**Insolvencies among major customers and contracting parties.** Insolvencies among the Group's customers or contracting parties could result in losses for the Group and may have a material adverse effect on the Group's revenues and results of operations.

**Exposure to currency fluctuations.** The Group conducts its business operations in multiple currencies. The major currencies are Euros and Lithuanian Litas. Lithuanian Litas is pegged to the Euro at the exchange rate of EUR 1 = LTL 3.4528. However, when any other currency aree used, exposure to currency fluctuations results from currency mismatches in purchasing and sales activities, i.e. goods and services are bought and sold in different currencies. Therefore, unfavourable currency movements may adversely affect business transactions of the Group and consequently impair its financial position.

**Success of previous, current, and future investment projects.** The Issuer has implemented and may implement in the future investment projects of a large scope. Though the Issuer and its employees invoke all available information and analytical resources when planning investments, there is no guarantee, that all information on which the investments planned were based was true and exhaustive. Furthermore, there is no guarantee that the investment plans and the investments made will generate anticipated or planned return on investment; there is no guarantee that investment will not cost more than it was anticipated. Failure of already implemented or anticipated investment projects, where return on investment from these projects is lower than it was expected or prices of such investments are higher than it was planned, may have a significant adverse effect

on the Issuer's activities, its financial situation and business results. The Issuer develops its business by acquiring inefficient agricultural undertakings and investing in their modernisation and management of their business aiming to increase the efficiency of these agricultural undertakings. There is no guarantee, however, that the Issuer's investments will succeed, i.e. that the undertakings will grow, modern agricultural technologies will be introduced properly and successfully, and it will be ensured that all the agricultural undertakings acquired will manufacture high-quality agricultural products. Failure to ensure effective modernisation of the agricultural undertakings acquired may significantly adversely affect the Issuer's activities, financial situation and results.

**Inflation.** The upcoming years may entail considerable inflation. Relevant expenses of the Issuer, e.g., investment to equipment and workforce, are closely related to the general price level. Growing inflation may prevent the Issuer from changing the prices of its products respectively to preserve the existing profit margin or may lead to higher losses. Thus, the Issuer's expenditures would increase considerably due to inflation and the Issuer would have to cover its increased costs from internal resources, unless the Issuer manages to increase its prices. Thus, strong inflation may have a considerable adverse influence on the Issuer's financial situation and business results.

**Increase of salaries.** Labour costs make a considerable part of the cost of the Issuer's products. Though workforce is cheaper in Lithuania than in old EU Member States, the difference should decrease constantly as the Lithuanian economy is catching up with the average of the EU. Willing to remain competitive and retain its employees, the Issuer may be forced to increase its labour costs at a faster pace than it used to do previously. If the Issuer fails to increase labour efficiency and effectiveness by increasing these costs, this may have a considerable adverse effect on the Issuer's financial situation and business results.

**Different unexpected events and accidents may impede the Issuer's business.** The Issuer's business may be affected by different unexpected events, such as fire, transportation problems, breakdown of equipment, etc. The companies controlled by the Issuer possess a lot of different assets and equipment, which are used in the Group's business. Considering that the Group uses much technical equipment and operates in a large area, occurrence of any unexpected events (an accident, explosion, fire, etc.) in the area or premises controlled by the Group is possible. Any of these events may destroy prepared grain crops, seeds, fertilisers, feedstuffs, etc. accumulated and kept by the Group. There is no guarantee that the limits of the insurance policies held would be sufficient to cover all the damages suffered in case of any of these events. Furthermore, there is no guarantee that elimination of the consequences of these events would be successful. There is a threat that any of these events may disrupt the business of the entire Group or considerably affect its day-to-day business. The Group has insured its business against a wide range of possible events and resulting damages, but not against all events and damages. Thus, insurance premiums may fail to cover all damages should these events occur. In such circumstances, arising damages may entail considerable adverse effects on the Company's financial situation and business results.

**Unstable political situation in the Autonomous Republic of Crimea.** After the subscription of New Shares by Vretola Holdings Limited under the terms and conditions of the Merger Agreement, the Group will consolidate eTime invest UAB, which, through a subsidiary company Karakash Agro OOO operates 11 thousand<sup>2</sup> hectares of agricultural land in Autonomous Republic of Crimea. At the date of the Prospectus unstable political situation was present in the Crimean region with the potential of Autonomous Republic of Crimea being annexed to the Russian Federation. If political instability escalates further, it can create negative changes in legal, political and business environment of the region. Such negative change could adversely affect agricultural business of Karakash Agro OOO and subsequently result in losses for the Group.

### 3.2 Group Specific Risk Factors

**Issuer's financial reporting accuracy risk.** In the respective independent auditor's reports on the Consolidated Financial Statements, the Issuer's auditors included an emphasis of matter and in the respective independent auditor's reports on 2011 Financial Statements and 2010 Financial Statements included qualified opinion. For the detailed description of qualifications and emphasis of matters included in the independent auditor's reports please refer to Section 4.3 *Qualifications and emphasis of matter*. Also, a risk exists that the financial data for 2013 included in the Prospectus may materially change upon the publication of the audited 2013 financial statements as a result of the audit.

**The Pro Forma Financial Information, included in the Prospectus does not reflect the factual situation or financial information of Agrowill Group AB.** The Company included Pro Forma Financial Information into the Prospectus. Pro Forma Financial Information is prepared in order to indicate consolidated financial information of Agrowill Group AB if the Group would have acquired Baltic Champs UAB under the terms and condition of the Merger Agreement as at 1 January 2013. Pro Forma Financial Information is prepared solely for information and clarification purposes within this Prospectus and should not be used in any other context.

The Pro Forma Financial Information is prepared to show the hypothetical situation of the above-mentioned acquisition being carried out as at 1 January 2013, rather than in 2014, in order to indicate the readers of the Prospectus the possible financial situation of the merged group consisting of Agrowill Group AB and Baltic Champs UAB. This Pro Forma Information does not reflect the factual situation or financial information of Agrowill Group AB.

**The level of the Group's borrowed capital may lead to restricted financing opportunities of the Group and cause difficulties in settlement with creditors.** The Issuer's Group's borrowed capital is significant. As of

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<sup>2</sup> Around 8 thousand hectares are operated under direct lease agreements between Karakash Agro OOO and local landlords and around 3 thousand hectares are operated under joint venture agreement with Crimean agricultural company Karakash CSP.



31 December 2013, the aggregate debt of the Group amounted to LTL 170,154 thousand (31 December 2012: 172,199 thousand); long-term tangible property in the value of LTL 67,703 thousand (31 December 2012: 72,854 thousand) has been mortgaged for the benefit of banks. Additionally, as of 31 December 2013 the carrying amount of investment property in the amount of LTL 62,685 thousand (as of 31 December 2012: LTL 66,200 thousand) have been pledged as security for bank borrowings. Total amount of assets pledged for borrowings amount to more than 48% of total Group's assets. The level of the borrowed capital may be decisive for the Group and give rise to complications in attracting additional financing in the future. The level of the borrowed capital may also influence that in the future, the Group would have to direct a considerable portion of generated cash flows to serve the debt and pay interest. This may limit the Group's development possibilities, reclamation of new land parcels and aggravate the surveillance and maintenance of increased number of cows. These factors may have considerable adverse effect on the Group's business results. Furthermore, taking into account that a considerable part of the assets of the Issuer and the Group are mortgaged in order to secure the performance of financial obligations under the credit agreements, there are no assurances or guarantees that if the Group fails to fulfil its debt obligations timely, its creditors will not refer their claims to recover their funds from the assets of the Issuer or the Group. Using the Group's assets for covering its own debt obligations may aggravate or suspend the Group's operations. This may worsen its financial situation considerably and adversely affect its activities and results. Moreover, the indebtedness level may impede active implementation of development due to business and financial obligations contained in credit agreements, which restrict the Group's possibilities of borrowing more funds, mortgaging property and/or participating in mergers or amalgamations of other type. The level of indebtedness of the Group may also entail significant consequences, including without limitation: (i) the Group's ability to obtain additional financing for working capital, capital expenditure, acquisitions, servicing the debt, or other targets may be restricted; (ii) the Group's flexibility to adapt to changing market conditions may be limited; (iii) the Group's competitive advantages may decrease. Furthermore, major loans of the Group are with floating interest rates; thus, increase of interest rates may adversely affect the Group's cash flows and business results. Any of the factors mentioned above may have an adverse considerable influence on the Group's financial situation, its operations and results.

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

**Group's credit risk.** Investors assume the risk that due to the existing adverse changes in product markets, deterioration in the Group's financial situation, decrease of loan re-financing possibilities or other risk factors, the Group may be unable to settle with its creditors and this would have a negative effect on the Group's business and the value of the Group's shares respectively. The Group's business during the year 2013 has not been profitable. Credit risk related to the funds in banks is limited as the Group works with the major Lithuanian banks only. As of 31 December 2013, the ratio of total (consolidated) liabilities and total assets was 0.59 (0.58 as of 31 December 2012). The balance of total financial loans, including liabilities related to leasing, amounted to LTL 128,148 thousand on 31 December 2013 (LTL 126,123 thousand on 31 December 2012).

The Group plans to sell a significant portion of owned agricultural land to outside investors, primarily land currently leased to third parties. If the sale of land is successful, the Group would receive additional cash flow and invest more into its core activities of growing crops and cattle. However, there is a risk the Group will not be able to sell the planned amount of land or will receive a lower price than expected. In such a case the Group might have to look for additional sources of financing to carry out its business operations.

**A notable part of the Group's financial liabilities will become due in 2014, the Group's liquidity ratio is below 1 for last couple of years.** Around LTL 12.6 million of principal payments of the bank credit facilities drawn by the Group for the purpose of arable land acquisition will need to be repaid in 2014. Furthermore, the Issuer and the Group's agricultural companies will have to repay around LTL 25.4 million of restructured debts and payables according to their restructuring plans. Also, Grūduva UAB along with several other Group companies that have acquired agricultural machinery via financial leasing agreements will have to pay around LTL 5.8 million in installments. It is highly probable that the Group will look for additional external financing to cover these payments, including debt refinancing and/or sale of certain assets. If additional sources of financing will not be obtained, there is a possibility that the Group will not be able to repay the amounts due on time, what could potentially have a significantly negative effect on the viability of business operations conducted by the Group.

**Group's cash flow and fair value interest rate risk.** The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates do not expose the Group to cash flow or fair value interest rate risk, because all borrowings are carried at amortised cost. The Group's borrowings include loans with floating interest rate, which is related to EURIBOR and VILIBOR. Absolute majority of bank borrowings and finance lease liabilities are re-priced each 6 months. Other borrowings are re-priced each 12 months. In 2012, total Group borrowings at variable rates amounted to LTL 41.1 million (2011: LTL 51.8 million, 2010: LTL 91.1 million), LTL 1.8 million (2011: LTL 4.9 million, 2010: LTL 11.5 million) of which were denominated in LTL, while the remaining LTL 39.3 million (2011: LTL 46.9 million, 2010: LTL 79.6 million) borrowings were denominated in EUR. Following the unaudited data of the Consolidated Interim Information of the twelve months period, ended 31 December 2013, total Group borrowings at variable rates amounted to LTL 78.9 million, LTL 4.2 million of which were denominated in LTL, while the remaining LTL 74.7 million in EUR. If floating rate interest (influenced by EURIBOR or VILIBOR) changed by 1 percentage point, the annual effect on the Group would amount to LTL 789 thousand before taxes (2012: LTL 411 thousand, 2011: LTL 518 thousand). As at 31 December 2013 and 31 December 2012 the Group's bonds were classified with

restructured liabilities and had a fixed rate of 10.1% (2011, 2010: 10.1% to 10.1%). Trade and other receivables and payables are interest-free and have settlement dates within one year.

**Dependence on key executives and personnel.** Each area of the Group's activities depends on the Issuer's and Group's executive team responsible for the development, growth and proper day-to-day operation of a separate field. Therefore, the Group's ability to remain competitive and implement the growth strategy is determined largely by the experience, knowledge, personal relations and other characteristics of these people. The Group's capability to attract and hire executives of high qualification also attributes to the Issuer's success. It is likely that the Issuer's executives and major employees may decide to change their place of employment and cease their work with the Issuer as permanent and severe competition for high qualification personnel is taking place in the labour market. Loss of these employees or the Issuer's incapability to hire new executives having appropriate knowledge and skills, or shortfall of these people in the market may have a considerable adverse effect on the Issuer's business perspectives, financial situation and results.

Furthermore, neither the key executives and personnel of the Group, nor any other employees could be restrained by non-competition obligation, as according to the non-competition and non-solicitation agreements, used by the Group companies, payment of any compensation for the non-competition obligation is not foreseen, which according to the relevant case law makes non-competition agreement unenforceable following the termination of the employment. Thus, in principle the employees of the Group companies may work in/ provide services to the competitors of the Group companies as well as have their shares or otherwise participate in their capital, which could contradict to the interests of the Group and have negative influence to its perspectives and results.

**Insurance.** The insurance policies held by the Group do not cover all risk types, which may affect the Group's business. Although the insurance policies held cover the main risk factors, the insurance amount may be insufficient to cover all damages incurred by the Group in relevant circumstances. The Issuer makes no provisions that would be allotted to indemnify for non-covered damages of third parties. In case of any events which may inflict considerable damages to the Group or during which the Issuer causes damages to third parties, provided the limits of insurance are insufficient to cover these damages, the Group's activities may be severely disturbed as the Group may be forced to allot considerable resources to reduce damages or to pay larger premiums to cover damages. There is no guarantee that these expenses will be compensated in full or at least in part. This may have a considerable adverse effect on the Group's business, financial situation and results.

The Group insures all buildings, cattle, and a significant part of machinery, but does not insure any of its crop fields. Therefore, the agricultural companies of the Group are not protected from losses arising from meteorological and/or environmental risks.

**The Issuer is a holding company.** The Issuer is a holding company operating through its Subsidiaries and associated companies. Apart from the investments to operating companies, the Issuer has no other considerable property and thus its functioning is subject to management fees collected from controlled companies. In the future, the Issuer may also be subject to the dividends paid by its Subsidiaries. The dividends, however, may not be paid, unless the paying companies generate appropriate profits. The Issuer's possibilities of benefiting from sale of the assets of these companies in case of liquidation thereof or in other cases also depend on whether these companies manage to settle with all their creditors properly. Thus, the Issuer's financial situation is subject to the possibilities of the Issuer's Subsidiaries and associated companies to pay management fees, to declare and pay dividends. Any decrease in these payments may have a considerable adverse effect on the Issuer's financial situation, business and its results.

**Business results of the Group also depends on its ability to attract qualified and less qualified workforce.** The success of the Group's activities depends on supply of qualified and less qualified workforce on the labour market. The shortfall of workforce necessary for the Group may considerably increase labour costs, suspend the Group's development and thus have a significant adverse effect on its business results and financial situation.

**Possible risks, related to environmental regulation.** The Group has to comply with environmental rules and it may be held liable for improper compliance with such rules. In its operations, the Group must comply with different environmental rules regulating labelling, use, and storage of different hazardous substances used in the Group's activities. These rules require installing procedures and technologies for proper treatment of any hazardous substances, and provide for the Group's liability in managing and eliminating any pollution of the environment. In addition to the liability for current activities, the Group may also be liable for any previous operations if it appears that such operations caused damages to the environment. Furthermore, any changes in environmental regulations, both national and international, may bind the Group to introduce the measures that would meet the new standards. This may have an adverse effect on the Issuer's activities, financial situation and results.

**The Group may need to update existing and operational equipment significantly.** The Group uses a variety of equipment and technologies in its business. Therefore, the Group encounters a risk of breakdown or wear of parts of the most important equipment and technologies prematurely. In this case, the Group should allot considerable funds for repair or update of the equipment thus limiting its possibilities of investing in its development and entering new markets. This may cause a significant damage to its financial situation and perspectives. Failures, breakdowns, etc. of the most important technological equipment used in the business of the Group companies may directly adversely affect the scope of the Issuer's activities and sales as well as the Group's financial situation and business results.

**Inaccuracy of preliminary measurements.** Most of the land parcels owned by the Group companies were formed according to preliminary measurements. Precise boundaries of these land parcels will be determined after

geodesy measurements. Upon performance of geodesy measurements, the land parcels owned by the Group companies may be adjusted, i.e. their total area may decrease or increase respectively.

**Contractual obligations.** The Issuer has undertaken contractual obligations the non-performance of which may incur sanctions upon the Group companies. This may affect the Issuer's business results and profitability. For example, pursuant to the agreements entered into by the Group's agricultural undertakings selling milk produced by them, if any party breaches a contractual obligation related to the supply and/or purchase of products, the defaulting party has to pay the other party a penalty equal to the value of milk that has not been supplied and/or purchased properly.

**The Group is dependent on the availability of third party suppliers of equipment and raw materials.** If the Group is unable to secure sufficient supplies of equipment and materials, such as seeds, fuel, feed, fertilizer and other, and at reasonable prices, in order to carry out its operations, or that any of its third party suppliers do not perform as expected, it may have a material adverse effect on the Group's business, financial conditions, result of operations and prospects.

**The payments under the Group's land lease agreements may increase.** As of 31 December 2013 the Group owned over 11.8 thou. hectares of agricultural land and cultivated 22.4 thou. hectares, of which around 18.1 thou. hectares were leased. The plots leased are of significant acreage, so any increase of the land lease payments above the Group's current expectations could materially adversely affect the Group's business, results of operations and financial condition.

**Considerable amount of shares of Group companies' is pledged.** All shares of Žemės vystymo fondas UAB, Žemės vystymo fondas 3 UAB, Žemės vystymo fondas 4 UAB, Žemės vystymo fondas 6 UAB, Žemės vystymo fondas 7 UAB, Žemės vystymo fondas 11 UAB, Žemės vystymo fondas 12 UAB, Žemės vystymo fondas 15 UAB, Žemės vystymo fondas 16 UAB, Žemės vystymo fondas 19 UAB and Baltic Farming Land Management UAB are pledged. Shares of the Group's agricultural entities are pledged in the following proportions: Agrowill Žadžiūnai ŽŪB 98.96 percent, Agrowill Spindulys ŽŪB 99.96 percent, Agrowill Vėriškės ŽŪB 99.84 percent, Agrowill Smilgiai ŽŪB 97.84 percent, Agrowill Skėmiai ŽŪB 99.75 percent, Agrowill Nausodė ŽŪB 99.80 percent, Agrowill Mantviliškis ŽŪB 98.77 percent, Agrowill Kairėnai ŽŪB 86.19 percent, Agrowill Jurbarkai ŽŪB 87.77 percent, Agrowill Eimučiai ŽŪB 97.83 percent, Agrowill Dumšiškės ŽŪB 99.25 percent, Agrowill Alanta ŽŪB 98.05 percent, Agrowill Želsvelė ŽŪB in the amount of LTL 574.7 thousand.

Shareholder cannot dispose of the pledged shares without the written consent of the creditors. Furthermore, in case obligations secured by pledge will be not fulfilled (which is the case in certain of the aforementioned pledges), pledged shares could be taken over by the creditors of the Group companies.

**Certain extended loans of the Company to its Subsidiaries may be recognized as concluded at the interest rate that is higher than the market standard.** The Company has extended loans to some of its Subsidiaries at the interest rate, which may be recognized as exceeding the market interest rate and as a result the Company may be deemed to have received or is entitled to additional "excess" interest income of approx. EUR 345 thousand as of 31 December 2013.

**Insolvency of one of agricultural companies of the Group may have a significant negative effect to the financial standing of other agricultural companies.** According to credit agreement concluded with one of Lithuanian banks all agricultural companies of the Group (ŽŪB) (except Gustoniai ŽŪB and Grūduva UAB) are jointly and severally liable with other agricultural companies for the repayment of all debt which as of 31 December 2013 was equal to LTL 33,725 thousand. This loan is also secured by a guarantee issued by the Company in full amount. In addition, a number of agricultural companies of the Group have secured obligations to the bank of other agricultural companies. Thus, the insolvency of one of agricultural companies of the Group may have significant negative effect to financial standing of other agricultural companies and possibly cause insolvency of other agricultural companies.

**Credit Agreement concluded with Žemės vystymo fondas 6 UAB, amounting to EUR 408 thousand was terminated.** Žemės vystymo fondas 6 UAB has failed to make timely payments under credit agreement concluded with one of Lithuanian banks. As a result, the bank, having failed to reach the agreement with the debtor has terminated the credit agreement with the indicated Group company. As of 31 December 2013 unpaid amount under this credit agreement amounts to EUR 408 thousand. In 2012 an agreement was reached on the repayment of the unpaid amount in 2014, disallowing the bank to start procedures to recover the indicated unpaid loan as long as the repayment schedule is met. However, there is no guarantee that Žemės vystymo fondas 6 UAB will be able to repay the loan in 2014, which may lead to recovery of the debt from the assets of Žemės vystymo fondas 6 UAB as well as insolvency of the company.

**The Group companies have extensive commercial relations with each other, which may create negative tax implications.** The Group companies have extensive dealings with each other. The Company renders management and accounting services to all of the Group companies. Furthermore, loans among Group companies as of 31 December 2013 amounted to LTL 179,849 thousand.

Most of the largest suppliers of Group's agricultural companies are other Group companies. Total turnover of transactions between related parties in 2013 amounted to LTL 82,830 thousand for sale of goods and LTL 31,017 thousand for provision of services, which amount to 58.0% of the consolidated turnover of the Group companies. For more information on such transactions please see Section 4.18 *Related Party Transactions*.

According to the applicable tax laws, transactions between the related parties must be concluded at arm's length. In addition, none of the Group companies has transfer pricing documentation prepared in accordance with the applicable laws.

The transactions with related parties could raise potential tax implications if it were determined by the State Tax Inspectorate that the agreement is executed not at conditions, which are comparable to market conditions provided at arm's length. There is also a risk that the agreement may be considered as a simulated agreement, due to which fact the negative tax implications may occur, as services would be considered as not provided.

**Expansion of agricultural activities in geographically distant market.** After the subscription of New Shares by Vretola Holdings Limited under the terms and conditions of the Merger Agreement, the Group will consolidate eTime invest UAB, which, through a subsidiary company Karakash Agro OOO operates 11 thousand<sup>3</sup> hectares of agricultural land in Autonomous Republic of Crimea. The Group has no prior experience of executing agricultural activities in geographically distant market and under significantly different agrometeorological conditions. Such lack of experience could result in additional losses and thus could adversely affect Group's financial results and position.

**New business consolidation risk.** After the subscription of New Shares by Vretola Holdings Limited and Baltic Champs Group UAB, as well as after acquisition of AGRO Ramučiai UAB and Luganta UAB following the terms and conditions of the Merger Agreement, the Group will acquire businesses of Baltic Champs UAB, eTime invest UAB as well as of other two of the indicated companies. Baltic Champs UAB, AGRO Ramučiai UAB and Luganta UAB operate champignon cultivation and other related businesses with which the Group has no prior business experience. As a result, additional costs can be incurred while undergoing managerial and financial consolidation of newly acquired business which could adversely affect financial results and position of the Group.

**eTime invest UAB equity value can significantly decrease due current political crisis in the Autonomous Republic of Crimea.** After the subscription of New Shares by Vretola Holdings Limited under the terms and conditions of the Merger Agreement, the Group will consolidate eTime invest UAB, which, through a subsidiary company Karakash Agro OOO operates 11 thousand hectares of agricultural land in Autonomous Republic of Crimea. In the eTime invest UAB share appraisal report appraiser has identified, that the share value was determined using assumption that current political crisis in the Crimean region will not significantly affect business environment of Karakash Agro OOO. If after annexation by Russia business regulations are adversely changed (e.g. it is decided to nationalize real estate or business owned by foreign entities), it can significantly decrease the market value of eTime invest UAB shares. Such decrease in price would adversely affect Groups financial results and financial position.

### 3.3 Industry Specific Risk Factors

**Risk of diseases.** The Issuer's business is related to raw materials of vegetable or animal origin. An epidemic of pig or cattle diseases (e.g., bovine spongiform encephalopathy or mad cow disease) may adversely affect the manufacture and decrease demand of products due to fear of diseases. These changes may lead to aggravation of the Issuer's financial situation.

**Risk of adverse consequences resulting from decrease of sales volumes.** The Issuer generates a major part of its income from sales of milk, grain crops, and rapeseed. In turn, apart from the price, these sales are also contingent on certain specific factors. Milk sales volumes are dependent on the number of cows and milk yield (cow performance). Sales of grain crops and rape are dependent on sown areas and productivity of land. There is no guarantee that the Issuer will manage to maintain a required number of cows or areas of land and to ensure the performance and productivity level. If any of these factors become unfavourable for the Issuer, the Issuer's sales would decrease significantly. This may adversely affect the Issuer's financial situation, its activities and results.

**Failure to comply with the legal acts regulating agriculture may have a significant effect on the Issuer's activities and business perspectives.** Failure to comply with the legal acts regulating manufacture of agricultural products may result in contingency costs necessary for implementing relevant obligations or paying penalties. In case the Issuer commits severe violations of appropriate legal acts, supervising authorities may restrict the operations of the Group companies in a relevant field or in general.

**Climatic conditions.** Climatic conditions are one of the most significant risk factors of agricultural activities. Poor or adverse meteorological conditions have a dominant influence on productivity and may significantly adversely affect the yield of agricultural products, cause harm to preparation of foodstuffs, destroy crops and cause other damages. Any damage arising due to adverse climatic conditions may negatively affect the Issuer's financial situation, business and results.

**Prices of agricultural products.** The Group's income and business results are subject to many factors, including the prices of agricultural products, which are beyond the Group's control. Various hardly predictable factors, which are beyond the Group's control (climatic conditions, national agricultural policy, changes in worldwide demand determined by changes in the world population, changes of living conditions and volumes of competing products in other countries), also have a significant influence on the prices of agricultural products. The factors, such as climatic conditions, infections, pest infestations, national agricultural policy of different countries, etc., may have a strong effect on supply of primary agricultural products and prices. Changes in demand of primary agricultural materials may be greatly affected by different international and local programmes implemented in compliance with

<sup>3</sup> Around 8 thousand hectares are operated under direct lease agreements between Karakash Agro OOO and local landlords and around 3 thousand hectares are operated under joint venture agreement with Crimean agricultural company Karakash CSP.

the national agricultural policy, changes in international demand determined by changes in the world population and changes of living conditions in different countries of the world. These factors may cause significant fluctuation of prices of agricultural products and consequently adversely affect the Group's activities, financial situation and results. It should be noted that in compliance with the relevant provisions of supply agreements entered into by the undertakings controlled by the Issuer, product supply terms and conditions (including the price of products) may be adjusted in cases provided for in the agreements and thus affect the Issuer's income and business results.

**Expressed or implied dangers related to the quality, safety or health effects of products offered by the Group could give rise to liability of the Group and prejudice its business and reputation.** Notwithstanding the control mechanisms applied by the Group in its activities, there are no guarantees that any of the products offered by the Group (milk, grain crops) could not be recognised as incompatible with quality requirements or unsuitable for further processing and use. Therefore, the Group may be forced to recall or destroy these agricultural products and to assume liability for causing risk posed by these products to health of consumers. Recall of a significant part of its products and any claims to indemnify for damages caused by use of these products may result in long-term restrictions for access of these products to the market and loss of confidence in the Group and its products. Even where it is revealed that allegations concerning product safety are unjust, negative public opinion may strongly adversely affect the Group's reputation, image and name. Furthermore, the limits of civil liability insurance held by the Group may be insufficient to cover the damages caused; therefore, the Group would have to indemnify for any non-covered damages from its own resources, which may also have a significant adverse influence on its financial situation, business and results. The Group's activities may also sustain adverse effects where the users of primary agricultural materials offered by the Group (processors or their clients) lose confidence in the Group's products and products produced from them, their quality or safety. A negative opinion could make business partners to refuse to consume certain products supplied by the Group. This may reduce supplies to the market and adversely affect the Group's financial situation and business results.

**The Group is subject to fluctuation of prices of seeds, fertilisers, compound foodstuffs.** The Group's business strongly depends on fluctuation of prices paid for the products used in the Group's activities. Prices of seeds, fertilisers, compound foodstuffs used by the Group fluctuated in the past and they may also fluctuate significantly in the future. The Group has not entered into long-term agreements with long-term fixed prices for acquisition of seeds, fertilisers, compound foodstuffs used in its business. Thus, the probability exists that in the future, the Group would have to purchase required seeds, fertilisers or compound foodstuffs at less favourable conditions than it can do now, or for preserving the level of acquired commodities favourable for the Group, would have to choose other suppliers who might offer seeds, fertilisers or compound foodstuffs of a poorer quality. Consequently, this may adversely affect the Group's financial situation, business and results.

**National policies and regulation in the field of agriculture and related business areas may adversely affect the Issuer's activities and profitability.** National policies and regulation by the institutions of the EU strongly affect agriculture and manufacture of agricultural products and their supply to the market. Regulation of agricultural activities is expressed through regulation of taxes, tariffs, quotas, subsidies, import, export, etc. Any change in this area may have a significant influence on profitability of agricultural activities, lead to the choice of crops to grow, increase or decrease production volumes or imports and exports of primary agricultural products. Furthermore, any international commercial disputes may adversely affect international trade flows restricting cross-border or regional trade. Future policies in the relevant area may have a negative influence on the prices of agricultural products offered by the Issuer or restrict business possibilities of the Issuer in relevant markets. This may adversely affect the Issuer's business, financial situation and results.

### 3.4 Risk Factors Related to Company's Shares

**The price of the Company's Shares may fluctuate.** The market price of shares listed on a regulated market is determined by supply and demand, which depends on a number of factors (including changes in Company's financial results, differences between the financial results and market expectations, changes in the profit estimates made by analysts, comparison of the prospects of various sectors of the economy, the overall economic situation, changes in laws applicable to the sector in which the Group companies and the Company operate and other events and factors which are independent of the Company), as well as reactions of investors that are difficult to predict. In the event of significant price fluctuations, the shareholders may fail to achieve their planned gains or incur losses. This is possible, in particular, as a result of periodic changes in the Company's financial results, the liquidity of the stock market, the conditions prevailing on the WSE or the OMX, the conditions prevailing on world markets, as well as changes in economic and political factors.

**Turmoil in emerging markets could cause the value of the Shares to suffer.** Financial or other turmoil in emerging markets has in the recent past adversely affected market prices in the world's securities markets for companies operating in the affected developing economies. There can be no assurance that renewed volatility stemming from future financial turmoil, or other factors, such as political unrests, that may arise in other emerging markets or otherwise, will not adversely affect the value of the Shares even if the Lithuanian economy remains relatively stable.

**The market value of Shares may be adversely affected by future sales or issues of substantial amounts of Shares.** All the Shares of the Company (except the Shares, indicated in paragraph below) may be provided for sale without any restrictions and there can be no assurance as to whether or not they will be sold on the market.

However, two of the Major Shareholders holding together approx. 22.62% of Shares (Eastern Agro Holdings UAB and Mr. Linas Strélsis), pledged all of their Shares to the banks as the security for the granted facility. According to the pledge agreements banks in case of the default may sell the Shares in order to satisfy their claims under the facility agreements. Sell of the pledged Shares by the bank may cause drastic drop of the Share price.

The Company cannot predict what effect such future sales or offerings of Shares, if any, may have on the market price of the Shares. However, such transactions may have a material adverse effect, even if temporary, on the market price of the Shares. Therefore, there can be no assurance that the market price of the Shares will not decrease due to subsequent sales of the Shares held by the existing shareholders of the Company or a new Share issue by the Company.

**Intended Increase of number of Shares of the Issuer may reduce the price thereof.** The increase of the number of Issuer's Shares may have a negative effect on their price. Following the capital increase of the Company (presuming that all 102,595,266 New Shares shall be subscribed and paid), shareholders stake in the Issuer's share capital before the new Issue will be equal to 45.26% after the new Issue, i.e. such shareholders' stake will be reduced by 54.74%.

**The marketability of the Shares may decline and the market price of the Company's Shares may fluctuate disproportionately in response to adverse developments that are unrelated to the Company's operating performance.** The Company cannot assure that the marketability of the Shares will improve or remain consistent. Shares listed on regulated markets, such as the WSE or the OMX, have from time to time experienced, and may experience in the future, significant price fluctuations in response to developments that are unrelated to the operating performance of particular companies. The market price of the Shares may fluctuate widely, depending on many factors beyond the Company's control. These factors include, amongst other things, actual or anticipated variations in operating results and earnings by the Group companies and/or its competitors, changes in financial estimates by securities analysts, market conditions in the industry and in general the status of the securities market, governmental legislation and regulations, as well as general economic and market conditions, such as recession. These and other factors may cause the market price and demand for the Shares to fluctuate substantially and any such development, if adverse, may have an adverse effect on the market price of the Shares which may decline disproportionately to the Group companies' operating performance. The market price of the Shares is also subject to fluctuations in response to further issuance of shares by the Company, sales of Shares by the Company's Major Shareholders, the liquidity of trading in the Shares and capital reduction or purchases of Shares by the Company as well as investor perception.

**Securities or industry analysts may cease to publish research or reports about the Company's business or may change their recommendations regarding the Shares.** The market price and/or trading volume of the Shares may be influenced by the researches and reports that industry or securities analysts publish about the Company's business or the business of the Subsidiaries. There can be no guarantee of continued and sufficient analyst research coverage for the Company, as the Company has no influence on analysts who prepare such researches and reports. If analysts fail to publish researches and reports on the Company regularly, or cease to publish such reports at all, the Company may lose visibility in the capital markets, which in turn could cause the Company's shares price and/or trading volume to decline. Furthermore, analysts may downgrade the Company's shares or give negative recommendations regarding the Company's Shares, which could result in a decline of the Share price.

**No guarantee of dividend payment to the Issuer's shareholders.** The Company is under no lasting and definite obligation to pay regular dividends to its shareholders and no representation can be made with respect to the payment and amount of future dividends, if any. The Management's recommendations for the distribution of profit will be based on financial performance, working capital requirements, reinvestment needs and strategic considerations which may not necessarily coincide with the short-term interests of all shareholders. The payment of dividends and the amount thereof will be subject to the ultimate discretion of the majority of the Company's shareholders. Furthermore, for payment of dividend as well as execution of many other actions (e.g. (i) undertaking any financial obligations under credit, financial leasing, operative lease, or other financing agreements; (ii) undertaking any obligations towards third parties under guarantee, surety, mortgage, pledge or similar undertakings; (iii) issuing loans to third parties, etc.) prior written consents of certain banks, with which the relevant credit agreements were signed, would be needed.

**There is no guarantee that the Company will remain listed on the WSE or on OMX.** If the Company fails to fulfil certain requirements or obligations under the applicable provisions of securities laws, including in particular the requirements and obligations provided for under the Public Offering Act and the Trading in Financial Instruments Act, the Law on Securities, the PFSA and/ or the LB could impose a fine on the Company or delist its Shares from trading on the WSE and/or on OMX.

The WSE management board will delist the Shares from trading upon the request of the PFSA, if the PFSA concludes that trading in the Shares imposes a significant threat to the proper functioning of the WSE or the safety of trading on that exchange, or infringes investors' interests. The mandatory delisting will also be effected by the WSE management board where: (i) transferability of Shares has become restricted, (ii) Shares are no longer in book entry form, (iii) the PFSA has requested so in accordance with the Trading in Finance Instruments Act, (iv) the Shares have been delisted from regulated market by LB or another competent supervisory authority over such market.

The WSE management board may also delist the Shares where, (i) the Shares cease meeting all requirements for admission to trading on the WSE; (ii) the Company persistently violates the regulations of the WSE; (iii) the Company has requested so; (iv) the Company has been declared bankrupt or a petition for bankruptcy has been dismissed by the court because the Company's assets do not suffice to cover the costs of the bankruptcy proceedings; (v) the WSE considers it necessary in order to protect the interests of the market participants; (vi) following a decision on a merger, split or transformation of the Company; (vii) no trading was effected in the

Shares within a period of three previous months; (viii) the Company has become involved in a business that is illegal under the applicable provisions of laws; and (ix) the Company has entered into liquidation proceedings.

Quite similar rules of delisting the company's shares as described above are also applicable as far as the delisting from the OMX is concerned.

The Company believes that as at the date hereof there are no circumstances which could give grounds for delisting of the Shares from the WSE and/or from OMX in the foreseeable future. However, there can be no assurance that any of such circumstances will not arise in relation to the Shares in the future. Delisting of the Shares from the WSE and/ or from OMX could have an adverse effect on the liquidity of the Shares and, consequently, on investors' ability to sell the Shares at a satisfactory price.

**Trading in the Company's Shares on the WSE or on OMX may be suspended.** The WSE management board has the right to suspend trading in the Shares for up to three months (i) at the request of the Company, (ii) if the Company fails to comply with the respective regulations of the WSE (such as specific disclosure requirements), or (iii) if it concludes that such a suspension is necessary to protect the interests and safety of market participants.

Furthermore, the WSE management board will suspend trading in Shares for up to one month upon the request of the PFSA, if the PFSA concludes that trading in the Shares is carried out in circumstances which may pose a possible threat to the proper functioning of the WSE or the safety of trading on that exchange, or may harm investors' interests.

Quite similar rules of suspension of the trading in company's shares as described above are also applicable as far as the suspension of trading on OMX is concerned.

The Company will make all endeavours to comply with all applicable regulations in this respect. However, there can be no assurance that trading in the Shares will not be suspended on the WSE and/or on OMX. Any suspension of trading could adversely affect the Share price.

**There can be no assurance regarding the future development of the market for the Shares and its liquidity.** The existing Shares are listed on the WSE and on OMX. However, the past performance of such Shares on the WSE and/or on OMX cannot be treated as indicative of likely future development of market and future demand for the Shares. The lack of liquid public market for the Shares may have a negative effect on the ability of shareholders to sell their shares, or adversely affect the price at which the holders are able to sell their shares. There can be no assurance as to the liquidity of any trading in the Shares, or that the Shares will be actively traded on the WSE or on OMX in the future.

**Dual listing of the Shares results in differences in liquidity, settlement and clearing systems, trading currencies and transaction costs between the two exchanges where the Shares are listed. These and other factors may hinder the transferability of the Shares between the two exchanges.** The existing Shares are listed on the WSE and on OMX. Therefore trading and liquidity of the Shares are split between those two exchanges. Furthermore, the price of the Shares may fluctuate and may at any time be lower on the OMX than the price at which the shares are traded on the WSE and vice versa.

Differences in settlement and clearing systems, trading currencies, transaction costs and other factors may hinder the transferability of shares between the two exchanges. This could adversely affect the trading of the shares on these exchanges and increase their price volatility and/or adversely affect the price and liquidity of the shares on these exchanges.

The shares are quoted and traded in EUR on OMX and are quoted and traded in PLN on the WSE. The shares traded on the OMX are settled and cleared through the CSDL. The shares traded on the WSE are settled and cleared through NDS. The transfer of the shares between the OMX and the WSE are effectuated through a direct settlement link between the CSDL and the NDS. Although the Polish and Lithuanian settlement systems operated by the NDS and the CSDL currently settle transfers of shares between NDS and CSDL participants, they are under no obligation to perform or to continue to perform such procedures and such procedures may be discontinued at any time, which may limit the liquidity of the Shares and have a negative impact on the efficiency of the pricing mechanisms of the secondary market of the Shares.

### 3.5 Legal and Taxation Risk Factors

**The rights of Lithuanian company shareholders may differ from the rights of the shareholders of a Polish company and the legislation, interpretation and application of legal acts may be different in Lithuania from that in Poland.** The Company is organized and exists under the laws of Lithuania; the existing Shares are listed on the WSE and on OMX. Accordingly, the Company's corporate structure as well as rights and obligations of the shareholders may be different from the rights and obligations of shareholders in Polish companies listed on the WSE. The exercise of certain shareholders' rights for non-Lithuanian investors in a Lithuanian company may be more difficult and costly than the exercise of rights in a Polish company. For example, an action with view of declaring a resolution invalid must be filed with, and will be reviewed by the Lithuanian court, in accordance with the Lithuanian law. In addition, Lithuanian regulations may provide shareholders with particular rights and privileges which could not exist in Poland and, vice versa, certain rights and privileges that shareholders may benefit from in Polish companies may not be guaranteed under the applicable Lithuanian laws.

Even though Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies should be transposed into the national law of Poland and

Lithuania, there still might be differences in regulation of the shareholder rights and exercise thereof across the countries. In addition, even where the regulation is comparable, there still might be differences in its interpretation and application.

Lithuania is the home Member State of the Issuer for the purpose of the European Union securities regulations, and Poland is its host Member State. The EU directives provide different competences for the home Member State and host Member State with respect to rights and obligations of the investors in public companies, depending on the subject of regulations. In addition, the directives are not always implemented in the proper manner at a national level. Consequently, investors in the Shares may be forced to seek complex legal advice in order to comply with all regulations when exercising their rights or when fulfilling their obligations. In case an investor fails to fulfil its obligations or violates law when exercising rights from or regarding the Shares, he or she may be fined or sentenced for such non-compliance or be unable to exercise rights from the Shares.

Also 2 thresholds applicable with regard to the voting rights of the Issuer should be considered if it comes to the takeover bid, i.e. 33% and 33 ⅓%. According to the applicable Polish laws a shareholder that wishes to exceed the 33% voting rights threshold in the company is obliged to launch a public tender for shares that will entitle it to hold 66% of votes. It should be noted that the Polish law explicitly excludes application of the Polish regulations concerning thresholds only with respect to the 66% threshold as the mandatory threshold under the Takeover Directive. In such a case, the Lithuanian threshold of 33 ⅓% should apply. On the other hand, the additional threshold of 33% stipulated in the Polish law is a separate obligation imposed by Poland irrespective of the Takeover Directive. Therefore, the announcement of a take-over bid when exceeding 33 ⅓% of votes to satisfy the obligations imposed by the Takeover Directive should be deemed a different obligation from the obligation to announce a bid for 66% of votes when exceeding 33% of votes to satisfy additional Polish requirements. For more information on this issue please see Section *Certain Lithuanian and Polish Securities Market Regulations*.

In addition, the exercise of pre-emption and certain other shareholder rights for Polish or non-Lithuanian investors in a Lithuanian company may be more difficult and costly than the exercise of rights in a Polish company listed on the WSE. Resolutions of the General Meeting may be taken with majorities different from the majorities required for adoption of equivalent resolutions in Polish companies. Action with a view to declaring a resolution invalid must be filed with, and will be reviewed by a Lithuanian court in accordance with Lithuanian law. Moreover, certain protections such as anti-takeover measures may not be available to holders of the Shares or their application may be uncertain.

**Judgments of Polish courts against the Company may be more difficult to enforce than if the Company and its management were located in Poland.** The Company and the Group were formed in accordance with the Lithuanian law and their registered offices are in Lithuania (two Subsidiaries of the Company were formed in accordance with Moldavian and one in accordance with Russian law and their registered offices are registered in these countries respectively). The majority of assets of the Company are located in markets outside Poland and the majority of the management personnel working for the Company reside in countries other than Poland. For this reason Polish investors may encounter difficulties in serving summons and other documents relating to court proceedings on any of the entities within the Group and/or the management personnel working for the Group. For the same reason it may be more difficult for Polish investors to enforce a judgment of the Polish courts issued against any entities within the Group and/or the management personnel working for the Group than if those entities and/or the management personnel were located in Poland.

**Tax treatment for non-Lithuanian investors in a Lithuania company may vary.** The Company is organised and existing under the laws of Lithuania and, as such, the Lithuanian tax regime applies to the distribution of profit and other payments from the Company to its investors. The taxation of income from such payments as well as other income, for instance, from the sale of the Shares, may vary depending on the tax residence of particular investors as well as the existence and the provisions of double tax treaties between an investor's country of residence and Lithuania. Tax provisions applying to particular investors may be unfavourable and/or may change in the future in a way which has an adverse effect on the tax treatment of an investor's holding of the Shares.

**The Issuer does not follow the OMX Corporate Governance Code and the WSE Corporate Governance Code to their full extent.** The Issuer does not follow the OMX Corporate Governance Code and the WSE Corporate Governance Code to their full extent: no independent member of the Audit Committee was elected, the meetings of the bodies of the Company are not convened regularly according to the schedule approved in advance, the Company does not publish its report on policy of remuneration, etc. Detailed information on the compliance of the Issuer with the corporate governance regime of OMX and the WSE is provided in the annex to the Annual Report for the year 2012 of the Company.

**Considerable part of Group companies is undergoing the procedure of restructuring.** Considerable part of Group companies (i.e. Agrowill Alanta ŽŪB, Agrowill Dumšiškės ŽŪB, Agrowill Eimučiai ŽŪB, Agrowill Jurbarkai ŽŪB, Agrowill Kairėnai ŽŪB, Agrowill Lankesa ŽŪB, Agrowill Mantvilėškis ŽŪB, Agrowill Nausodė ŽŪB, Agrowill Skėmiai ŽŪB, Agrowill Smilgiai ŽŪB, Agrowill Spindulys ŽŪB, Agrowill Vėriškės ŽŪB, Agrowill Žadžiūnai ŽŪB, Agrowill Želsvelė ŽŪB and the Company itself), having financial difficulties, are undergoing the procedure of restructuring. Thus, there is a risk, that these companies, if the restructuring procedures would be terminated with regard to them, may be declared bankrupted, unless other financial sources would be found for them. Furthermore, being under the restructuring procedure means that the respective Group companies has to adjust certain of its activities with the restructuring plan and the creditors, e.g. the Group companies under restructuring are obliged to receive the creditors' consents for sale of the intangible assets, acquire state land, amend the restructuring plan, etc. For more information on the restructuring of the Group companies, please see Section *Restructuring procedures*.



**Formal requirement regarding possible Board members of the Group's agricultural companies is not followed.** According to applicable law, only members (shareholders) of agricultural companies may be appointed to their Management Board. However, in current Management Boards of the Group's agricultural companies either no member or only one member is also member (shareholder) of the company. However, the applicable Lithuanian laws do not solve the question, who may be elected as the members of the Board of agricultural companies, in case all of the members of such company (or major part of them) are legal persons, which is the case in major part of Group's agricultural companies.

**The right of use of a number of buildings owned by Group companies has not been duly established.** A number of buildings owned by Group companies are located on the state owned land, the right of use whereof has not been duly established (formalised). However, there are no claims or other procedures regarding the indicated usage of land, preceded by the Group companies.

## IV. INFORMATION ABOUT THE ISSUER

### 4.1 Statutory Auditors

The Consolidated Financial Statements for the years ended 31 December 2012, 31 December 2011 and 31 December 2010 prepared in accordance with IFRS were audited by PricewaterhouseCoopers UAB. PricewaterhouseCoopers UAB headquarters are registered at J. Jasinskio str. 16B, LT-03163 Vilnius, Lithuania, tel. +370 5 239 2300, fax +370 5 239 2301. PricewaterhouseCoopers UAB audit licence number is 000173. The audit for the years 2012 and 2010 was executed by Mr. Rimvydas Jogėla, auditor's licence No. 000457. The audit for the year 2011 was executed by Mr. Christopher C. Butler and by Jurgita Krikščiūnienė, auditor's licence No. 000495.

Independent auditor's assurance report on the compilation of the Pro Forma Financial Information, included in the Prospectus, was issued by IDG auditoriai UAB. IDG auditoriai UAB headquarters are registered at Dvaro str. 98, Siauliai, Lithuania, code 300128946. IDG auditoriai UAB audit licence number is 01208. The report was signed by auditor Gražina Ribinskienė, auditor certification No. 000234.

### 4.2 Selected Financial Information

Summary financial information is provided in the table below. The information is extracted from Consolidated Financial Statements and Consolidated Interim Information. Unless otherwise stated, this information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

**Table 1: Selected financial information of the Group (LTL'000)**

Item	31 December 2013 (unaudited)	31 December 2012	31 December 2011 (restated)	31 December 2010
<b>Consolidated Income statement</b>				
Revenues	82,572	86,688	56,078	45,165
Operating profit	8,559	14,024	1,223	7,736
Profit/ (loss) before income tax	(3,801)	7,590	(6,544)	912
Net profit/ (loss) for the year	(4,893)	5,897	(5,042)	7,297
<b>Balance sheet</b>				
Property, plant and equipment	147,596	148,110	139,711	140,442
Investment property	70,863	69,048	68,732	81,794
Intangible assets	1,761	1,717	1,446	2,916
Long term receivables	-	4,926	5,512	430
Financial assets	3	13	702	757
Deferred tax asset	926	1,333	3,181	3,543
Biological assets - livestock	20,152	18,459	16,660	13,009
<b>Total non-current assets</b>	<b>241,301</b>	<b>243,606</b>	<b>235,944</b>	<b>242,891</b>
Biological assets - crops	15,663	12,139	12,239	10,384
Inventory	14,017	18,343	15,845	11,588
Trade receivables, advance payments and other receivables	11,095	18,023	12,859	22,779
Cash and cash equivalents	6,215	3,118	2,756	1,322
<b>Total current assets</b>	<b>46,990</b>	<b>51,623</b>	<b>43,699</b>	<b>46,073</b>
<b>Total assets</b>	<b>288,291</b>	<b>295,229</b>	<b>279,643</b>	<b>288,964</b>
Share capital	84,821	84,821	84,821	71,552
Share premium	24,639	24,639	24,639	25,595
Revaluation reserves	29,090	41,555	44,182	45,885
Legal reserves	2,000	2,000	2,000	2,000
Retained earnings	(23,738)	(32,566)	(40,566)	(38,326)
Minority interest	1,325	2,581	2,057	2,431
<b>Total equity</b>	<b>118,137</b>	<b>123,030</b>	<b>117,133</b>	<b>109,137</b>

Borrowings and financial lease	64,302	7,409	2,022	29,128
Grants	14,010	11,683	10,262	9,905
Restructured liabilities	36,478	49,493	51,296	22,152
Deferred tax liability	6,835	7,906	8,061	10,870
<b>Total non-current liabilities</b>	<b>121,625</b>	<b>76,491</b>	<b>71,641</b>	<b>72,055</b>
Current portion of non-current borrowings and financial lease	8,073	62,608	72,627	73,392
Current borrowings	1,149	2,771	816	6,128
Current portion of restructured liabilities	18,146	3,842	-	-
Trade payables	11,689	14,248	10,987	16,084
Other payables and current liabilities	9,472	12,239	6,439	12,168
<b>Total current liabilities</b>	<b>48,529</b>	<b>95,708</b>	<b>90,869</b>	<b>107,772</b>
<b>Total liabilities</b>	<b>170,154</b>	<b>172,199</b>	<b>162,510</b>	<b>179,827</b>
<b>Total equity and liabilities</b>	<b>288,291</b>	<b>295,229</b>	<b>279,643</b>	<b>288,964</b>
Financial debt (current and non-current, including financial lease)	128,148	126,123	126,761	130,800
Invested capital (financial debt and equity)	246,285	249,153	243,894	239,937
<b>Cash flow statement</b>				
Cash flow from/ (to) operating activities	25,305	23,338	(3,591)	133
Cash flow from/ (to) investing activities	(16,627)	(16,160)	(4,150)	(990)
Cash flow from/ (to) financing activities	(5,581)	(6,816)	9,175	(1,546)
<b>Key ratios and indicators</b>				
Equity ratio, %	40.98%	41.67%	41.89%	37.77%
Working capital	(1,539)	(44,085)	(47,170)	(61,699)
Current ratio	0.97	0.54	0.48	0.43
Quick ratio	0.68	0.35	0.31	0.32
ROA, %	2.93%	4.88%	0.43%	2.76%
ROE, %	(4.06%)	4.91%	(4.46%)	9.33%

Source: Consolidated Financial Statements, Consolidated Interim Information and the Company

Equity ratio = Total equity / Total assets  
Working capital = Current assets - Current liabilities  
Current ratio = Current assets / Current liabilities  
Quick ratio = (Current assets - Inventory) / Current liabilities  
ROA = Operating profit / Average total assets  
ROE = Net profit / Average total equity

**Table 2: Selected financial information of the Group for the 3 month period ended 31 December 2013 (LTL'000)**

Item	3 month period ended 31 December 2013 (unaudited)	3 month period ended 31 December 2012 (unaudited)
<b>Income statement</b>		
Revenues	32,470	43,314
Operating profit	7,943	3,162
Profit before tax	1,529	1,922
Net profit (loss)	480	229

Source: Consolidated Interim Information

Over the fourth quarter of 2013 the Group's revenues amounted to LTL 32,470 thousand and was almost 25% lower than during the same period of 2012. This was a result of lower crop yields as well as decreased prices of grain in international markets.

During the year ended 31 December 2013 the Group reached an agreement to offset its long-term receivables against amounts payable. Therefore long-term receivables have decreased to zero.

Also, a portion of borrowings that in previous years were classified as current liabilities due to breach of covenants have as of 31 December 2013 been classified as long-term borrowings because covenants are now met. Some of the borrowings were also repaid as per their respective repayment schedules. Furthermore, several new lease agreements for agricultural machinery were signed during the year. All this resulted in a decrease of the current portion of non-current borrowings and financial lease and an increase in borrowings and financial lease as compared to the balance sheet of 31 December 2012.

In the year 2012 the Group's revenue amounted to LTL 86.7 million and was 54.6% higher than a year ago. The Group's operating profit improved from LTL 1.2 million to LTL 14.0 million in 2012. In the year 2012 operating profit margin approximated to 16% and the Group's net profit was LTL 5.9 million.

As of 31 December 2012 the Group's total equity capital was LTL 123.0 million, or 5.0% greater as compared with the end of year 2011. The major effects came from the net profit of 2012.

Non-current liabilities of the Group increased by 6.8% during 2012 and as of 31 December 2012 amounted to LTL 76.5 million. This was mainly influenced by the increase in non-current borrowings and financial lease. Over the year 2012 total current liabilities increased by 5.3% and amounted to LTL 95.7 million. Total liabilities of the Group increased by LTL 9.7 million (6.0%) and in 2012 amounted to LTL 172.2 million. Total financial debt has remained at the same level in 2012 and amounted to LTL 126.1 million. The Group's invested capital (financial debt and equity) increased by 2.2% and in 2012 amounted to LTL 249.2 million.

Significant increase in current assets and only slight increase in current liabilities over the year 2012 resulted in improved current ratio which was 0.54 (2011: 0.48; 2010: 0.43). Meanwhile, quick ratio in 2012 improved and was 0.35 (2011: 0.31; 2010: 0.32).

Return on equity, after being negative in year 2011, turned positive and increased to 5.01% in 2012. Return on assets also increased from 0.43% in 2011 to 4.88% in 2012.

#### **4.3 Qualifications and emphasis of matter**

PricewaterhouseCoopers UAB issued a modified opinion on the Group's and the Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2012. In its independent auditor's report in respect of those financial statements PricewaterhouseCoopers UAB included the following emphasis of matter:

*We draw attention to Note 2.1 in the financial statements which discloses the Group's and the Company's assumptions about its ability to continue as a going concern. The going concern assumption is dependent on successful implementation of the Restructuring plans as well as the Group's and the Company's possibilities to operate at a profit in the future. These conditions, along with the other matters as set forth in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.*

PricewaterhouseCoopers UAB issued a qualified opinion on the Group's and the Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2011 and included emphasis of matter on going concern assumption. In its independent auditor's report in respect of those financial statements PricewaterhouseCoopers UAB included the following qualifications and emphasis of matter:

##### ***Basis for Qualified Opinion – Material Misstatement – stand alone financial statements***

*As discussed in Note 4, as of 31 December 2011 the Company tested investments in and receivables from those subsidiaries that had impairment indications. As a result of those tests, management decided that no additional impairment losses should be recorded in the year ended 31 December 2011. In our opinion, the management used too optimistic profitability forecasts for certain subsidiaries. Based on our audit evidence, using more prudent profitability forecasts, cost of investment in and receivables from Agrowill Vėriškės ŽŪB, Agrowill Kairėnai ŽŪB, Agrowill Jurbarkai ŽŪB and AWG Investment 1 UAB as of 31 December 2011 should be decreased by LTL 1,100 thousand, LTL 900 thousand, LTL 2,000 thousand and LTL 8,100 thousand, respectively, and net profit of the Company for the year then ended should be decreased by the aggregate of LTL 12,100 thousand.*

*In 2011 the Company discovered the following error: in the year ended 31 December 2010 the Company did not calculate any of interest income amounting to LTL 2,524 thousand from the loan granted to Žemės vystymo fondas 20 UAB. The error was corrected prospectively and the above mentioned amount was recorded as interest income in the year ended 31 December 2011. In our opinion, this is a material error and should be corrected retrospectively. Therefore, the Company's net profit for the year ended 31 December 2010 should be increased and net profit for the year ended 31 December 2011 should be reduced by LTL 2,145 thousand, representing the interest income referred to above reduced by income tax effect.*

##### ***Basis for Qualified Opinion – Material Misstatement – consolidated financial statements***

*As discussed in Note 4, as of 31 December 2011 the Group tested goodwill for impairment. As a result of those tests, management decided that goodwill in the amount of LTL 1,818 thousand related to acquisition of Grūduva UAB is not impaired as of 31 December 2011. In our opinion, the management used too optimistic profitability forecasts in their tests. Based on our audit evidence, using more prudent profitability forecasts, above mentioned goodwill should be written off. Consequently, the Group's net profit for the year ended 31 December 2011 should be decreased by LTL 1,818 thousand.*

As disclosed in Note 26, during the year ended 31 December 2011 the Group increased the holding in the subsidiary Gustoniai ŽŪB's share capital from 63% to 75% for nil consideration. Non-controlling interest was adjusted by LTL 711 thousand, and gain on acquisition of subsidiaries in the same amount was recognized in the Group's income statement. Based on IAS 27 Consolidated and separate financial statements, changes in a parent's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions. Therefore, the Group's net profit for the year ended 31 December 2011 should be decreased by LTL 711 thousand.

During the year ended 31 December 2011 the Group has fair valued certain equity investments and has recorded a gain of LTL 3,776 thousand in the Group's income statement. The above mentioned equity investments do not have a quoted market price and the management has determined their fair values using valuation techniques. These equity instruments should be classified as available-for-sale financial assets, and in case fair value is reliably measurable, the changes in fair value should be recognized in other comprehensive income, and not in the income statement. However, in our opinion, fair values of the above mentioned equity investments cannot be reliably measured, and therefore these investments should be measured at cost. Consequently, the carrying amount of financial assets as of 31 December 2011 and the Group's net profit for the year then ended should be decreased by LTL 3,776 thousand.

*Emphasis of matter*

We draw attention to Note 2.1 in the Financial statements which discloses the Group's and the Company's assumptions about its ability to continue as a going concern. The going concern assumption is dependent on successful implementation of the Restructuring plans as well as the Group's and the Company's possibilities to operate at a profit in the future. These conditions, along with the other matters as set forth in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers UAB issued a qualified opinion on Group's audited consolidated financial statements for the years ended 31 December 2008, 2009 and 2010 and included emphasis of matter on going concern assumption. In its independent auditor's report in respect of those financial statements PricewaterhouseCoopers UAB included the following qualification and emphasis of matter:

*Basis for Qualified Opinion – Limitation of Scope*

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

*Emphasis of matter*

We draw attention to Note 2.1 in the financial statements which discloses the Group's assumptions about ability to continue as a going concern. The going concern assumption is dependent on the successful approval and implementation of the Restructuring plans as well as the Group's possibilities to operate at a profit in the future. These conditions, along with other matters as set forth in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubts about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

More information on the audit of the Consolidated Financial Statements of the Company is provided in Section 4.19.2 Audited Financial Statements.

#### 4.4 Information about the Group

Founded in 2003, the Issuer is an investment company focusing on investments in and development of Lithuanian agricultural sector. The Issuer directs its investments into three directions:

- Acquisition of agricultural entities;
- Purchase of land for controlled agricultural entities;
- Modernization of agricultural entities.

The Issuer is one of the largest primary agricultural production producers in Lithuania and manages one of the largest agricultural land portfolios in the country. The main areas of activity are production of raw milk, crop-growing and land rent.

**Table 3: Key information about the Issuer**

Legal and commercial name of the Issuer	Agrowill Group AB
Legal form	Public limited liability company
Head office (place of registration)	Smolensko str. 10, LT-03201 Vilnius
Registration number	AB 2003 – 926
Country of registration	Republic of Lithuania
Legal person code	1262 64360

Legislation under which it operates	The laws of the Republic of Lithuania
Date of incorporation	25 June 2003
Operating period	Indefinite
Phone number	+370 (5) 2335340
Fax	+370 (5) 2335345
E-mail	info@agrowill.lt
Website	<a href="http://www.agrowill.lt">http://www.agrowill.lt</a>

Source: the Company

#### 4.4.1 History and Development of the Group

On 25 June 2003 Galuvė UAB was established and in the same year, the Company changed its name to Agrovaldymo grupė UAB. On 26 January 2006 Agrovaldymo grupė UAB was transformed from a limited liability company (UAB) into a public limited company (AB). On 5 December 2007 the Company registered a new company name – Agrowill Group AB.

In January – March of 2007 the Issuer acquired group of land management companies Žemės vystymo fondas. Žemės vystymo fondas business activities are closely connected with the Issuer. The land management companies lease part of their owned agricultural land to the Group agricultural entities. The rest of land is leased to third parties (farmers and other third party agricultural entities).

By the end of 2007 the Group established 7 new land management companies. The Group owned 12,100 ha of land and cultivated in total 26,000 ha of land (own and rented land) at that time.

In March of 2008 the Company successfully completed the Initial Public Offering and listed its Shares on the Vilnius Stock Exchange (currently OMX). During the IPO in total 6,777,777 shares were sold at LTL 5 per share. Institutional investors subscribed for 6,594,193 shares (approximately 97.3% of the total offering).

In July of 2008 the Issuer acquired the Estonian milk production company Polva Agro AS with 2,200 cattle and 2,300 ha of cultivated land and in September of 2008 the Issuer acquired Lithuanian agricultural company Grūduva UAB with 1,900 cattle and 4,000 ha of cultivated land.

At the end of 2008 the global economic crisis adversely affected activities and results of the Issuer – a decrease in grain prices resulted in net loss of LTL 16.4 million in 2008. Due to the turmoil in commodity market and frozen credit markets the Issuer in June 2009 was unable to redeem LTL 27 million bond issue. As of 20 May 2010 the Issuer entered into the restructuring process.

On 3 October 2009 Polva Agro AS was sold to Estonian investors.

In October of 2010 the restructuring plan of the Company was approved.

In June of 2011 the Company successfully completed the Secondary Public Offering and listed its shares on the WSE (as well as listed the newly issued shares of OMX). During the SPO in total 13,268,732 shares were sold at LTL 1 per share. Institutional investors subscribed for 13,000,000 shares (approximately 97.98% of the total offering).

In November of 2011 the Group increased the area of cultivated land by 15 per cent. During the 2012–2013 season, the Group cultivated about 22 thousand hectares of land, where continued to grow cereals and oilseed rape for external sale as well as fodder crops for Agrowill Group milk farms activities.

In March of 2013 the Group and the bank Snoras BAB signed an agreement for prolongation of the repayment term of the loan in an amount of LTL 22.1 million until 20 March 2016.

In April of 2013 the Company successfully completed the sale of shares of its subsidiary companies Žemės vystymo fondas 1 UAB, Žemės vystymo fondas 2 UAB and Žemės vystymo fondas 8 UAB. These subsidiaries totally owned 1,900 ha of land and were sold for LTL 17.7 million.

As of 31 December 2013 Group's subsidiary land buying entities owned around 10 thousand ha of land, agricultural entities owned around 1.9 thousand ha, and additionally around 18.1 thousand ha were rented from other subjects.

As of the date of this Prospectus the Group controlled 91 subsidiaries: 18 Agricultural Companies (ŽŪB) and the remaining being responsible for land acquisition, rent, management and other activities. Most of the agricultural companies were established in 1991–1993 and have been intensively modernized by the Group. The full list of Subsidiaries is provided in Section 4.6 *Organisational Structure*.

Following the registration of the capital increase of the Company according to the decisions of the General Meeting of 13 March 2014 in addition to the aforementioned Subsidiaries, the Company will own 100% stakes in the following companies: (i) Baltic Champs UAB (code 302942064, registered at Šiauliai district municipality, Poviliškiai village, Lithuania; activities – mushroom growing) and (ii) eTime invest UAB (code 300578676, registered at

Saltoniškių str. 29, Vilnius, Lithuania; this company possesses land plots through its subsidiary in Ukraine as the lessee).

Furthermore, following the sale of 100% blocks of shares of AGRO Ramučiai UAB (code 302854479, registered at Šiauliai district municipality, Poviliškiai village, Lithuania, activities – crop activities) and Luganta UAB (code 300045023, registered at Kelmės district municipality, Pašiaušės village, Lithuania, activities – crop activities) to the Company by Kęstutis Juščius, according to the respective share sale-purchase agreement, as agreed in the Merger Agreement, the Company will also own 100% stakes in the aforementioned companies. For more information on this transaction please see Section 4.4.2 *Investments*.

#### 4.4.2 Investments

The investment history of the Issuer can be divided into two periods: 1) acquisition of agricultural entities and 2) development and modernization of agricultural entities. During the years 2004–2005 the Issuer has focused all its resources and capital for acquisition of new agricultural entities. Meanwhile in the years 2006–2009 the majority of investments were directed into the modernization of acquired agricultural entities: building reconstruction, acquisition of livestock, investments into machinery and vehicles. After reconstruction and refitting of majority of farms, with expanded capacity the Group has directed its investments into acquisition of livestock.

The Company did not acquire significant stakes in subsidiaries over the last years (2011–2013). Fixed assets of the Group increased significantly over the year, as the Group made some significant investments into renewal of agricultural machinery park and grain storage facilities.

The table below provides investments (additions) by category for the financial years 2010–2013.

**Table 4: Additions of tangible assets by the Group (LTL'000)**

Item	31 December 2013 (unaudited)	31 December 2012	31 December 2011 (restated)	31 December 2010
Land	4,952	305	1,564	19
Buildings	4,022	4,991	317	206
Constructions and machinery	17,267	12,143	1,035	940
Vehicles, equipment and other property, plant and equipment	1,364	491	384	367
Construction in progress	1,279	2,333	1,176	345
<b>Total</b>	<b>28,884</b>	<b>20,263</b>	<b>4,476</b>	<b>1,877</b>

Source: Consolidated Financial Statements and Consolidated Interim Information

During the period of 2008–2010 the Issuer continued acquiring good quality and undervalued agricultural land. In more recent years, however, the amount spent on additions of land was subject to decreases. No major investments in agricultural land were made during 2010–2013. In 2011 operations were restarted in two agricultural companies in Šiauliai region, and some agricultural land that was previously rented to third parties was transferred from investment property into PPE in the Group's balance sheet.

Investments in constructions and machinery during the period of 2010–2012 have been made for upgrading agricultural machinery for land cultivation. In 2012 the Group acquired new tractors and land cultivating machinery as well as invested into the renewal and expansion of its grain storage facilities. During 2013 the Group continued these investments by acquiring new combine harvesters and three new grain dryers. Also the Group invested into expanding the land plots owned by agricultural entities through acquisitions of state-owned land. Total investments in constructions and machinery during 2013 should amount to around LTL 30 million. The investments were partly financed by EU funds and lease.

In 2011 the Group started to expand its livestock herd through acquisitions and in-house breeding of heifers. To this end, 1,104 heifers were acquired in 2011 followed by 1,217 heifers and 350 milking cows acquired in 2012. In 2013 the Group increased its cow herd by another 180 heads to 2,985 and also added 475 heifers.

Following the agreement on sale-purchase of shares, to be concluded with Kęstutis Juščius on the day of closing of the transaction under the Merger Agreement, the Company will acquire 100% blocks of shares of AGRO Ramučiai UAB and Luganta UAB for a total price of LTL 5,705,215. LTL 356,867.45 of the total price will be paid by the Company for the shares of AGRO Ramučiai UAB, and LTL 5,348,347.55 – for the shares of Luganta UAB. The Company will pay the price from its operational cash flow.

#### 4.5 Business Overview

##### 4.5.1 Principal Activities

The Group divides its operations into the following segments:

- 1. Stock-breeding.** This activity is the most stable among all segments. Stock-breeding is one of the two main activities of the Group (the other is crop growing), which historically generates between 12 to 23% of total Group revenues. Stock-breeding activities are particularly important for the Group, as revenues received from stock-breeding covers expenses for other sectors, while the main commercial crops – rapeseeds and wheat – are being grown. As of 31 December 2013 the Group held 2,985 dairy cows 3,107

heifers of all ages. Revenues from production of milk and cattle-meat in 2013 amounted to LTL 29.6 million.

2. **Crop-growing.** Crop growing constitutes the largest operational segment – historically from 38 to 61% of the total Group revenues were generated from crop growing. Winter and summer wheat and rapeseeds are mainly grown by the Group. Grain for cattle feed is grown from barley and triticale, while green feed is grown from corns and a variety of perennial grasses. The Group currently operates about 22,400 ha. In 2013 the Group's revenues from crop growing amounted to LTL 45.1 million.
3. **Other segments.** The Group currently owns 11.8 thousand ha of land, 4.3 thousand ha of which is owned by or leased to the Group's agricultural companies, while 7.5 thousand ha is leased to other agricultural subjects. The Group has also founded new companies for investments in alternative energy, however as of the date of this Prospectus none of the investment projects had been started. In 2013 revenues from land rent and other activities amounted to LTL 6.8 million.

All of the Group's operating revenues during the period 2010 – 2013 were earned in the Lithuanian market. Therefore, the Group's operations are not divided geographically.

**Table 5: Revenue breakdown (LTL'000)**

Item	Year ended 31 December 2013 (unaudited)	Year ended 31 December 2012	Year ended 31 December 2011 (restated)	Year ended 31 December 2010
<b>Stock-breeding</b>	<b>29,605</b>	<b>22,710</b>	<b>19,067</b>	<b>18,654</b>
Milk	26,138	18,171	16,514	16,802
Cattle meat	3,467	3,999	2,552	1,852
<b>Crop growing</b>	<b>45,120</b>	<b>61,186</b>	<b>31,304</b>	<b>20,812</b>
Wheat	27,372	34,994	16,434	11,905
Rapeseed	15,873	22,931	13,749	6,717
Other crops	1,875	3,261	1,121	2,190
<b>Trade</b>	<b>1,085</b>	<b>219</b>	<b>713</b>	<b>2,285</b>
<b>Other segments</b>	<b>6,762</b>	<b>3,113</b>	<b>4,993</b>	<b>3,234</b>
<b>Total revenues</b>	<b>82,572</b>	<b>86,688</b>	<b>56,078</b>	<b>45,165</b>

Source: Consolidated Financial Statements and Consolidated Interim Information

**Table 6: Revenue breakdown for the 3 month ended 31 December 2013 (LTL'000)**

Item	3 months ended 31 December 2013 (unaudited)	3 months ended 31 December 2012 (unaudited)
<b>Stock-breeding</b>	<b>8,477</b>	<b>5,964</b>
Milk	7,800	5,281
Cattle meat	677	683
<b>Crop growing</b>	<b>20,044</b>	<b>37,078</b>
<b>Trade</b>	<b>615</b>	<b>139</b>
<b>Other segments</b>	<b>3,344</b>	<b>133</b>
<b>Total revenues</b>	<b>32,470</b>	<b>43,314</b>

Source: Consolidated Interim Information

After the capital increase of the Company under the decisions of the General Meeting of 13 March 2014, as well as after acquisition of AGRO Ramučiai UAB and Luganta UAB by the Company under the agreement on sale-purchase of shares of the indicated companies to be concluded with Kęstutis Juščius, the Group's operations will expand to new fields of champignon growing, compost production, and peat coating layer production:

1. **Champignon growing.** Historically champignon growing constituted the largest part of Baltic Champs UAB and its predecessor company Kęstutis Juščius Farm business. In 2012 sales of champignons generated LTL 56.1 million in revenues. Over 11,400 tons of fresh white and brown champignons were sold during this period for the average price of LTL 4.9 per kg. Historically revenues of champignon growing segment have been showing moderate growth – in 2011 the revenues increased by 2.5% while in



2012 it grew by 6%. During the twelve months of 2013<sup>4</sup> over 10,800 tons of champignons were sold which generated sales revenues of LTL 58.2 million.

2. **Compost production.** Production of mycelium in its growth medium (compost) is the second largest business segment of Baltic Champs UAB. The compost is sold to other champignon cultivation companies in Lithuania, Poland and Russia. In 2012 over 22,600 tons of compost was sold which generated LTL 14.3 million in revenues. This segment has increased significantly (+33%) in 2011 while in 2012 revenue growth has slowed down to 2.9%. During the twelve months of 2013<sup>4</sup> over 23,200 tons of compost was sold for LTL 15.4 million.
3. **Peat coating layer production.** Production of peat coating layer, which is used for the champignons cultivation, is the smallest business segment of Baltic Champs UAB. In 2012 this activity has generated LTL 0.5 million in revenues while 4,700 m<sup>3</sup> of product was sold. Peat coating layer production is the newest business segment of Baltic Champs UAB and has been growing significantly in recent years – from 2010 till 2012 the sales of the layer have been on average growing by 24% per year. During the twelve months of 2013<sup>4</sup> 4,500 m<sup>3</sup> of peat coating layer were sold for LTL 474 thousand.

**Table 7: Revenue breakdown (LTL'000)**

Item	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010
Champignon growing	58,158	56,058	52,938	51,665
Compost production	15,413	14,313	13,904	10,421
Peat coating layer production	474	497	414	321
<b>Total revenues</b>	<b>74,046</b>	<b>70,869</b>	<b>67,257</b>	<b>62,407</b>

Source: unaudited financial statements and consolidated interim information for the twelve months period of Baltic Champs UAB and Kęstutis Juščius Farm

#### 4.5.2 Principal Markets

##### Global grain market review

The crop-growing market in Lithuania is very dependent on the global grain market. As is the case for most commodities, the price of grains, such as wheat or barley, anywhere in the world is determined by global supply and demand as well as local factors. As the global population increases, the demand for grain and other food products grows as well. However, the supply of grain is limited by the supply of agricultural land and the productivity of agricultural operations.

According to Food and Agriculture Organization of the United Nations, the largest global producers of wheat are China, India, the USA, and the Russian Federation together producing around 45% of the world's wheat. However, these countries are also the world's largest wheat consumers and consume most of the wheat produced themselves. Lithuania produces only about 0.3% of the total wheat production in the world.

Another important metric defining the global grain market is the import/export balance. Historically the largest net importers of wheat have been countries like Brazil, Egypt, Algeria, Indonesia and Japan. These countries lack the agricultural land to sustain their consumption and usually choose to import. The largest net exporting countries have historically been countries like the USA, Canada, Australia, the Russian Federation and Argentina – with ample supply of agricultural land and a relatively lower population. Because the global grain market is so widely integrated, it is sensitive to a variety of factors such as weather conditions in major crop-growing countries and the political and economic conditions in major grain importing countries. In recent years the political unrest in Northern Africa has been harmful for the global demand of grain. However the demand for grain will continue to increase due to the growing global population as well as the increasing demand for biofuels.

**Table 8: Largest net importers and exporters of grain, million of tons, 2012**

	Country (Importers)	2012	Country (Exporters)	2012
1	Brazil	24.0	United States	49.0
2	Egypt	14.7	Argentina	32.0
3	Algeria	14.2	Australia	21.9
4	Indonesia	12.9	Canada	21.9
5	Japan	12.6	Ukraine	20.7
6	Spain	10.0	India	17.5
7	Netherlands	9.3	Russia	12.9
8	Iran	8.2	Brazil	10.4

<sup>4</sup> Encompasses period from 1 January 2013 till 31 July 2013, when champignon cultivation business was consolidated under Kęstutis Juščius Farm and period from 1 August 2013 to 31 December 2013, when champignon cultivation business was undertaken by Baltic Champs UAB.

	Country (Importers)	2012	Country (Exporters)	2012
9	Republic of Korea	8.1	Kazakhstan	7.2
10	Nigeria	7.1	European Union	7.0

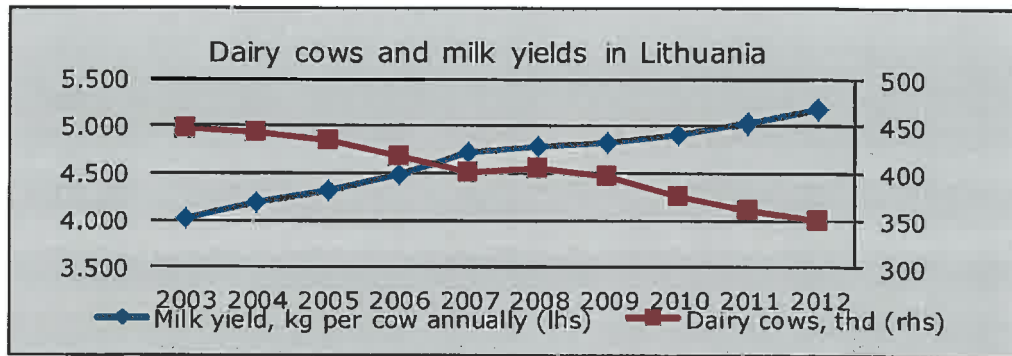
Source: Earth Policy Institute, <http://www.earth-policy.org/>

**Lithuanian milk market review**

The market for raw milk is not as globally integrated as it is for grain primarily because of the limited transportability of raw milk. Therefore, Lithuanian milk producers are more dependent on local dairy processors than global trends.

During the past decade the Lithuanian milk industry has seen a steady decline in the number of dairy cows and a seemingly compensating growth in milk yields per cow. This has been mostly due to the continuing consolidation of small, less effective family farms into larger industrial milk farms. However, having increased by over 25% during the last decade Lithuanian average milk yields are still around 20% below the EU-28 average.

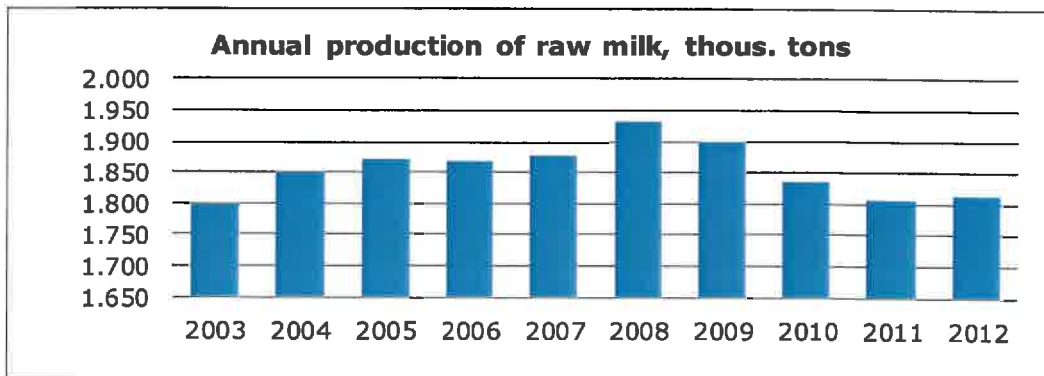
**Scheme 1: Dairy cows and milk yields in Lithuania, 2003-2012**



Source: Lithuanian Department of Statistics

The annual production of milk in Lithuania reached its peak of over 1.9 million tons in 2008, just before the recent economic crisis. Milk prices dropped sharply during the next few years, which forced many farmers to downscale production or exit the milk sector entirely. In 2011-2012 the situation seems to have stabilized and total milk production is slowly starting to increase again.

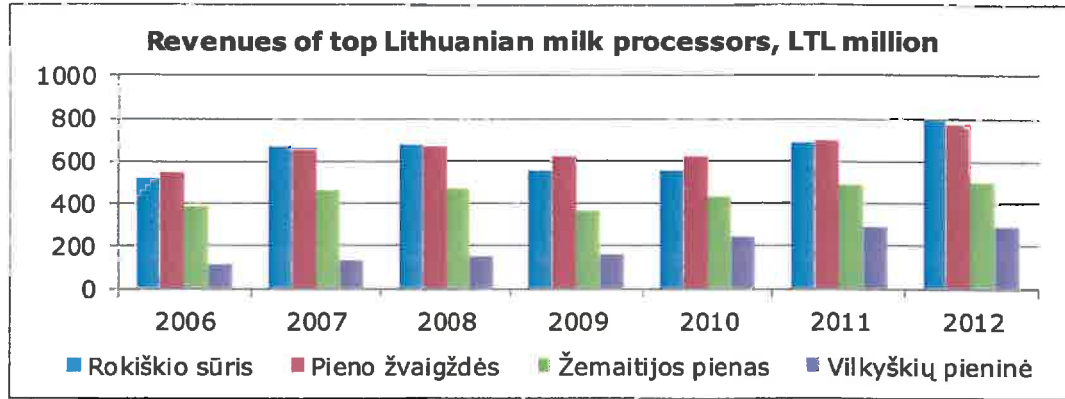
**Scheme 2: Annual production of raw milk in Lithuania, 2003-2012**



Source: Lithuanian Department of Statistics

Lithuanian dairy processing market is dominated by four major companies, holding circa. 80% of the market share. These companies are increasingly focusing on exporting their milk products as the Lithuanian market is already saturated. Growth of the processors through exports would lead to increased demand for raw milk in the local market.

**Scheme 3: Revenues of top Lithuanian milk processors, 2006–2012**



Sources: Financial statements of the companies

**Champignon cultivation industry overview**

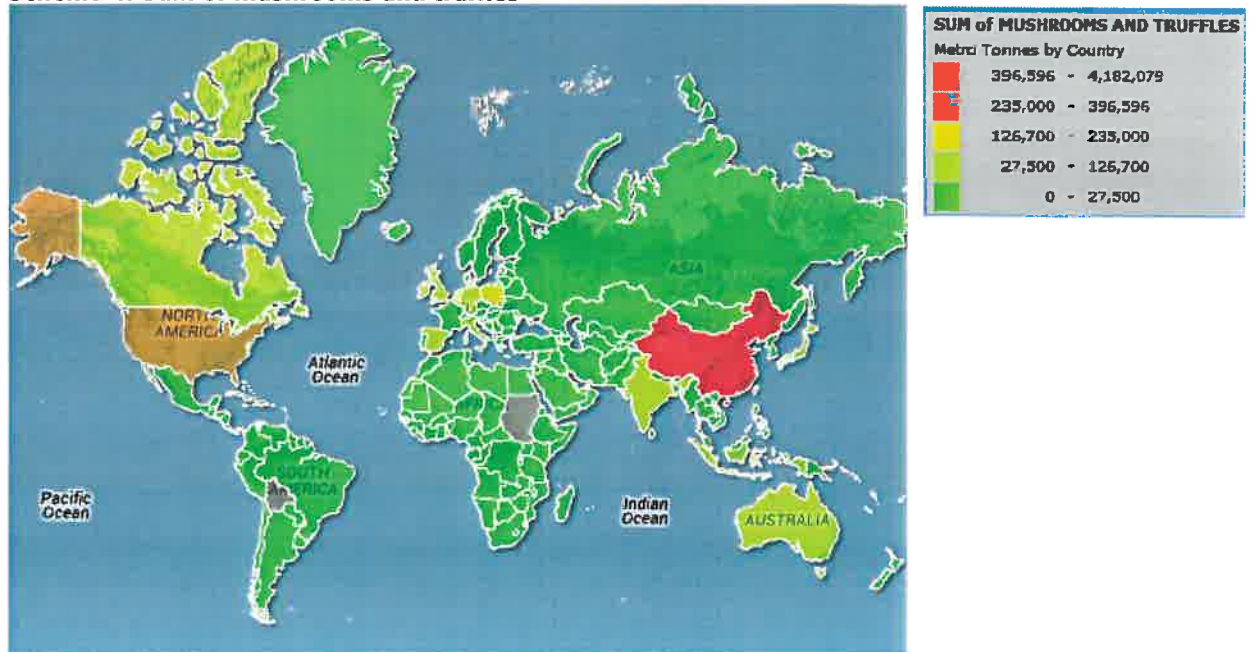
**Mushroom growing market review**

Mushrooms are grown in almost every country of the world. Most of them are cultivated in China and USA – 73% and 7% respectively in 2010.

Largest producers in Europe are Holland and Poland producing 250 and 180 thousand tons respectively. There are approximately 200 mushroom producers in Europe; most of them are located in southern part of the continent. About 10,000 people are employed in the mushroom production sector. The average yield of production is 25–35 kilos of mushroom per square meter of cultivated land. Almost 80% of production is exported, of which 65% are sold in canned or frozen form. Mushrooms are important export products in pickled vegetables segment, where most of these pickled goods are exported to Germany. German and French people consume more mushrooms than any other nation in Europe: 2.9 and 2.4 kilos per person respectively, where French usually prefer pickled products. Dutch mostly consume fresh mushrooms. In total (including pickled and fresh mushrooms), Dutch consume 1.2 kilos of mushrooms per person annually.

Great Britain produces more than 100 thousand tons of mushrooms per year. There are approximately 150 mushroom producers and 280 mushroom farms located in the country. Northern Ireland is an important region in terms of mushroom production, having more than 300 mushroom farms mostly supplying Great Britain consumers. Fresh mushrooms are preferred to pickled in Great Britain and Ireland region and constitute 7% of total vegetable consumption in the country. Almost all (95%) of consumed mushrooms are white champignons, from which 65% are sold in a closed package.

**Scheme 4: Sum of mushrooms and truffles**



Source: <http://www.targetmap.com/viewer.aspx?reportId=17849>

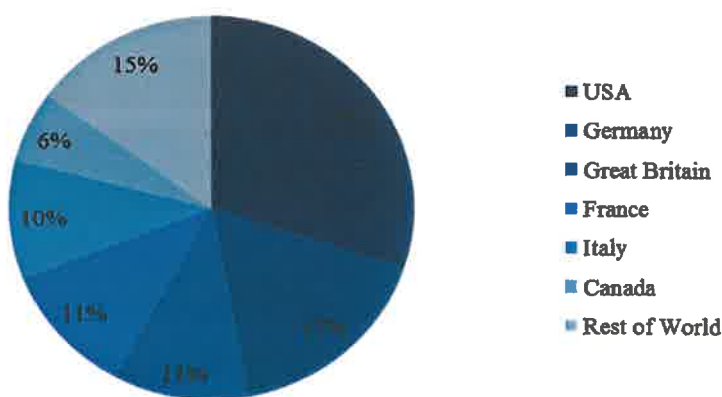
**Table 9: World mushrooms and truffle-growing market: production in tons, 1997–2010**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
China	1 462 196	1 895 691	2 185 006	2 408 234	2 669 841	3 859 806	3 009 469	3 360 513	3 409 686	3 684 342	4 068 518	4 710 575	4 680 726	4 182 079
USA	366 810	384 346	387 580	383 830	376 900	377 080	367 601	387 601	386 684	382 341	359 630	353 560	366 257	385 596
Holland	240 000	246 000	250 000	265 000	276 000	270 000	263 000	260 000	248 000	235 000	240 000	255 000	235 000	235 000
Poland	101 786	102 570	106 483	113 479	110 000	120 000	130 196	150 000	160 000	153 497	180 000	164 026	176 569	178 500
Spain	81 304	80 000	93 600	83 254	109 606	134 669	129 206	138 782	137 764	135 419	131 974	133 548	136 000	126 700
France	173 000	181 564	181 889	203 811	196 284	175 288	165 647	165 466	138 541	115 846	162 450	150 450	117 934	123 126
Italy	87 648	89 343	61 623	72 482	72 900	72 700	98 090	94 152	88 361	100 100	85 911	100 000	106 000	98 000
Great Britain	107 359	109 500	104 700	89 900	92 600	84 700	51 000	74 000	74 000	68 000	72 000	45 752	46 000	68 306
Ireland	57 800	62 000	64 800	59 800	68 000	69 000	69 000	65 000	62 000	75 000	80 509	53 884	57 747	65 000
Germany	60 000	60 000	60 000	62 000	65 000	62 000	60 000	60 000	60 000	58 000	59 317	60 000	52 000	47 400
India	9 000	13 500	14 000	24 000	23 900	33 900	48 000	61 000	36 000	51 000	37 000	38 577	38 930	41 900
Belgium	0 000	0 000	0 000	46 300	40 500	42 500	43 000	44 526	41 608	41 712	43 361	40 000	42 208	41 400
Hungary	13 559	14 426	15 901	16 926	18 414	20 257	22 396	18 303	19 734	21 268	21 637	26 906	21 950	14 026
Africa	7 406	6 507	7 617	7 278	7 019	7 021	8 610	8 416	8 385	8 477	10 320	8 796	11 446	11 997
Denmark	8 766	8 314	8 300	8 686	8 686	8 686	5 180	10 946	10 946	10 946	11 000	7 362	7 890	11 200
Ukraine	2 000	2 500	3 000	3 500	3 400	3 500	4 000	5 000	6 000	7 000	8 000	6 300	6 600	10 990
Lithuania	2 100	2 100	2 500	3 000	3 000	2 800	2 600	3 371	4 057	5 175	6 688	8 140	10 018	10 431
Israel	1 260	1 000	1 000	7 500	7 500	7 800	8 600	9 000	9 500	9 500	9 500	9 500	9 500	9 500
Switzerland	7 239	7 800	7 100	7 350	7 000	7 400	6 800	7 451	7 440	7 440	7 440	7 500	8 450	7 300
Belarus	0 000	4 500	4 200	5 000	6 000	6 000	7 000	7 117	7 018	8 000	6 800	7 000	7 035	7 000
Russia	1 500	3 500	3 500	6 000	6 000	7 000	5 700	5 000	5 000	6 000	5 700	6 000	6 200	5 500
Finland	1 242	1 364	1 623	1 536	1 465	1 796	2 020	2 230	1 996	2 054	2 016	1 971	1 612	1 700
Bulgaria	13 000	11 000	10 200	11 500	10 000	8 961	9 341	11 000	3 000	1 634	1 716	1 438	1 725	1 619
Austria	300	100	100	100	300	500	800	900	900	900	900	900	900	900
Latvia	367	500	500	500	534	500	600	550	500	550	500	420	546	470
Estonia	60	80	8	200	100	100	100	96	98	120	100	91	100	110
World	3 838 289	3 563 459	3 835 291	4 289 214	4 514 598	4 713 968	4 982 937	5 293 738	5 271 385	5 593 886	5 975 924	6 576 196	6 536 542	6 696 747

Source: usda.mannlib.cornell.edu.

Scale of global mushroom production is growing and in the year 2010 exceeded 5 million tons or \$16 billion worth of champignons. Mushrooms are traded in processed form throughout the world, though in recent years, the EU countries and USA give preference to fresh mushrooms. Largest exporters of fresh mushrooms are the Netherlands, Poland, Ireland and Belgium. China is the largest exporter of canned mushrooms, its market share amounts to 41.82%. Holland and Spain are other important canned mushroom production regions with their market shares amounting to 25.11% and 7.37% respectively. Main importers of canned mushroom products are Germany, USA, France, while the largest importers of fresh mushrooms are Great Britain, Germany, USA and France.

**Scheme 5: Global mushroom consumption, 2007**



Source: www.nistads.res.in.

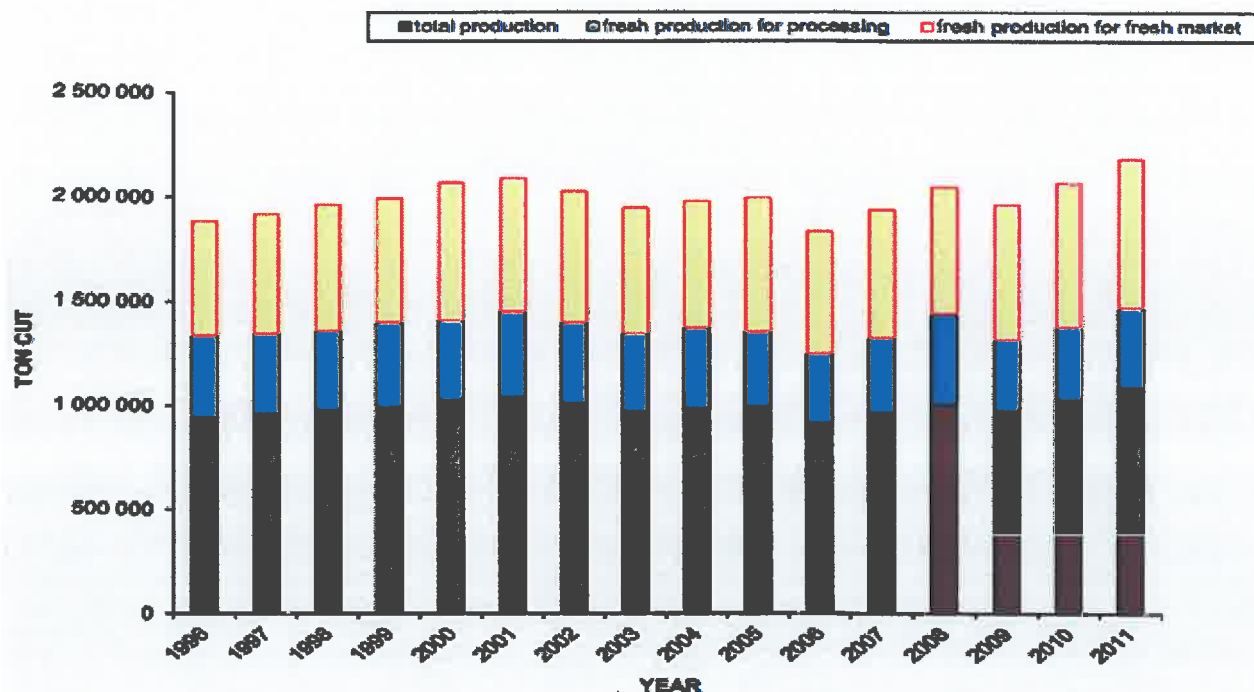
Demand and supply of champignons in USA and Europe is imbalanced – more mushrooms are consumed than produced, therefore the level of imports of both fresh and processed mushrooms in these regions is high. There are number of countries which are net exporters of mushrooms – e. g. India is one of the largest suppliers of imported

mushrooms to the USA while Holland and China are global leaders producing and selling more than half of global mushroom exports.

In the EU more than 1 million tons of champignons are produced per year. The graph below presents the EU mushroom production trend during the period of 1996-2011. During this period the smallest amount of mushrooms was produced in 2006, while the largest production occurred in 2011, surpassing the 2008 before-crisis production level by 50 thousand tons.

#### Scheme 6: EU production button mushroom, 1996–2012

##### EU PRODUCTION BUTTON MUSHROOM (1996-2012) GEPC



Source: GEPC the European Mushrooms Producers Board. <http://www.infochampi.eu/pdf/INT-DOC-GEPC-RODUCTION.pdf>

During the recent years, constant increase in production quantities was observed – starting from 2009 more mushrooms are grown each year. Annual growth exceeded 5% in 2010 and in 2011. Increasing growth is driven by rising demand for mushrooms, while ameliorative technologies allow increasing efficiency and cultivating more mushrooms with the same level of inputs.

Lithuanian mushroom market is dominated by local production – imported products constitute only a marginal amount of supply. 1.5 thousand of tons were purchased from local producers in 2012 to satisfy the demand for fresh mushroom consumption, which is 20% more than in 2011. A smaller growth of 9.5% was registered in 2013 when purchased quantity for fresh consumption increased to 1.7 thousand tons. Mushroom purchases for processing is rather volatile – 178 tons were purchased in 2009, in 2011 only 97 tons while in 2012 purchases for processing increased by 62.5% and reached 158 tons. In 2013 additional increase of 6.5% to 168 tons was registered. Mushrooms for processing are usually bought by companies producing preserved/canned goods, restaurants or cafeterias. The level of purchases in this segment highly depends on the price, as processing companies search for best prices not only in local markets but also abroad (e.g. Poland).

**Table 10: Mushroom procurement quantities and prices (Lithuanian market)**

Quantities	2009	2010	2011	2012	2013
Procurement of champignons for fresh consumption, local producers (t)	1,363.40	1,419.30	1,297.20	1,554.80	1,701.8
Procurement of champignons for processing, local producers (t)	178.3	145.5	97.2	157.9	168.2
Prices	2009	2010	2011	2012	2013
Average procurement price for fresh consumption (LTL/kilo)	4.97	4.95	4.99	4.85	4.91
Average procurement price for processing (LTL/kilo)	3.61	3.94	4.01	4.07	4.15

Source: [www.vic.lt](http://www.vic.lt)

According to Statistical Department of Lithuania, average procurement price of mushrooms was highest in 2003 (5,452 LTL/t), while the lowest in 2006 (4,013 LTL/t). Starting from 2008 the average price has fluctuated around 4,800 LTL/t, reaching 4,922 LTL/t in 2011 – the largest price level reached since 2003. Rather stable and gradually

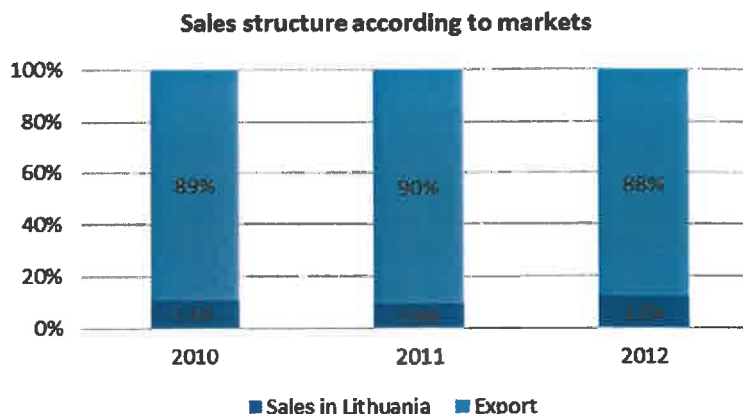
increasing prices allow create favourable conditions for producers to increase production capacities in the coming periods.

**Table 11: Procurement prices of agricultural production in Lithuania, LTL/t**

Item	2000	2001	2002	2003	2004	2005	2006
Champignons	5,064	5,012	4,844	5,452	4,573	4,141	4,013
		2007	2008	2009	2010	2011	2012
		4,460	4,878	4,812	4,858	4,922	4,783

Source: Lithuanian Department of Statistics

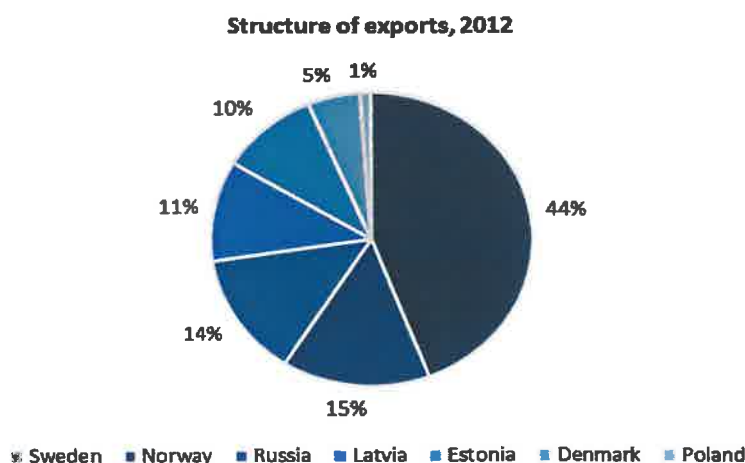
**Scheme 7: Baltic Champs UAB sales market overview, 2010-2012**



Source: Baltic Champs UAB

The largest part of Baltic Champs UAB production is sold abroad – exports amounted to 88% of total sales in 2012. Despite relatively low share of income, sales in Lithuania have been steadily increasing – revenues from mushroom sales increased by 33% reaching LTL 8.5 m in 2012 (as compared to 2011).

**Scheme 8: Baltic Champs UAB structure of exports, 2012**



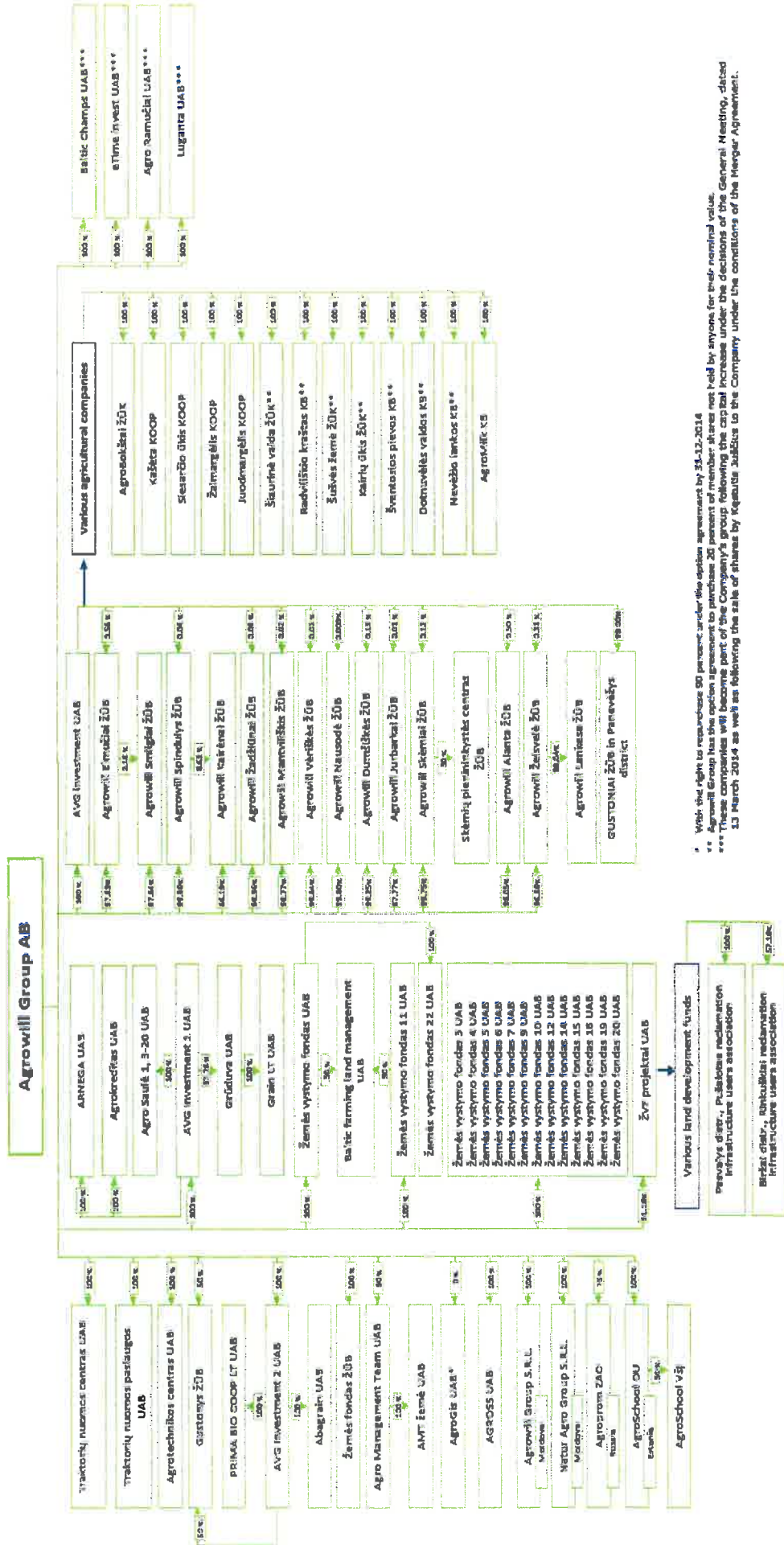
Source: Baltic Champs UAB

Company’s main export markets are in Scandinavia – sales in Sweden, Norway and Denmark constituted 64% of total exports. Sales in Sweden alone amounted to 44% of all exported production. Russia is also an important market – sales in this country reached LTL 6.4 m in 2012 and constituted 15% of total export revenues. Even though sales in Latvia amounts only to 11% of exports, this market showed the largest growth in sales – revenues increased by 40% and generated LTL 5.3 m in 2012. Baltic Champs UAB export is based on long-term agreements with its clients.

**4.6 Organizational Structure**

Graphical structure of the Issuer is provided in the scheme below.

Scheme 9: Subsidiaries controlled by the Issuer as of the date of this Prospectus



\* With the right to repurchase 90 percent under the option agreement by 31.12.2014

\*\* Agrowill Group has the option agreement to purchase 20 percent of member share not held by anyone for their nominal value.

\*\*\* These companies will become part of the Company's group following the capital increase under the decisions of the General Meeting, dated 31 March 2014 as well as following the sale of shares by Regional Justice to the Company under the conditions of the Merger Agreement.

Following the registration of the capital increase of the Company according to the decisions of the General Meeting of 13 March 2014, as well as after acquisition of AGRO Ramučiai UAB and Luganta UAB by the Company under the agreement on sale-purchase of shares of the indicated companies, to be concluded under the terms of the Merger Agreement in addition to the aforementioned Subsidiaries, the Company will own 100% stakes in the following companies: (i) Baltic Champs UAB (code 302942064, registered at Šiauliai district municipality, Poviliškiai village, Lithuania; activities – mushroom growing), (ii) eTime invest UAB (code 300578676, registered at Saltoniškių str. 29, Vilnius, Lithuania; this company possesses land plots through its subsidiary in Ukraine as the lessee), (iii) AGRO Ramučiai UAB (code 302854479, registered at Šiauliai district municipality, Poviliškiai village, Lithuania, activities – crop activities), and (iv) Luganta UAB (code 300045023, registered at Kelmės district municipality, Pašiaušės village, Lithuania, activities – crop activities).

Currently the Issuer does not belong to the group of companies as it is described in the applicable Lithuanian laws, i.e. the Issuer is not controlled by any persons, as it is indicated in the Law on Companies – none of shareholders of the Company has shares thereof, entitling to more than 1/2 of votes in the General Meeting.

However, following the registration of the capital increase of the Company according to the decisions of the General Meeting of 13 March 2014, as well as after Vretola Holdings Limited will transfer to Baltic Champs Group UAB 5,622,488 Shares of the Company, as agreed under the Merger Agreement (on the closing day of the transaction), Baltic Champs Group UAB will become the controlling shareholder of the Company, holding 50.2% of all the Shares and votes in the General Meeting. For more information on this issue please see Section 4.17 *Major Shareholders*.

As of the date of this Prospectus the Group controlled 91 Subsidiaries: 18 Agricultural Companies (ŽŪB) and the remaining being responsible for land acquisition, rent, management and other activities. The detailed list of Subsidiaries is provided in the table below.

**Table 12: Subsidiaries controlled by the Issuer as of the date of this Prospectus**

<i>Subsidiary</i>	<i>Country</i>	<i>Group ownership interest (including the voting rights), %</i>	<i>Profile</i>
AVG Investment UAB	Lithuania	100.00	Management company
AWG Investment 1 UAB	Lithuania	100.00	Management company
AWG Investment 2 UAB	Lithuania	100.00	Management company
AGROSS UAB	Lithuania	100.00	Management company
Abagrain BUAB	Lithuania	100.00	Trade activities
Grain Lt UAB	Lithuania	100.00	Trade activities
AMT Žemė UAB	Lithuania	90.00	Trade and logistics
AgroGIS UAB	Lithuania	90.00	Agriculture IT system development
Baltic farming land management UAB	Lithuania	100.00	Acquisitions and rent of land
Agro Management Team UAB	Lithuania	90.00	Land management company
Agrotechnikos centras UAB	Lithuania	100.00	Lease of machinery
Prima Bio Coop LT UAB	Lithuania	100.00	Trade activities
Žemės fondas ŽŪB	Lithuania	100.00	Rent of land
Agroprom ZAO	Russia	75.00	Management of subsidiaries
Natur Agro Group S.R.L.	Moldova	100.00	Acquisitions and rent of land
Agrowill group S.R.L.	Moldova	100.00	Acquisitions and rent of land
Žemės vystymo fondas UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 3 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 4 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 5 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 6 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 7 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 9 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 10 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 11 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 12 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 14 UAB	Lithuania	100.00	Acquisitions and rent of land



<i>Subsidiary</i>	<i>Country</i>	<i>Group ownership interest (including the voting rights), %</i>	<i>Profile</i>
Žemės vystymo fondas 15 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 16 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 19 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 20 UAB	Lithuania	100.00	Acquisitions and rent of land
Žemės vystymo fondas 22 UAB	Lithuania	100.00	Acquisitions and rent of land
Agricultural company Agrowill Spindulys	Lithuania	100.00	Agricultural operations
Agricultural company Agrowill Smilgiai	Lithuania	99.95	Agricultural operations
Agricultural company Agrowill Skėmiai	Lithuania	99.87	Agricultural operations
Agricultural company Agrowill Nausodė	Lithuania	99.81	Agricultural operations
Agricultural company Agrowill Dumšiškės	Lithuania	99.38	Agricultural operations
Agricultural company Agrowill Žadžiūnai	Lithuania	99.02	Agricultural operations
Agricultural company Agrowill Mantviliškis	Lithuania	98.79	Agricultural operations
Agricultural company Agrowill Alanta	Lithuania	98.55	Agricultural operations
Agricultural company Agrowill Eimučiai	Lithuania	98.41	Agricultural operations
Agricultural company Agrowill Vėriškės	Lithuania	99.86	Agricultural operations
Grūduva UAB	Lithuania	97.28	Agricultural operations
Agricultural company Gustoniai	Lithuania	99.00	Agricultural operations
Agricultural company Agrowill Želsvelė	Lithuania	97.17	Agricultural operations
Agricultural company Agrowill Lankesa	Lithuania	96.24	Agricultural operations
Agricultural company Agrowill Kairėnai	Lithuania	94.82	Agricultural operations
Agricultural company Agrowill Jurbarkai	Lithuania	87.78	Agricultural operations
Cooperative company Siesarčio ūkis	Lithuania	100.00	Agricultural services
Cooperative company Kašėta	Lithuania	100.00	Agricultural services
Agricultural company Gustonys	Lithuania	100.00	Agricultural operations
Agricultural company Skėmių pienininkystės centras	Lithuania	50.00	Agricultural services
Cooperative company AgroBokštai	Lithuania	100.00	Agricultural services
Cooperative company Dotnuvėlės valdos	Lithuania	100.00	Agricultural services
Cooperative company Nevėžio lankos	Lithuania	100.00	Agricultural services
Cooperative company Radviliškio kraštas	Lithuania	100.00	Agricultural services
Cooperative company Šventosios pievos	Lithuania	100.00	Agricultural services
Cooperative company Kairių ūkis	Lithuania	100.00	Agricultural services
Cooperative company Šiaurinė valda	Lithuania	100.00	Agricultural services
Cooperative company Šušvės žemė	Lithuania	100,00	Agricultural services
Cooperative company Žalmargėlis	Lithuania	100.00	Agricultural services
Cooperative company Juodmargėlis	Lithuania	100.00	Agricultural services
Cooperative company AgroMilk	Lithuania	100.00	Agricultural services
Agrosaulė 1 UAB	Lithuania	100.00	Alternative energy
Agrokreditas UAB	Lithuania	100.00	Financial services
Agrosaulė 3 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 4 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 5 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 6 UAB	Lithuania	100.00	Alternative energy

<i>Subsidiary</i>	<i>Country</i>	<i>Group ownership interest (including the voting rights), %</i>	<i>Profile</i>
Agrosaulė 7 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 8 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 9 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 10 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 11 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 12 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 13 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 14 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 15 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 16 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 17 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 18 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 19 UAB	Lithuania	100.00	Alternative energy
Agrosaulė 20 UAB	Lithuania	100.00	Alternative energy
Traktorių nuomos centras UAB	Lithuania	100.00	Agricultural services
Traktorių nuomos paslaugos UAB	Lithuania	100.00	Agricultural services
Arnega UAB	Lithuania	100.00	Agricultural services
AgroSchool OU	Estonia	100.00	Human resource management
Public institution AgroSchool	Lithuania	50.00	Human resource management
Biržai distr., Rinkuškiai reclamation infrastructure users association	Lithuania	57.16	Agricultural services
Pasvalys distr., Pušalotas reclamation infrastructure users association	Lithuania	100.00	Agricultural services

Source: Interim Financial Information

#### 4.7 Property, Plants and Equipment

**Table 13: Fixed assets of the Group (LTL'000)**

<i>Item</i>	<i>Land</i>	<i>Buildings</i>	<i>Constructions and machinery</i>	<i>Vehicles, equipment and other property, plant and equipment</i>	<i>Construction in progress</i>	<i>Total</i>
Carrying amount as of 31 December 2010	39,949	60,308	30,320	2,543	7,322	140,442
Carrying amount as of 31 December 2011 (restated)	42,191	60,339	29,956	2,343	4,882	139,711
Carrying amount as of 31 December 2012	42,466	60,966	35,906	2,240	6,532	148,110
As of 31 December 2013 (unaudited)	30,417	61,071	45,746	2,653	7,709	147,596

Source: Consolidated Financial Statements and Consolidated Interim Information

As of 31 December 2013 the carrying amount of property, plant and equipment in the amount of LTL 67,703 thousand (2012: LTL 72,854 thousand, 2011: LTL 74,087 thousand, 2010: LTL 79,285 thousand) have been pledged as security for bank borrowings. The leased assets are pledged according to the finance lease agreements.

As the majority of Group's companies are undergoing restructuring processes, there were certain items with restricted title (for more information on the restructuring process please see Section 4.19.5 *Legal and Arbitration Proceedings*). As at 31 December 2009, almost all the PPE of all agricultural entities of the Group (except for the ones pledged to the banks) were arrested based on claims from various creditors. Total amount of such assets amounted to around LTL 68 million. The Group carries on using the PPE the title of which is restricted, however it cannot be sold or its title transferred otherwise. As soon as the initiation of restructuring case was approved in the court, the sanctions were lifted by the court. As at 31 December 2010 all arrests were lifted as the initiation of restructuring cases were approved by the court and recovery processes were banned.

**Table 14: Livestock quantity of the Group**

Item	Milk cows	Heifers	Other livestock	Total
As of 31 December 2010	2,657	2,298	653	<b>5,608</b>
As of 31 December 2011 (restated)	2,323	2,581	1,083	<b>5,987</b>
As of 31 December 2012	2,805	2,631	997	<b>6,433</b>
As of 31 December 2013 (unaudited)	2,985	3,107	1,445	<b>7,537</b>

Source: Consolidated Financial Statements, Consolidated Interim Information and the Company

**Table 15: Livestock value of the Group (LTL'000)**

Item	Milk cows	Heifers	Other livestock	Total
As of 31 December 2010	9,233	3,297	479	<b>13,009</b>
As of 31 December 2011 (restated)	8,137	6,591	1,932	<b>16,660</b>
As of 31 December 2012	9,820	6,718	1,921	<b>18,459</b>
As of 31 December 2013 (unaudited)	10,478	7,886	1,788	<b>20,152</b>

Source: Consolidated Financial Statements, Consolidated Interim Information and the Company

The biological assets of the Group have been increasing since 2010 due to increases in the quantity of the milk cows and heifers.

The Group rents certain property, plant and equipment for operational needs. As at the date of this Prospectus, the rented items included 12 tractors, one feed crusher and one telescopic loader. All of the machinery is rented through long-term (1 year and longer) agreements. All rent agreements may be cancellable only in case of missed payments.

## 4.8 Operating and Financial Review

### 4.8.1 Financial Condition

**Table 16: Consolidated capital resources of the Group (LTL'000)**

Item	31 December 2013 (unaudited)	31 December 2012	31 December 2011 (restated)	31 December 2010
Cash and cash equivalents	6,215	3,118	2,756	1,322
Current financial liabilities	27,368	69,221	73,443	79,520
Non-current financial liabilities	100,780	56,902	53,318	51,280
Total equity	118,137	123,030	117,133	109,137
Share capital	84,821	84,821	84,821	71,552
Share premium	24,639	24,639	24,639	25,595
Revaluation reserves	29,090	41,555	44,182	45,885
Legal reserves	2,000	2,000	2,000	2,000
Retained profit (loss)	(23,738)	(32,566)	(40,566)	(38,326)
Minority interest	1,325	2,581	2,057	2,431
Long-term capital resources (non-current financial liabilities and total equity)	218,917	179,932	170,451	160,417

Source: Consolidated Financial Statements and Consolidated Interim Information

The share capital of Agrowill Group AB as at 31 December 2013 as well as at the date of this Prospectus is LTL 84,820,986. The share capital is divided into 84,820,986 ordinary registered Shares. Each issued Share has a LTL 1 nominal value and is fully paid-up. During 2011, the Company issued a new capital issue of 13,268,732 shares. Each share has usual material and intangible rights as per the Law on Companies and the Articles of Association of the Company.

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The legal reserve of the Group equalled LTL 2,000 thousand as at 31 December 2013, 2012 and 2011. A revaluation reserve is formed when the Group revalues its own used assets according to the accounting policies described above. The amounts credited to this reserve are net of taxes, and the reserve is depreciated over the useful lives of the assets which were revaluated. The revaluation reserve (net of taxes) of the Group equalled LTL 29,090 thousand as at 31 December 2013 (31 December 2012: 41,555).

**Table 17: Long term borrowings of the Group (LTL'000)**

Item	31 December 2013 (unaudited)	31 December 2012	31 December 2011 (restated)	31 December 2010
<i>Borrowings from banks</i>				
Land management entities	47,695	54,160	57,433	60,445
Agricultural entities	37,229	36,276	37,198	38,065
Parent Company	1,313	1,145	2,215	-
Trade companies and SPV's	50	924	1,350	1,950
<i>Long-term payment to 3<sup>rd</sup> parties</i>				
Long-term payable to the State	6,128	2,143	1,651	459
Long-term payable to creditor	-	2,043	2,140	2,666
<b>Total</b>	<b>92,415</b>	<b>96,691</b>	<b>101,987</b>	<b>103,585</b>
<b>Less:</b> amounts, payable within one year (breached covenants)	-	(29,549)	(31,267)	(31,267)
<b>Less:</b> amounts, payable within one year (companies under restructuring)	-	-	-	(24,738)
<b>Less:</b> amounts, payable within one year (cancelled agreements)	-	-	(3,292)	(7,044)
<b>Less:</b> amounts, payable within one year (according to agreements)	(3,352)	(26,617)	(31,011)	(3,335)
<b>Less:</b> amounts under approved restructuring plans	(36,074)	(35,320)	(35,907)	(11,155)
<b>Total long term borrowings</b>	<b>52,989</b>	<b>5,205</b>	<b>510</b>	<b>26,046</b>

Source: Consolidated Financial Statements and Consolidated Interim Information

As at 31 December 2011, 2 Group companies had their agreements terminated, with negotiations ongoing regarding payment of the amounts. The total amount of such agreements was LTL 3,292 thousand. The loans taken by the entities for which restructuring plans are approved are classified as restructured liabilities in the balance sheet. Such loans amounted to LTL 36,074 thousand as at 31 December 2013 (31 December 2012: LTL 35,320 thousand, 31 December 2011: LTL 35,907 thousand).

As at 31 December 2012 and 31 December 2011 some land management entities have breached some minor covenants, and as such companies are not under restructuring - this situation triggers the possible payback of other loans. The amount of such reclassification (breached covenants) was LTL 29,549 thousand as of 31 December 2012 (31 December 2011: LTL 31,267). As new loan agreements between banks and the land management entities were signed in the beginning of 2014, no reclassification for breached covenants was made in 2013. As at 31 December 2013 the Group owes payable amount to the State of LTL 6,128 thousand for land acquisition made by the Group in 2008, 2011, 2012 and 2013. The payable amount to State is over 15 year period.

**Table 18: Short term borrowings of the Group (LTL'000)**

Item	31 December 2013 (unaudited)	31 December 2012	31 December 2011 (restated)	31 December 2010
<i>Borrowings from banks</i>				
Agricultural entities	-	-	400	400
<i>Bonds issued by the Parent Company, maturity in 2009</i>	6,099	8,887	8,887	8,887
<i>Borrowings from legal entities by the Group</i>	1,149	2,771	416	5,728
<i>Borrowings from private individuals by the Group</i>	-	-	-	-
<b>Total</b>	<b>7,248</b>	<b>11,658</b>	<b>9,703</b>	<b>15,015</b>
<b>Less:</b> amounts under approved restructuring plans	(6,099)	(8,887)	(8,887)	(8,887)
<b>Total short term borrowings</b>	<b>1,149</b>	<b>2,771</b>	<b>816</b>	<b>6,128</b>

Source: Consolidated Financial Statements, Consolidated Interim Information and the Company

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

As at the 31 December 2013 and 2012 the restructuring plan of the Company was approved and most of the financial liabilities of the Company were reclassified to restructured liabilities.

In 2009 the Group initiated 15 restructuring processes – 14 for subsidiary agricultural entities and for the parent Company. In 2010, first restructuring plans were approved, in 2011 – all the remaining ones, and the creditors agreed to be paid back the overdue amounts in following schedule: 1st year and 2nd year – 0%, 3rd year – 15% and 4th year – 85%. In the balance sheets drafted as at 31 December 2013 and 2012, the Group made certain reclassifications from long term liabilities and short term liabilities in order to present restructured liabilities separately.

**Table 19: The restructured liabilities (LTL'000)**

Item	31 December 2013 (unaudited)	31 December 2012	31 December 2011 (restated)	31 December 2010
Long term borrowings	36,074	35,320	35,907	11,155
Short term financial liabilities	6,099	8,887	8,887	8,887
Leasing liabilities	-	531	533	533
Trade and other payables	13,725	14,756	15,043	8,062
<b>Total before debt extinguishment</b>	<b>55,898</b>	<b>59,494</b>	<b>60,370</b>	<b>28,637</b>
<b>Less: gain from debt extinguishment</b>	<b>(12,412)</b>	<b>(11,970)</b>	<b>(11,970)</b>	<b>(6,695)</b>
<b>Add: interest expense</b>	<b>11,138</b>	<b>5,811</b>	<b>2,897</b>	<b>211</b>
<b>Total restructured liabilities</b>	<b>54,624</b>	<b>53,335</b>	<b>51,297</b>	<b>22,153</b>

Source: Consolidated Financial Statements and Consolidated Interim Information

Additionally, the parent Company made debt extinguishment by discounting the restructured liabilities by applicable interest rates (bank loans: by actual interest rate set, and trade and other liabilities: 10.1%). The gain on extinguished amount is presented in the profit and loss account as other income, while amortization of this gain will be included in interest expenses over the 4 years period.

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

**Table 20: Breakdown of borrowings of the Group as of 31 December 2013, 2012, 2011 and 2010 (LTL'000)**

Item	Payable on demand	Within one year	Within second year	Within third and fourth year	Within fifth year and later
<b>31 December 2013 (unaudited)</b>					
Borrowings	3,207	15,807	6,572	20,145	9,381
Finance lease liabilities	562	4,116	3,465	6,435	2,273
Restructured amounts	-	23,440	35,821	-	-
Trade and other payables	76	1,587	1,217	1,473	5,771
<b>Total</b>	<b>3,845</b>	<b>44,950</b>	<b>47,075</b>	<b>28,053</b>	<b>17,425</b>
<b>31 December 2012</b>					
Borrowings	30,970	26,021	3,028	1,267	5,673
Finance lease liabilities	5,309	1,650	627	885	331
Restructured amounts	-	4,043	27,790	27,661	-
Trade and other payables	-	17,297	-	-	-
<b>Total</b>	<b>36,279</b>	<b>49,011</b>	<b>31,445</b>	<b>29,813</b>	<b>6,004</b>
<b>31 December 2011 (restated)</b>					
Borrowings	42,150	26,006	418	786	153
Finance lease liabilities	6,005	1,130	917	653	-
Restructured amounts	-	-	4,102	56,267	-
Trade and other payables	42	17,381	136	272	1,297

Item	Payable on demand	Within one year	Within second year	Within third and fourth year	Within fifth year and later
<b>Total</b>	<b>48,197</b>	<b>44,517</b>	<b>5,573</b>	<b>57,978</b>	<b>1,450</b>
<b>31 December 2010</b>					
Borrowings	63,049	10,351	26,405	1,069	331
Finance lease liabilities	4,871	2,400	1,645	1,691	-
Restructured amounts	-	-	-	28,637	-
Trade and other payables	-	19,325	-	-	-
<b>Total</b>	<b>67,920</b>	<b>32,076</b>	<b>28,050</b>	<b>31,397</b>	<b>331</b>

Source: Consolidated Financial Statements, Consolidated Interim Information and the Company

Payable on demand includes those loans which have their covenants breached and guarantees issued by the Group or the Company. Of all the loans with breached covenants, neither one was demanded to be paid back by the creditors. All figures other than payable on demand include expected interest expenses.

As at 31 December 2013 the operating capital of the Group was negative and equalled LTL (1,539) thousand, while the liquidity ratio of the Group was 0.97 and the quick ratio was 0.68. As at 31 December 2012 and 2011 the operating capital of the Group was negative and equalled LTL (44,085) thousand, and LTL (47,170) thousand respectively. The liquidity ratio of the Group amounted to 0.54 (2011: 0.48), while quick ratio was 0.35 (2011: 0.31).

As at 31 December 2013, 2012, 2011 and 2010 the Group had the following structure of interest bearing financial liabilities (taking into account restructured amounts of bank borrowings, bonds, and financial liabilities, which are not interest rate bearing).

**Table 21: Interest rate exposure of borrowings of the Issuer as of 31 December 2013, 2012, 2011 and 2010 (LTL'000)**

Item	Liabilities with fixed interest rate	Liabilities with floating interest rate
<b>31 December 2013 (unaudited)</b>		
Loans from financial institutions	22,820	27,336
Restructured liabilities	18,504	36,120
Finance lease liabilities	-	15,426
Other borrowings	7,942	-
<b>Total</b>	<b>49,266</b>	<b>78,882</b>
<b>31 December 2012</b>		
Loans from financial institutions	23,787	32,474
Restructured liabilities	53,335	-
Finance lease liabilities	-	8,646
Other borrowings	7,881	-
<b>Total</b>	<b>85,003</b>	<b>41,120</b>
<b>31 December 2011 (restated)</b>		
Loans from financial institutions	22,875	37,477
Restructured liabilities	51,296	-
Finance lease liabilities	-	8,569
Other borrowings	816	5,728
<b>Total</b>	<b>74,987</b>	<b>51,774</b>
<b>31 December 2010</b>		
Loans from financial institutions	22,725	66,980
Restructured liabilities	8,887	-
Finance lease liabilities	1,632	8,458
Other borrowings	3,125	5,728
<b>Total</b>	<b>36,369</b>	<b>81,166</b>

Source: Consolidated Financial Statements, Consolidated Interim Information and the Company

The fair value of non-current borrowings with variable interest rates approximates their carrying amounts. Average effective interest rate of borrowings of the Group with variable rate at 31 December 2013 equalled to 3.13% (2012: 3.64%, 2011: 4.33%).

The fair value of non-current borrowings with fixed interest rate could not be estimated reliably, as main companies of the Group are under Restructuring process since 2009. The Group renegotiated the loan terms with bank Snoras (the only fixed interest rate financial institution borrowing) in 2011 extending the loan by 2 years and reducing the fixed interest rate from 13% to 5% (Snoras loan was the last loan taken by the Group in November of 2008 – January 2009, i.e. no new loans were taken subsequent to January 2009). Additionally, the same loan was extended for a period of 1 year in 2012, and for 3 additional years in 2013. Public bonds issued by the Company had no trade volumes since 2009 so relevant market price is difficult to determine. However, in spring 2011 some of bondholders sold their bonds for 28 percent of nominal bonds value (i.e. at a discount of 72 percent). These facts show that as of 31 December 2013 and 31 December 2012 fair value of the Group's financial liabilities with fixed interest rates could be below their carrying amounts.

As of 31 December 2013, the Company has not yet redeemed the following bond issues:

**Table 22: Not redeemed bond issues by the Issuer as of 31 December 2013 (LTL)**

ISIN	Current outstanding nominal value, LTL	Subscription date	Redemption date	Interest rate, %
LT0000401549	3,388,500	26.06.2008	29.06.2009	12
LT0000401598	1,252,000	26.06.2008	29.06.2009	12
LT0000330516	294,195	24.12.2008	23.03.2009	14
LT0000330524	193,276	21.01.2009	20.04.2009	14

Source: the Company

On May 2009 the Issuer has signed bond restructuring agreements with bondholders of bond issues ISIN LT0000330516 and LT0000330524. The bonds were to be redeemed in equal payments every month for the following 3 years. After default of bond issues ISIN LT0000401549 and LT0000401598 the Issuer did not continue the abovementioned monthly payments.

In the ordinary course of business the Issuer finances activities from cash flows from operating activities and from cash flows from financing activities. There are no restrictions on capital usage.

#### 4.8.2 Operating Results

**Table 23: Financial data from the consolidated income statements (LTL'000)**

Item	Year ended 31 December 2013 (unaudited)	Year ended 31 December 2012	Year ended 31 December 2011 (restated)	Year ended 31 December 2010	3 months ended 31 December 2013 (unaudited)	3 months ended 31 December 2012 (unaudited)
Revenues	82,572	86,688	56,078	45,165	32,470	43,314
Cost of sales	(58,580)	(56,298)	(38,386)	(28,595)	(20,089)	(26,108)
Gain (loss) on changes in fair values of biological assets and on initial recognition of agricultural produce	(3,996)	56	(1,010)	2,448	(3,950)	(8,954)
<b>GROSS PROFIT</b>	<b>19,996</b>	<b>30,446</b>	<b>16,682</b>	<b>19,018</b>	<b>8,431</b>	<b>8,252</b>
Operating expenses	(19,220)	(16,689)	(23,485)	(22,028)	(6,511)	(5,236)
Investment property fair value change gain	-	-	-	-	-	-
Gain from acquisition of subsidiaries	-	-	412	2,843	-	-
Other income	7,783	267	7,614	7,903	6,023	146
<b>OPERATING PROFIT</b>	<b>8,559</b>	<b>14,024</b>	<b>1,223</b>	<b>7,736</b>	<b>7,943</b>	<b>3,162</b>
Finance cost	(12,360)	(6,434)	(7,767)	(6,824)	(6,414)	240
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>(3,801)</b>	<b>7,590</b>	<b>(6,544)</b>	<b>912</b>	<b>1,529</b>	<b>1,922</b>
Income tax expense	(1,092)	(1,693)	1,502	6,385	(1,049)	(1,693)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	<b>(4,893)</b>	<b>5,897</b>	<b>(5,042)</b>	<b>7,297</b>	<b>480</b>	<b>229</b>
<b>ATTRIBUTABLE TO :</b>						
Equity holders of the Company	(4,708)	5,373	(5,379)	7,087	624	(39)
Non-controlling interest	(185)	524	337	210	(144)	268

Item	Year ended 31 December 2013 (unaudited)	Year ended 31 December 2012	Year ended 31 December 2011 (restated)	Year ended 31 December 2010	3 months ended 31 December 2013 (unaudited)	3 months ended 31 December 2012 (unaudited)
<b>Basic and diluted earnings (loss) per share (LTL)</b>	<b>(0.06)</b>	<b>0.06</b>	<b>(0.07)</b>	<b>0.17</b>	<b>0.01</b>	<b>0.00</b>

Source: Consolidated Financial Statements and Consolidated Interim Information

During 2013 the Group generated LTL 82.6 million in agricultural activity revenues (2012 – 86.7 million, 2011 – LTL 56.1 million), what constituted a 4.7% decrease from 2012. The decrease was largely due to a significantly larger harvest in 2012 together with higher crop prices in international markets. The decrease in crop revenues was partly compensated by increase in production and prices of raw milk, as well as increase in other revenues as the Group started new activities in 2013 (cow feed sales, different IT services for agricultural sector).

Cost of sales increased from LTL 56.3 million in 2012 to LTL 58.6 million in 2013, or by 4.1% as compared to 2012. The small increase can be explained by larger areas of crops killed during winter, which required some plots of land to be re-cultivated and resowed in the spring. The 46.6% increase in cost of sales in 2012 compared to 2011 (from LTL 38.4 million to LTL 56.3 million) occurred because of increasing agricultural industry prices, i.e. amount spent on fertilizer in crop-growing segment, especially wheat. Another reason is increasing services which have been performed by contractors.

Cost of sales in 2013 accounted for 70.9% of total sales, while in 2012 Cost of sales accounted for 64.9% of total sales and was the second lowest in the last three years (2011: 68.4%; 2010: 63.3%) which shows a positive operational development compared to 2011.

**Table 24: Cost of sales (LTL'000)**

Item	Year ended 31 December 2013 (unaudited)	Year ended 31 December 2012	Year ended 31 December 2011 (restated)	Year ended 31 December 2010
Payroll expenses	8,364	9,129	4,221	5,410
Social security expenses	2,593	2,830	1,292	1,677
Fertilizer	13,920	13,922	12,390	6,982
Feed for animals	7,935	6,854	6,539	6,856
Property, plant and equipment depreciation	4,292	4,589	4,172	3,456
Land rent	4,990	4,425	3,821	2,785
Services from contractors	1,223	4,028	-	2,718
Fuel costs	4,305	5,187	4,346	2,508
Chemicals	4,969	4,426	4,076	2,035
Spare parts and inventory	2,851	2,760	2,333	1,591
Seed	3,791	3,635	3,054	1,617
Electricity	862	973	1,125	930
Medicine	2,267	1,396	747	743
Veterinary and insemination	187	145	121	82
Other expenses	6,634	4,175	918	475
Less: direct subsidies from State	(10,603)	(12,176)	(10,769)	(11,270)
<b>TOTAL</b>	<b>58,580</b>	<b>56,298</b>	<b>38,386</b>	<b>28,595</b>

Source: Consolidated Financial Statements, Consolidated Interim Information (the Company prepares such breakdown only for year-end purposes)

The main crop growing cultures grown for sales are wheat and rapeseed – there were around 15.6 thousand ha planted and harvested in 2013 (2012: 15.1 thousand ha) by the Group's agricultural Subsidiaries. The remaining area is planted with various feed cultures – corn, barley, perennial grasses. The grown green feed is used for feeding the animal herds. In the nearest future the Group plans to expand the production capacities of the two main lines of business, also focusing on making these business lines more efficient. It is planned to increase the milking cow herd to around 3.5 thousand in 2013 – 2014 with expected increase up until 4.5 thousand in 3 years time, to establish couple of "programming centers" for growing of heifers in order to specialize different companies and increase efficiency and profitability. In the crops line, the Group intends to shift most of the crop rotation to winter crops, in order to benefit from better harvest and increased profitability of land cultivation business. The Group plans to increase the working area by at least 20 – 25 percent over the next 3 years.



At the point of harvest the Group's Management determines the prices of crop cultures harvested by examining the market prices of particular crops at the point of harvest, less the costs associated with point of sale. In 2013 the Group's harvest amounted to 65,788 tons of grains and rapeseed (in 2012: 72,656 tons).

Gross profit margin in 2013 decreased to 29.1% from 35.1% in 2012, while it was equal to 29.7% and 5.4% in 2011 and 2010 respectively.

The operating expenses totalled LTL 19.2 million in 2013 compared to 16.7 million in 2012 (LTL 23.5 million in 2011). The operating expenses decreased by about 15.0% as compared to the same period of 2012 due to increased operational costs (payroll and social security expenses) and some write offs of inventory and receivables carried out during the year. During 2011 the Group experienced one-time operating expenses amounting to LTL 3.8 million.

**Table 25: Operating Expenses (LTL'000)**

<i>Item</i>	<i>Year ended 31 December 2013 (unaudited)</i>	<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011 (restated)</i>	<i>Year ended 31 December 2010</i>
Payroll expenses	5,224	4,096	3,540	3,264
Social security expenses	1,605	1,270	1,098	1,012
Fines and late payments	347	503	455	3,470
Property, plant and equipment depreciation	3,784	2,644	2,769	2,890
Impairment of accounts receivable	36	-	1,056	2,100
Consultations and business plan preparations	1,446	1,311	2,165	2,082
Write-off of inventory	2,746	1,687	2,485	1,635
Insurance and tax expense	1,070	725	1,034	1,083
Selling expenses	322	848	1,039	741
Fuel costs	534	526	403	468
Real estate registration and notaries	291	229	180	268
Rent and utilities	292	212	157	208
Transportation costs	185	199	190	164
Write-off of property, plant and equipment	-	-	176	-
Impairment of goodwill	-	-	1,818	-
Loss on sale of subsidiaries	-	-	2,876	-
Loss on sale of PPE	-	4	432	-
Other expenses	1,336	2,435	1,612	2,643
<b>TOTAL</b>	<b>19,218</b>	<b>16,689</b>	<b>23,485</b>	<b>22,028</b>

Source: Consolidated Financial Statements and Consolidated Interim Information

The financial expenses increased by 92% in 2013 compared to 2012. As the Group started repaying the restructuring obligations according to the restructuring plans during 2013, the DnB bank accrued the interest for the loans held under restructuring, as was approved by the Courts in different restructuring plans. The total amount of interest accrued amounted to LTL 3,693 thousand over the period up to 31 December 2013. Additionally, as the Group expects the Bank loans to be interest bearing as of 1 of January 2014, the Group recalculated the extinguishment of debt figures. The resulting change in extinguishment amortization of around LTL 1,389 thousand was also booked as interest expense in 2013. The debt extinguishment interest expenses increased over similar amount in 2013 as compared to previous year.

Over the reporting period of 2012, the Group's financial expenses decreased by around 17 per cent as compared to the same period of 2011. Debt extinguishment interest expenses increased slightly as compared to 2011. In 2011, when restructuring plans were approved by the courts, the interest was not calculated for the whole period, whereas in 2012 it was calculated for the full year.

Over the 12 month period ended 31 December 2011, the Group recognised LTL 1,502 thousand income tax credit, as deferred tax asset regarding the accumulated tax losses was created in the Subsidiaries which have their Restructuring plans approved, or are not under restructuring at all. In 2012 the Group wrote off part of deferred tax asset amounting to LTL 1,693 thousand.

Net loss for the year 2013 was LTL (4,893) thousand. The net profit for 2012 was LTL 5.9 million and net profit margin approximated to 6.8%.

#### 4.9 Capital Resources

The share capital of Agrowill Group AB as at 31 December 2010 was LTL 71,552,254. The share capital was divided into 71,552,254 ordinary registered Shares with a par value of LTL 1 each.

During 2011 the Company issued a new capital issue of 13,268,732 Shares. The Company incurred LTL 956 thousand of direct capital increase costs which have been deducted from share premium reserve.

The share capital of Agrowill Group AB as at 31 December 2011, 31 December 2012, 31 December 2013 as well as at the date of this Prospectus is LTL 84,820,986. The share capital is divided into 84,820,986 ordinary registered Shares. Each issued Share has a LTL 1 nominal value and is fully paid.

Each Share has usual material and intangible rights as per the Law on Companies and the Articles of Association of the Company.

**Table 26: Share capital structure (LTL'000)**

Item	31 December 2013 (unaudited)	31 December 2012	31 December 2011 (restated)	31 December 2010
Share capital	84,821	84,821	84,821	71,552
Share premium	24,639	24,639	24,639	25,595
Revaluation reserves	29,090	41,555	44,182	45,885
Legal reserves	2,000	2,000	2,000	2,000
Retained earnings	(23,738)	(32,566)	(40,566)	(38,326)
Minority interest	1,325	2,581	2,057	2,431
<b>Total equity</b>	<b>118,137</b>	<b>123,030</b>	<b>117,133</b>	<b>109,137</b>

Source: Consolidated Financial Statements and Consolidated Interim Information

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The legal reserve of the Group equalled LTL 2,000 thousand as at 31 December 2013 and 2012.

A revaluation reserve is formed when the Group revalues its own used assets according to the accounting policies described above. The amounts credited to this reserve are net of taxes, and the reserve is depreciated over the useful lives of the assets which were revaluated. The revaluation reserve (net of taxes) of the Group equalled LTL 29,090 thousand and LTL 41,555 thousand as at 31 December 2013 and 31 December 2012, respectively.

**Table 27: Debt and equity ratio**

Item	31 December 2013 (unaudited)	31 December 2012	31 December 2011 (restated)	31 December 2010
Total non-current liabilities	121,625	76,491	71,641	72,055
Total current liabilities	48,529	95,708	90,869	107,772
Total liabilities	170,154	172,199	162,510	179,827
Total equity	118,137	123,030	117,133	109,137
Debt to equity ratio	1.44	1.40	1.39	1.65

Source: Consolidated Financial Statements and Consolidated Interim Information

Total shareholder's equity in 2013 decreased by 4.0% from 2012 and amounted to LTL 118.1 million (2012: LTL 123.0 million). Total non-current liabilities increased to LTL 121.6 million in 2013 while total current liabilities decreased to LTL 48.5 million. Total current and non-current liabilities in 2012 had increased to LTL 95.7 million and LTL 76.5 million compared to 2011, respectively. Debt to equity ratio in 2013 was equal to 1.44 (2012: 1.40).

As at 31 December 2013, the working capital of the Group changed significantly and almost reached positive values and equalled LTL (1,539) thousand. The current ratio of the Group reached 0.97, whereas quick ratio was 0.68.

Cash and cash equivalents are held in LTL and / or EUR. Treasury has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency including borrowings in LTL or EUR only. Group's purchase / sale contracts are also concluded in LTL and EUR. The Group companies do not have significant foreign currency concentration, thus no financial instruments were used in order to hedge against foreign currency risks.

**Table 28: Cash flow statement's summary**

<i>Item</i>	<i>Year ended 31 December 2013 (unaudited)</i>	<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011 (restated)</i>	<i>Year ended 31 December 2010</i>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,118</b>	<b>2,756</b>	<b>1,322</b>	<b>3,725</b>
Net cash flows from /(to) operating activities	25,305	23,338	(3,591)	133
Net cash flows from/(to) investing activities	(16,627)	(16,160)	(4,150)	(990)
Net cash flows from/(to) financing activities	(5,581)	(6,816)	9,175	(1,546)
<b>Cash and cash equivalents at the end of the period</b>	<b>6,215</b>	<b>3,118</b>	<b>2,756</b>	<b>1,322</b>

Source: Consolidated Financial Statements and Consolidated Interim Information

The net cash flows from operating activities has increased significantly in 2012 and amounted to LTL 23.3 million (LTL (3.6) million in 2011, LTL 0.1 million in 2010) due to positive net profit and positive change in working capital. Cash flows from investing activities have decreased from LTL (4.2) million in 2011 to LTL (16.2) million in 2012 due to higher scope of investments in tangible assets in 2012.

The cash flows from financing activities in 2012 amounted to LTL (6.8) million due to significant amount paid to banks and finance lease issuers, which was partially offset by additional borrowing of LTL 5.2 million. In 2011, the Issuer's cash flows from financing activities was positive and accounted for LTL 9.2 million, mainly due to LTL 12.3 million contribution to share capital in cash. In 2010 the cash flows from financing activities was LTL (1.5) million, which is less than in 2009 due to lower amounts paid to banks and additional financing obtained.

#### 4.10 Research and Development, Patents and Licences

The Issuer does not apply and follow strict research and development policies which would be material for the operations of the Issuer. One of the Group companies, AgroGIS UAB, developing IT solutions for agricultural companies within the Group as well as for the third parties, holds the licence "Arcgis 1.1 server". This is the only licence held by the Issuer and/or its Subsidiaries. Other than the above, the Issuer's operations are not dependant on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes.

#### 4.11 Trend Information

The global demand for dairy products has been growing very rapidly in recent years, the growth being driven mainly by the developing economies, but in 2008, together with starting worldwide financial crisis and melamine scandal in China, the demand for milk products decreased significantly. Due to abovementioned influence, the milk prices were on continuous decline until May 2009, when the price bottom was reached – LTL 0.58 per kg of milk (almost half from top price in the end of 2007). Currently, the demand for milk products has increased up to 2007 levels again, with the most rapid growth in the demand for dairy products coming from China, India and Mexico, which are major importers of dairy products. In the end of 2013, the Group sold raw milk at farm gate for a price of LTL 1.2 per kg. The Group increased milking cow herd to around 3.5 thousand in 2013 - 2014 with expected increase up until 4.5 thousand in 3 years' time. In addition, it is planned to establish couple of "programming centres" for growing of heifers in order to specialize different companies and increase efficiency and profitability.

The main crop growing cultures grown for sales are wheat and rapeseed. The remaining area (roughly 25%) is planted with various feed cultures – corn, barley, perennial grasses. The grown green feed is used for feeding of the animal herds. In the nearest future the Group plans to expand the production capacity also focusing on making this business line more efficient. The Group intends to shift most of the crop rotation to winter crops, in order to benefit from better harvest and increased profitability of land cultivation business. The Group plans to increase the working area by at least 20 – 25 percent over the next 3 years.

The revenues of the Group decreased in 2013 as compared to the previous year due to a significantly smaller harvest in 2013 together with lower crop prices in international markets. The decrease in crop revenues was partly compensated by increase in production and prices of raw milk, as well as increase in other revenues as the Group started new activities in 2013 (cow feed sales, different IT services for agricultural sector).

Mushroom production and consumption has been steadily growing in recent years globally. The growth has been mainly driven by increasing demand for organic products. In Lithuania alone procurement of champignons by quantity for fresh consumption and processing has increased by 9% in 2013 while average price has risen by 1%. Baltic Champs UAB total revenues have reached LTL 74 million in 2013, 4.5% higher than in 2012. Revenues from champignon and mycelium compost sales have respectively increased by 4% and 8% in 2013 while revenues from peat coating layer sales have decreased by 5%. The average price of one kg of champignons and mycelium compost sold has respectively increased by 9.4% and 4.7% to 5.4 LTL/kg and 0.7 LTL/kg in 2013. The price of peat coating layer has marginally decreased by 0.4% and reached 105 LTL/m<sup>3</sup> in 2013. Baltic Champs UAB expects to see marginally increasing production of all product types mainly driven by improving efficiency of cultivation processes.

**4.12 Profit Forecasts or Estimates**

The Issuer has not made a decision to include the financial forecasts or estimates in the Prospectus.

**4.13 Administrative, Management and Supervisory Bodies and Senior Management**

The Issuer has a three-tier management system, i.e. Supervisory Council, Management Board and Chief Executive Officer. Business addresses of all the indicated bodies of the Company are Smolensko str. 10, LT-03201 Vilnius, Lithuania.

The Supervisory Council is a collegial supervisory body, which is responsible for supervising the activities of the Company and its management bodies, the appointment and removal of the members of the Management Board, submitting its comments and proposals to the General Meeting on the Company’s operating strategy, sets of financial statements, drafts of profit/loss appropriation, the reports of the Company, the activities of the Management Board and the General Manager, submitting proposals to revoke decisions of the Management Board or the General Manager, etc.

The Management Board is a collegial management body, which is responsible for the strategic management of the Company, the appointment and removal of the Manager of the Company (the General Manager), calling the General Meetings, adoption of other corporate decisions which are economically feasible for the Company, etc.

The General Manager is responsible for the day-to-day management of the Company and enjoys the exclusive right of representing the Company vis-à-vis third parties.

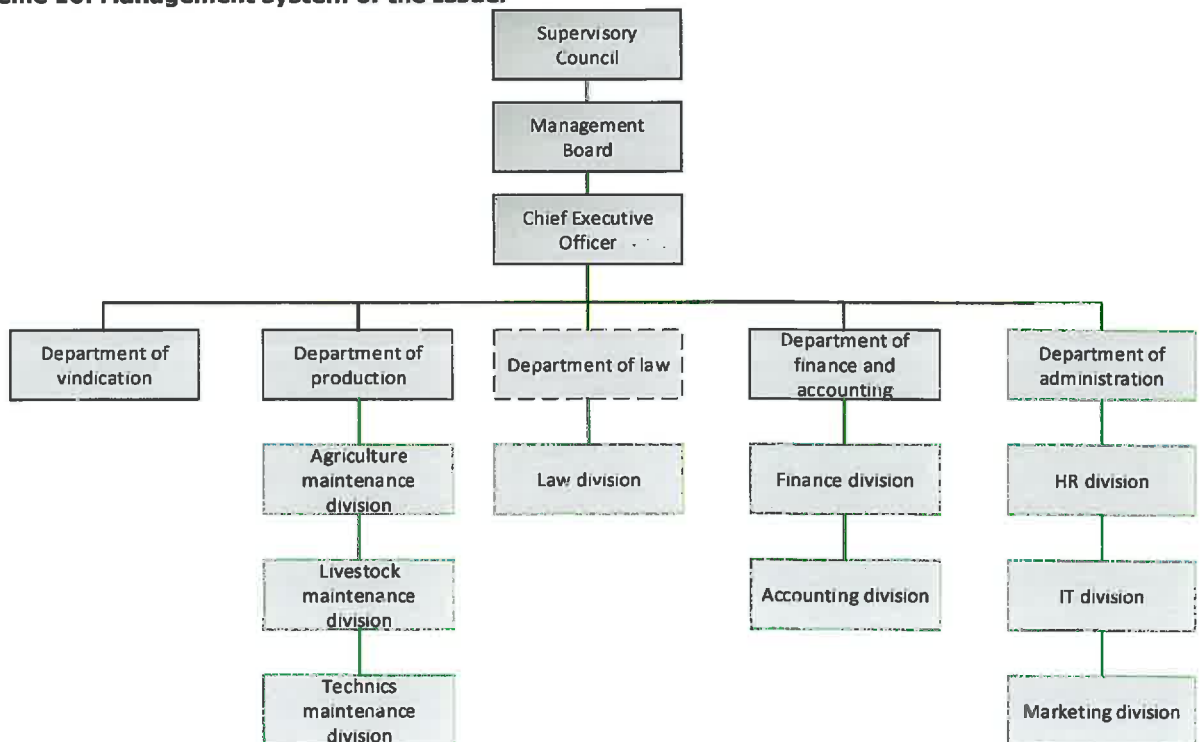
The competences of the aforementioned bodies of the Company are indicated in Section 4.20.2 *Articles of Association* in detail.

In addition, the Company employs several Key Executives: the Chief Financial Officer and the Chief Accountant of the Company.

**4.13.1 Management Structure of the Company**

Detailed management system of the Issuer is provided in the scheme below.

**Scheme 10: Management system of the Issuer**



----- Partner (agreement)

Source: the Company

#### 4.13.2 Members of the Administrative, Management and Supervisory Bodies and Key Executives

**Table 29: Members of management and supervisory bodies**

Name, surname	Position within the Issuer	Beginning of term	End of term
<b>Supervisory Council</b>			
Kęstutis Juščius	Chairman of the Supervisory Council	13.03.2014	Until 13.03.2016
Rimantas Rudzkis	Member of the Supervisory Council	13.03.2014	Until 13.03.2016
Aurimas Sanikovas	Member of the Supervisory Council	13.03.2014	Until 13.03.2016
Liudas Navickas	Member of the Supervisory Council	13.03.2014	Until 13.03.2016
Gediminas Žiemelis	Member of the Supervisory Council	13.03.2014	Until 13.03.2016
<b>Management Board</b>			
Vladas Bagavičius	Chairman of the Management Board	30.04.2013	Until ordinary General Meeting in 2015
Domantas Savičius	Member of the Management Board	30.04.2013	Until ordinary General Meeting in 2015
Linas Strėlis	Member of the Management Board	30.04.2013	Until ordinary General Meeting in 2015
Marius Žutautas	Member of the Management Board	30.04.2013	Until ordinary General Meeting in 2015
Vytautas Buivydas	Member of the Management Board	30.04.2013	Until ordinary General Meeting in 2015

Source: the Company

During the General Meeting of 13 March 2014 the shareholders of the Company *inter alia* decided to increase the number of the Management Board members of the Company from 5 (five) to 7 (seven). Following the applicable Lithuanian laws the number of the Management Board members will actually be increased as from the day of registration of the new wording of Articles of Association with the Register of Legal Persons. Thus, as on the day of this Prospectus the number of Management Board members is still 5 (five) and it will be increased to 7 (seven) as from the day of registration of the new wording of Articles of Association (with the increased authorised capital and increased number of Management Board members) with the Register of Legal Persons. Following this registration the Supervisory Council intends to elect the new Management Board (consisting of 7 members).

According to the Law on Companies, the tenure of the Supervisory Council and Management Board shall be indicated in the Articles of Association and may not last longer than until the annual General Meeting convened in the last year of the tenure of the respectively Supervisory Council or Management Board. There is no limitation on the number of terms of office a member of the Supervisory Council and Management Board may serve.

##### Supervisory Council

**Kęstutis Juščius.** Education – Kęstutis Juščius graduated from the Vilnius University, Bachelor in Business Administration (1995). Kęstutis Juščius currently holds the positions of the Chairman of the Management Board of Baltic Champs Group UAB, Chairman of the Supervisory Council of Mycela SA, CEO of Agro Ramučiai UAB and President of Karwacki kompost sp.z o.o. In 1994 Kęstutis Juščius started champignon cultivation business in Kęstutis Juščius farm. The business of the Kęstutis Juščius farm was transferred to Baltic Champs UAB on 1 August, 2013. As from 12 February 2012 Kęstutis Juščius was working as a deputy Manager and Chairman of the Management Board of Baltic Champs Group UAB. Currently he holds 100 percent of shares in these companies – Baltic Champs Group UAB, Luganta UAB, AGRO Ramučiai UAB, Pašiaušės dirva UAB, Ramučių dirva UAB, Paladis UAB and Champs Polska sp.z o.o.

**Rimantas Rudzkis.** Education – Rimantas Rudzkis graduated from Kaunas Polytechnic Institute in 1973, speciality of computation technology, diploma of an engineer mathematician. In 1978 he got a PhD in Mathematics; in 1993 he became Doctor Habilitus in Mathematics. In 1996 he became a Professor. He currently works as a senior researcher in the Vilnius University Institute of Mathematics and Informatics (he has worked in the Institute of Mathematics and Informatics since 1974) and as a professor in Vilnius Gediminas Technical University (part-time). He also worked as the Head of the Modelling Division of the LB, as a senior analyst in SEB and DNB banks. Rimantas Rudzkis holds no shares in other companies.

**Aurimas Sanikovas.** Aurimas Sanikovas is a member of the Supervisory Council. At the same time, he acts as the Chief Financial Officer of Avia Solutions Group AB and its predecessors (since 2007). Aurimas Sanikovas started his carrier as an audit associate in PricewaterhouseCoopers Lithuania in 2001. In 2007 his last position held at the company was of a manager. He performed supervision and execution of audit engagement performed in accordance with the ISA and US GAAP. Currently he also takes board membership roles in Avia Solutions Group AB from 2010 and AviaAM Leasing AB from 2011. Aurimas Sanikovas also acted as a member of the Management Board of Avia Asset Management AB (currently named AviaAM B04 UAB) (2008–2009), member of the Management Board of FL Technics AB (2008–2010), member of the Management Board of Small Planet Airlines Sp. z.o.o. (Poland) (2009–2010), member of the Supervisory Council of Small Planet Airlines AS (Estonia) (2009–2011), member of the Management Board of Ridota AB (2008–2010) and the Director General of Avia Funds Management UAB (currently named AviaAM Leasing AB) (2010–2011). Aurimas Sanikovas obtained his bachelor's and master's degrees in economics at the Faculty of Economics, Vilnius University, Lithuania with an exchange

session in the University of Copenhagen. Since 2006 Aurimas Sanikovas is a member of the Association of Chartered Certified Accountants (ACCA).

**Liudas Navickas.** Education – Kaunas Technological University, electrical engineer (1976) and Vilnius University, economist (1982). Work activity: Šiaulių banko investicijų valdymas UAB – CEO (2000-2011), Pavasaris UAB – CEO (2005-2011), PME Capital – CEO (from 2011 till now). From 1993 till now – a partner in the Juridical consulting firm Investicija. Liudas Navickas is also a minor shareholder (less than 1 %) of TEO LT AB, Linas Agro Group AB, Šiaulių bankas AB, Vodafone Group PLC, GDF Suez and Commerzbank.

**Gediminas Žiemelis.** Gediminas Žiemelis is a member of the Supervisory Council. At the same time, he is a Chairman of the Board of Avia Solutions Group AB, Chairman of the Board of AviaAM Leasing AB and Chairman of the Board of ŽIA valda AB. He started his career in 1999 as the assistant manager of the Vindication and Fraud Division in Lietuvos taupomasis bankas AB (currently, Swedbank AB), the Department of Problematic Assets and Vindication (1999–2001). He acted as the General Manager of Žvilgsnis iš arčiau UAB (2001–2005) (currently named Creditinfo UAB), which was mainly engaged in debt recovery and credit risk management, the General Manager of ŽIA valda AB (2002–2006) and the General Manager of brokerage firm Finhill UAB FMĮ (in 2007). Gediminas Žiemelis is a shareholder and a Chairman of the Management Board in ŽIA valda AB and since 2008 he acts as the Manager of the Development Department. Since 2005 Gediminas Žiemelis also acts as the Manager in East Mining Group UAB, since 2006 – as the General Manager of Eastern Agro Holdings UAB. Since 2010 until now Gediminas Žiemelis presides over the Management Board of Avia Solutions Group AB and since 2011 over the Management Board of AviaAM Leasing AB. Gediminas Žiemelis is also a Chairman of the Supervisory Council of Ridota AB. Gediminas Žiemelis obtained a bachelor's degree at the Faculty of Business Management in the Vilnius Gediminas Technical University, Lithuania, in 1999 and a master's degree at the Faculty of Law in the Mykolas Romeris University, Lithuania, in 2006. He has also finished the Program for Leadership Development (PLD) in the Harvard Business School, Boston, MA, U.S.: Accelerating the Careers of High-Potential Leaders. Gediminas Žiemelis is also one of the initiators of establishment of the Association of Aviation Companies ([www.aia.lt](http://www.aia.lt)) (in 2009).

#### Management Board

**Vladas Bagavičius.** Vladas Bagavičius is the Chairman of the Management Board. In addition, he also serves as a member of the Supervisory Council of Avia Solutions Group AB. At the same time, Vladas Bagavičius acts as the attorney at law in Vladas Bagavičius law firm (since 2004). Prior to joining the Group he was the Lecturer at International Business School of Vilnius University (1999–2010), Head of the Law and Administration Division at the Central Securities Depository of Lithuania (1996–2004). Vladas Bagavičius is a graduate of Faculty of Law, Vilnius University (1992–1997).

**Domantas Savičius.** Domantas Savičius started his career within the Group in 2005 by becoming the Finance Department Director of the Company and since 2009 he occupies the position of the Production and Finance Department Director of the Company. On the date of this Prospectus, he also acts as a member of the Management Board of the Company. Prior to joining the Group he was the Senior Assistant Auditor at PricewaterhouseCoopers UAB (2001–2004) and Expert at the Internal Audit Division of Rubikon Group UAB (2004–2005). Domantas Savičius holds the diploma in Economics from Stockholm School of Economics (2001).

**Linas Strėlis.** Linas Strėlis is a member of the Management Board since 2007. In addition, he also serves as a member of the Management Board of Vilkyškių pieninė AB (since 2008), Adviser and Chairman of the Board of Amber pasta UAB (since 2004). He also occupies the position of the chairman of the Board of Social Companies Association. At the same time, Linas Strėlis acts as the manager in Biglis UAB (since 1993). Prior to joining the Group he was the member of the Board of Kelmės pieninė AB (2001–2004), member of the Board of Rokiškio sūris AB (2004–2005), Chairman of the Board of Kelmės pieninė AB (2004–2008) and Manager in Amber pasta UAB (2001–2005). Linas Strėlis is a graduate of Machine production faculty, Kaunas Polytechnic Institute (2001).

**Marius Žutautas.** Marius Žutautas is the member of the Management Board and the General Manager (CEO) of the Company. In addition, he also serves as a member of the Management Board of ŽIA valda AB. At the same time, Marius Žutautas acts as the Director of MNW media holding UAB (since 2010), Director of Raigesta UAB (since 2007), and General Manager of ŽIA valda AB (since 2006). Prior to joining the Group he was the Director of Senvesta UAB (2007–2010), Head of Representative Office in Moscow of Logistikos projektai UAB (2004–2005), Marketing Director of TT Logistic UAB (2003–2004), Sales Manager in Tegra UAB (Tegros tranzitas) UAB (2001–2003), Sales Manager in Trojina UAB (1999–2001), Seller-Consultant in Pilkauskų IĮ (1998–1999), Seller-Consultant in SHELL Lietuva UAB (1998), Improver in Dizaino institutas AB (1996–1997). Marius Žutautas is a graduate of Vilnius Pedagogical University where he obtained a bachelor's degree in Economics. He also took Training program for ŽIA Group leaders (2008) and Refresher Courses at Moscow Higher School of Economics (2004–2005).

**Vytautas Buivydas.** Vytautas Buivydas is a member of the Management Board since 2013. He is also a chief executive officer at Subsidiary agricultural companies Agrowill Žadžiūnai, Agrowill Eimučiai and Radviliškio kraštas (since 2011). In addition he is a Vice-President of the Lithuania's young farmers and youth union (since 2013) and active public figure. Before joining the Group, he worked in the United Kingdom in construction sector (2005–2010). Vytautas Buivydas is a graduate of education in business management Bachelor (2006–2010), now studying business management Master degree.

**Table 30: Key Executives**

Name, surname	Position within the Issuer	Beginning of term	End of term
<b>Administration</b>			
Marius Žutautas	General Manager (CEO)	20.09.2011	Indefinite
Domantas Savičius	Chief Financial Officer	18.03.2005	Indefinite
Robertas Giedraitis	Chief Accountant	02.02.2009	Indefinite

Source: the Company

The Key Executives have employment relations with the Company which are of unlimited duration. Under the Law on Companies the General Manager may be revoked from the position by the Management Board of the Company without any early notice for any cause. Other Key Executives may be dismissed from the Company only on the grounds and following the procedure indicated in the Labour Code of the Republic of Lithuania.

#### 4.13.3 Shares Held by the Management of the Company

Information on the Shares of the Company held by the members of the Supervisory Council, Management Board and the Key Executives as of the date of this Prospectus is indicated in Table below:

**Table 31: Shares held by the members of the Supervisory Council, Management Board and the Key Executives as of the date of this Prospectus<sup>5</sup>**

Name, surname	Position in the company	Owned shares in the Company, units	Owned shares in the Company, %
<b>Supervisory Council</b>			
Gediminas Žiemelis	Member of the Supervisory Council	8,993	0.01
<b>Management Board</b>			
Vladas Bagavičius	Chairman of the Management Board	270,000	0.32
Domantas Savičius	Member of the Management Board, CFO	269,417	0.32
Linas Strėlis	Member of the Management Board	10,837,572	12.78
Marius Žutautas	Member of the Management Board, CEO	135,000	0.16
<b>Administration</b>			
Robertas Giedraitis	Chief Accountant	6,600	0.01

Source: the Company

As of the date of the Prospectus there were no share options held by any member of Supervisory Council, Management Board or Administration.

#### 4.13.4 Principal Activities Outside the Company of Members of the Management and Supervisory Bodies

**Table 32: Principal activities of members of administrative, management and supervisory bodies<sup>6</sup>**

Name, surname	Entity, position held	Since	Percentage of capital controlled, %
Domantas Savičius	Grūduva UAB, member of the Management Board	2008	-
	Agrowill Alanta ŽŪB, member of the Management Board	2008	-
	Agrowill Dumšiškės ŽŪB, member of the Management Board	2008	-
	Agrowill Eimučiai ŽŪB, member of the Management Board	2008	-
	Agrowill Jurbarkai ŽŪB, member of the Management Board	2008	-
	Agrowill Kairėnai ŽŪB, member of the Management Board	2010	-
	Agrowill Lankesa ŽŪB, member of the Management Board	2008	-
	Agrowill Mantviliškis ŽŪB, member of the Management Board	2008	-
	Agrowill Nausodė ŽŪB, member of the Management Board	2008	-
	Agrowill Skėmiai ŽŪB, member of the Management Board	2008	-

<sup>5</sup> Members of the Supervisory Council, Management Board or Key Executives, who are not included in this Table, do not hold any Shares in the Company.

<sup>6</sup> Members of the administrative, management and supervisory bodies of the Company, who are not included in this Table, do not occupy other positions in supervisory or management bodies of any other entities, except the Company.

Name, surname	Entry, position held	Since	Percentage of capital controlled, %
	Board		
	Agrowill Smilgiai ŽŪB, member of the Management Board	2010	-
	Agrowill Spindulys ŽŪB, member of the Management Board	2008	-
	Agrowill Vėriškės ŽŪB, member of the Management Board	2008	-
	Agrowill Žadžiūnai ŽŪB, member of the Management Board	2008	-
	Agrowill Želsvelė ŽŪB, member of the Management Board	2008	-
	Gustoniai ŽŪB Panevėžys region, Chairman of Management Board	2012	-
	AVG Investment UAB, CEO	2008	-
	AWG Investment 1 UAB, CEO	2011	-
	AWG Investment 2 UAB, CEO	2008	-
	Žemės Vystymo Fondas 20 UAB, CEO	2011	-
	Žemės Vystymo Fondas 9 UAB, CEO	2012	-
	Žemės Vystymo Fondas 10 UAB, CEO	2012	-
	Žemės Fondas ŽŪB, Chairman	2012	-
	Gustonys ŽŪB, Chairman	2012	-
	Nevėžio Lankos KB, Chairman	2011	-
	AgroMilk KB, CEO	2012	-
	Agrotechnikos centras UAB, CEO	2011	-
	Traktorių Nuomos Centras UAB, CEO	2012	-
	Traktorių Nuomos Paslaugos UAB, CEO	2012	-
	Baltic farming land management UAB, CEO	2013	-
	PRIMA BIO COOP LT UAB, CEO	2013	-
	ŽEMĖS VYSTYMO FONDAS UAB, CEO	2013	-
	Žemės vystymo fondas 3 UAB, CEO	2013	-
	Žemės vystymo fondas 4 UAB, CEO	2013	-
	Žemės vystymo fondas 5 UAB, CEO	2013	-
	Žemės vystymo fondas 6 UAB, CEO	2013	-
	Žemės vystymo fondas 7 UAB, CEO	2013	-
	Žemės vystymo fondas 11 UAB, CEO	2013	-
	Žemės vystymo fondas 12 UAB, CEO	2013	-
	Žemės vystymo fondas 14 UAB, CEO	2013	-
	Žemės vystymo fondas 15 UAB, CEO	2013	-
	Žemės vystymo fondas 16 UAB, CEO	2013	-
	Žemės vystymo fondas 19 UAB, CEO	2013	-
	Žemės vystymo fondas 22 UAB, CEO	2013	-
	ŽVF projektai UAB, CEO	2013	-
	Žalmargėlis KB, Chairman	2013	-
	Siesarčio ūkis KB, Chairman	2013	-
Vladas Bagavičius	Grūduva UAB, member of the Management Board	2008	-
	Agrowill Alanta ŽŪB, member of the Management Board	2010	-
	Agrowill Dumšiškės ŽŪB, member of the Management Board	2010	-
	Agrowill Eimučiai ŽŪB, member of the Management Board	2010	-
	Agrowill Jurbarkai ŽŪB, member of the Management Board	2010	-
	Agrowill Kairėnai ŽŪB, member of the Management Board	2010	-
	Agrowill Lankesa ŽŪB, member of the Management Board	2010	-
	Agrowill Mantviliškis ŽŪB, member of the Management Board	2010	-
	Agrowill Nausodė ŽŪB, member of the Management Board	2010	-
	Agrowill Skėmiai ŽŪB, member of the Management Board	2010	-
	Agrowill Smilgiai ŽŪB, member of the Management Board	2010	-
	Agrowill Spindulys ŽŪB, member of the Management Board	2010	-
	Agrowill Vėriškės ŽŪB, member of the Management Board	2010	-



Name, surname	Entity, position held	Since	Percentage of capital controlled, %	
	Agrowill Žadžiūnai ŽŪB, member of the Management Board	2010	-	
	Agrowill Želsvelė ŽŪB, member of the Management Board	2010	-	
	Gustoniai ŽŪB Panevėžys region, member of Management Board	2012	-	
	Avia Solutions Group AB, member of the Supervisory Council	2010	-	
	Vladas Bagavičius law firm, Attorney	2004	-	
Linās Strėlis	Biglis UAB, CEO	1993	100	
	Socialinių įmonių asociacija, Chairman of the council	2004	-	
	Vilkyškių pieninė AB, member of the Management Board	2006	16	
	Somera UAB	2008	50	
	Association Panevėžio futbolo klubas Ekranas (football club), member of the Management Board	2011	-	
Marius Žutautas	ŽIA valda AB, CEO	2006	-	
	ŽIA valda AB, member of the Management Board	2006	-	
	Raigesta UAB, CEO	2008	-	
	Grūduva UAB, member of the Management Board	2007	-	
	Agrowill Alanta ŽŪB, member of the Management Board	2011	-	
	Agrowill Dumšiškės ŽŪB, member of the Management Board	2011	-	
	Agrowill Eimučiai ŽŪB, member of the Management Board	2011	-	
	Agrowill Jurbarkai ŽŪB, member of the Management Board	2011	-	
	Agrowill Kairėnai ŽŪB, member of the Management Board	2011	-	
	Agrowill Lankesa ŽŪB, member of the Management Board	2011	-	
	Agrowill Mantviliškis ŽŪB, member of the Management Board	2011	-	
	Agrowill Nausodė ŽŪB, member of the Management Board	2011	-	
	Agrowill Skėmiai ŽŪB, member of the Management Board	2011	-	
	Agrowill Smilgiai ŽŪB, member of the Management Board	2011	-	
	Agrowill Spindulys ŽŪB, member of the Management Board	2011	-	
	Agrowill Vėriškės ŽŪB, member of the Management Board	2011	-	
	Agrowill Žadžiūnai ŽŪB, member of the Management Board	2011	-	
	Agrowill Želsvelė ŽŪB, member of the Management Board	2011	-	
	Gustoniai ŽŪB Panevėžys region, member of Management Board	2011	-	
	MNW media holding UAB, CEO	2012	-	
	Kašėta KB, Chairman	2010	-	
	Gediminas Žiemelis	ŽIA valda AB, Head of Development and Chairman of the Management Board	2007	80
		Avia Solutions Group AB, Head of Development and Chairman of the Management Board	2009	-
AviaAM Leasing AB, Chairman of the Management Board		2012	-	
Eastern Agro holdings UAB, CEO		2006	-	
East Mining Group UAB, CEO		2005	-	
Kęstutis Juščius	Baltic Champs Group UAB, Chairman of the Management Board	2012	100	
	Mycela SA, Chairman of the Supervisory Council	2008	-	
	Agro Ramučiai UAB, CEO	2012	100 <sup>7</sup>	

<sup>7</sup> Following closing of the transaction under the Merger Agreement, the shares of these companies will be transferred to the Issuer.

Name, surname	Entity, position held	Since	Percentage of capital controlled, %
	Luganta UAB	2012	100 <sup>7</sup>
	Pašiaušės dirva UAB	2013	100
	Ramučių dirva UAB	2013	100
	Paladis UAB	2006	100
	Champs Polska sp.z o.o.	2012	100
	Karwacki kompost sp.z o.o., President	2012	-
Aurimas Sanikovas	Avia Solutions Group AB, CFO, member of the Management Board	2010	0.2
	AviaAM Leasing AB, member of the Management Board	2012	1
Liudas Navickas	PME Capital UAB, CEO	2011	-
	Juridical consulting firm Investicija, partner	1993	57.12

Source: the Company

#### 4.13.5 Declarations

To the best knowledge of the Company, for the last five years neither any member of the Supervisory Council, Management Board nor any Key Executive of the Company (i) was convicted for any fraud offences, (ii) was associated with any bankruptcies, receiverships or liquidations in their capacity as members of the administrative, management or supervisory bodies, partners with unlimited liability, founders or senior managers, or (iii) was subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the Company or from acting in the management or conduct of the affairs of any entity.

Disregarding the above information, over the years 2007–2009 member of the Management Board Marius Žutautas was the member of the Management Board of Alytaus kranai AB. As from 18 November 2010 this company is bankrupted.

Furthermore, currently the investigation is being executed in Lithuania regarding the circumstances of bankruptcy of flyLAL-Lithuanian Airlines AB (bankrupted company). One of the current shareholders of flyLAL-Lithuanian Airlines AB is ŽIA Valda AB, which is controlled by Gediminas Žiemelis, member of the Supervisory Council of the Company and managed by Marius Žutautas (being a CEO), who is also a member of the Management Board and the General Manager (CEO) of the Company.

#### 4.13.6 Conflicts of Interest of Members of the Administrative, Management and Supervisory Bodies and Key Executives

As indicated in Section 4.13.3 *Shares Held by the Management of the Company* Mr. Gediminas Žiemelis (member of the Supervisory Council), Mr. Vladas Bagavičius, Mr. Domantas Savičius, Mr. Linas Strėlis, Mr. Marius Žutautas (members of the Management Board) and Mr. Robertas Giedraitis (Chief Accountant) are direct shareholders of the Company. Thus, it is possible that the indicated shareholders of the Company may favour their own interests rather than those of the Company.

Apart from the above, the Company is not aware of any potential conflict of interests between any duties to the Company of the members of the Supervisory Council, the Management Board or the Key Executives of the Company.

Furthermore, none of the members of the Management Board is related to any other member of this body as well as to any other member of the Supervisory Council and/ or the Key Executives by blood or marriage.

#### 4.14 Remuneration and Benefits

All members of the Management Board and Key Executives received salaries as the only form of compensation. Since the appointment of the Supervisory Council and the Management Board, members of these bodies also have a right to receive bonuses (tantems).

Table below summarizes salaries and other payments calculated for the Management Board members and the Key Executives (total of 6 persons).

**Table 33: Remuneration paid during 2013 (LTL)**

Item	Salaries in 2013	Other payments (fees for provided legal services) in 2013	Total payouts in 2013
Average for 1 member	87,611	56,300	143,910
Total amount for all members of the Management Board and the Key Executives	613,274	394,097	1,007,371

Source: the Company

The Group has not set aside or accrued any amounts to provide pension, retirement or similar benefits to any member of the Supervisory Council, Management Board or Key Executive of the Company.

**Table 34: Remuneration paid to the Key executives during 2013 (LTL)**

Key Executive	Salaries in 2013	Other payments in 2013	Total payouts in 2013
Vladas Bagavičius (legal services)	-	350,379	350,379
Marius Žutautas (payroll)	159,411	1,068	160,479
Linas Strėlis (payroll)	-	-	-
Domantas Savičius (payroll)	179,519	31,790	211,309
Mamertas Krasauskas (payroll) <sup>8</sup>	76,672	-	76,672
Vytautas Buivydas (payroll)	120,060	-	120,060
Robertas Giedraitis (payroll)	77,657	10,860	88,518
Average for 1 member	87,611	56,300	143,910
Total amount for all members of the Management Board and the Key Executives	613,274	394,097	1,007,371

Source: the Company

Members of the Supervisory Council did not receive any payments from the Company or from the Subsidiaries.

Furthermore, there are no loans granted by the Group to the members of the Supervisory Council, Management Board or the Key Executives of the Company.

#### 4.15 Board Practices

##### Severance Payments

According to the Labour Code of the Republic of Lithuania, those who are employed in any Group company under an employment agreement are entitled to severance payments upon termination of their employment (except for certain termination grounds, such as on one's own will, due to the employee's fault, etc.). Apart from such statutory payments, the employment agreements entered between the members of the Supervisory Council, Management Board and/or Key Executives and respective Group Companies do not provide for any other severance payments or benefits upon termination of such agreements.

##### Audit Committee and Nomination and Remuneration Committee

The Audit Committee and the Nomination and Remuneration Committee were formed in the Company, the work regulations of the Committees were approved and their members elected according to the decision of the Supervisory Council, dated 30 August 2010.

According to the Regulations of the Audit Committee the main functions of this committee are as follows:

- to observe the integrity of financial information provided by the Company with particular attention to the relevance and consistency of methods used by the Company and the Group;
- at least once a year to review internal controls and risk management systems to ensure that the main risks (including the risk associated with compliance with the existing laws and regulations) are properly established, managed and information of them is disclosed;
- to ensure the effectiveness of internal control functions;
- to make recommendations to the Supervisory Council with regard to the selection of external audit firm, its appointment, reappointment and dismissal, and to the terms and conditions of agreement with the audit firm. The Committee shall examine situations in which the audit firm or an auditor has a basis to resign, and provide recommendations on actions required in such case;
- to monitor the independence and objectivity of the external audit firm, to check whether the audit firm takes into account the requirements in relation to the audit partner rotation, inspect the amount of remuneration paid by the Company to the audit firm and other matters, etc.

The Regulations of the Nomination and Remuneration Committee foresees that the Committee shall provide the assistance to the Supervisory Council in all matters relating to the appointment of candidates to the Management Board members, directors or senior management positions. Specifically, the Committee shall:

- select and recommend candidates to the Supervisory Council to vacant positions in the management bodies. The Committee shall assess the balance of skills, knowledge and experience in management bodies, establish the list of roles and capabilities required for each office, and assess the time required for carrying out the obligations;

<sup>8</sup> In the year 2013 Mamertas Krasauskas was employed until 12 February 2013.

- discuss the nominations proposed by the Company's shareholders and management to the Board members or senior management;
- recommend candidates to the Supervisory Council to other committees established by the Supervisory Council;
- regularly assesses the structure, size, composition and performance of management bodies, provide guidance on how to achieve the necessary changes;
- regularly evaluate knowledge, skills and experience of individual directors and shall notify the Supervisory Council thereof;
- provide assistance to the Supervisory Council in all matters relating to the establishment of remuneration of the members of management bodies and senior management, etc.

The members of the Committees as well as their Chairmen are appointed by the Supervisory Council, based on the recommendations of (i) the Nomination and Remuneration Committee (in case of the Audit Committee) and (ii) the elected members of the Nomination and Remuneration Committee (in case of the appointment of Chairman of the Nomination and Remuneration Committee). The Committees consist of a number of members established by the Supervisory Council, but in any event not less than 3 members 2 of who have to be the members of the Supervisory Council. The members of the Committees may receive remuneration for work in the Committees which shall be established by the Supervisory Council. The Supervisory Council has the right to withdraw the entire Committees *in corpore* or their individual members and to appoint a new Committees or individual members of the Committees.

The Committees must organize their meetings at least once per year. The Committees may adopt the decisions and their meetings shall be considered as valid if they are attended by 2/3 or more of their members. The members of the Committees who vote in advance shall be considered as participating in the meeting. The Committees' decisions shall be deemed adopted if they receive more votes in favour than against. In the event of a tie, the Chairmen of the Committees shall have the casting vote.

The Chairmen of the Committees have to report to the Supervisory Council on the activities of the Committees. Additionally the Audit Committee is obliged to regularly inform the Supervisory Council on its activities and performance, providing its activity reports at least once every 6 months, when yearly and semi-annual reports are approved (in case of Nomination and Remuneration Committee the regularity of such provision of information is not clearly indicated).

The table below indicates the elected members of the Committees.

**Table 35: Members of the Committees of the Company**

Name	Position within the Company
<b>Audit Committee</b>	
Ramūnas Audzevičius	Member of the Audit Committee
Aurimas Sanikovas	Member of the Audit Committee
Gediminas Žiemelis	Member of the Audit Committee
<b>Nomination and Remuneration Committee</b>	
Česlav Okinčic	Member of the Nomination and Remuneration Committee
Džiuginta Balčiūnė	Member of the Nomination and Remuneration Committee
Aurimas Sanikovas	Member of the Nomination and Remuneration Committee

Source: the Company

Currently the independent member of the Audit Committee is not elected. The Company intends to re-elect the members of the Committees (including the election of the independent member of the Audit Committee) following closing of the transaction under the Merger Agreement.

#### Compliance with the Corporate Governance Regime

The Issuer does not follow the WSE Corporate Governance Code and OMX Corporate Governance Code to their full extent. Detailed information on the compliance of the Issuer with these corporate governance regimes is provided in the annex to the Annual Report for the year 2012 of the Company.

#### 4.16 Employees

**Table 36: Employees' distribution between management, administration and Subsidiaries' workforce**

Item	As of 31 December 2013		2012		2011		2010	
	Number of employees	Average monthly salary, LTL	Number of employees	Average monthly salary, LTL	Number of employees	Average monthly salary, LTL	Number of employees	Average monthly salary, LTL
Central office	64	2,819	52	3,723	40	3,715	42	4,043

Item	As of 31 December 2013		2012		2011		2010	
	Number of employees	Average monthly salary, LTL	Number of employees	Average monthly salary, LTL	Number of employees	Average monthly salary, LTL	Number of employees	Average monthly salary, LTL
Agricultural entities management	49	2,090	27	3,367	34	2,723	32	3,279
Agricultural entities workers	464	1,324	461	1,510	406	1,350	370	1,515
<b>Total:</b>	<b>577</b>		<b>540</b>		<b>480</b>		<b>444</b>	

Source: the Company and Consolidated Financial Statements

Furthermore, it is preliminary calculated, that following the capital increase of the Company, as well as after purchase of shares of AGRO Ramučiai UAB and Luganta UAB by the Company under the terms of the Merger Agreement, the number of Group's employees will increase by 543 (i.e. by the number of employees of Baltic champs UAB, eTime invest UAB, AGRO Ramučiai UAB and Luganta UAB).

Each year, the Group hires around 110 of temporary workers in the period between April and September. At the date of this Prospectus some of the temporary workers are still employed in the Group's agricultural companies.

No collective agreements are in effect in the Group and the Group does not anticipate any collective bargaining initiatives in any of its companies in the observable future.

On the date of this Prospectus there are no agreements or any other arrangements with regard of participation of employees' in the capital of the Company.

#### Retirement Benefits

Neither the Issuer nor any of the Subsidiaries have established any pension, retirement or similar benefits neither for the Management of the company, nor to any other employees.

#### 4.17 Major Shareholders

On the date of this Prospectus, the authorised capital of the Company is LTL 84,820,986 and is divided into 84,820,986 ordinary registered Shares with a par value of LTL 1 each, all of which are fully paid-up. The holdings of Major Shareholders of the Issuer as on the date of this Prospectus are provided below:

**Table 37: Major Shareholders of the Issuer as of the date of this Prospectus**

Name, surname / name of the company	Company code	Address	Votes and shares held by shareholder, units	Votes and shares held by shareholder, %
Vretola Holdings Limited	HE 270472	Stylianou Lena, 18, Pallouriotissa, 1046, Nicosia, Cyprus	17,522,426	20.66
Volemer Holdings Limited	HE 268133	Avlonos 1, Nicosia, Cyprus	16,575,672	19.54
Linas Strėlis	-	-	10,837,572	12.78
Eastern Agro Holdings UAB	300125868	Smolensko str. 10, Vilnius, Lithuania	8,343,609	9.84
Romualdas Antanas Petrošius	-	-	6,468,984	7.63
Clients of Finvesta UAB FMĮ	122038129	Vytauto str. 28, Vilnius, Lithuania	4,616,805	5.44

Source: the Company

All Issuer's Shares (including the New Shares) provide the same voting rights for all the shareholders.

The control of the Issuer is exercised by the Issuer's shareholders. The Issuer is not aware of any direct or indirect control links, except that on 12 May 2011 Volemer Holdings Limited, Mr. Romualdas Petrošius and two minority shareholders of the Company (Mr. Jurgis Petrošius and Ms. Aldona Petrošienė) reached 31.03% of total voting shares in the Company (the reason for overstepping the threshold – acquisition of voting rights by acquiring the control of legal entity (shareholder of the Company)). Mr. Jurgis Petrošius controls the company, which indirectly controls one of the shareholders of the Company (Volemer Holdings Limited). Others of the indicated persons are related to Mr. Jurgis Petrošius, also holding shares in the Company, thus, are (and deem themselves) as persons acting in concert.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. Also, the Company is not aware of any common control agreements between its shareholders. As of the date of the Prospectus, the Company is not aware of any existing agreements between the shareholders of the Company on the use of voting rights in effect following the completion of the capital increase of the Company.

However, pursuant to the Shareholders' Agreement to be concluded on the closing day of the transaction under the Merger Agreement by the existing shareholders of the Company Volemer Holdings Limited, Vretola Holdings Limited, Eastern Agro Holdings UAB, Novitum UAB, Inovacinis Žemės Ūkis UAB, Romualdas Antanas Petrošius, Aldona Petrošienė, Jurgis Petrošius, Marius Žutautas, Vladas Bagavičius, Domantas Savičius, by the new shareholder Baltic Champs Group UAB and by the Company, the indicated persons will agree in addition to the issues related to the management of the Company, that following the capital increase under the decisions of the General Meeting, dated 13 March 2014 the mandatory takeover bid to buy-up the remaining voting shares in the Company will be submitted and implemented by the above-indicated current shareholders of the Company together with the new shareholder Baltic Champs Group UAB pro rata to the number of the Company's shares held by them.

#### Dilution

Following the capital increase of the Company according to the decision of the General Meeting of 13 March 2014, whereby the authorised capital of the Company will be increased by LTL 102,595,266 the major shareholders' structure will be as indicated in table below:

**Table 38: Major shareholders of the Issuer following the capital increase**

Name, surname / name of the company	Company code	Address	Votes and shares held by shareholder, units	Votes and shares held by shareholder, %
Baltic Champs Group UAB	145798333	Šiauliai distr. municip. Poviliškių vill., Lithuania	94,066,502 <sup>9</sup>	50.20
Vretola Holdings Limited	HE 270472	Stylianou Lena, 18, Pallouriotissa, 1046, Nicosia, Cyprus	26,051,190 <sup>10</sup>	13.90
Volemer Holdings Limited	HE 268133	Avlonos 1, Nicosia, Cyprus	16,575,672	8.84
Linas Strėlis	-	-	10,837,572	5.78
Eastern Agro Holdings UAB	300125868	Smolensko str. 10, Vilnius, Lithuania	8,343,609	4.45
Romualdas Antanas Petrošius	-	-	6,468,984	3.45
Clients of Finvesta UAB FMĮ	122038129	Vytauto str. 28, Vilnius, Lithuania	4,616,805	2.46

Source: the Company

Thus, in case following the capital increase all the New Shares are subscribed and acquired by Baltic Champs Group UAB and Vretola Holdings Limited, the holdings of the existing shareholders of the Company will be diluted from the amount of Shares, held by them prior to the capital increase by 54.74%.

#### 4.18 Related Party Transactions

##### Payments to Board Members and Senior Management

Over the years ended 31 December 2013, 2012, 2011, and 2010 the average number of Senior Management was 6. Senior Management includes Board of Directors, General Director and chief accountant of the Parent Company.

In 2013, salaries and other payments to the Board Members and Senior Management of the Parent Company amounted to LTL 1,007 thousand (2012: LTL 931 thousand).

##### Other transactions with related parties

All the shareholders of Agrowill Group AB, owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, are considered to be related parties. Trading transactions with related parties were carried out on commercial terms and conditions and market prices.

<sup>9</sup> Baltic Champs Group UAB will subscribe and acquire 88,444,014 New Shares under the decisions of the General Meeting of 13 March 2014 and will purchase 5,622,488 Shares from the existing shareholder Vretola Holdings Limited, as agreed under the Merger Agreement.

<sup>10</sup> Vretola Holdings Limited will subscribe and acquire 14,151,252 New Shares under the decisions of the General Meeting of 13 March 2014 and will sell 5,622,488 of the currently owned Shares to Baltic Champs Group UAB, as agreed under the Merger Agreement.

Transactions with related parties are as follows:

**Table 39: Related party transactions (LTL'000)**

2013	Accounts receivable	Borrowings	Accounts payable	Purchases	Sales
Parties related to Board member Marius Žutautas ŽIA valda AB	-	-	44	336	-
Avia Solutions Group AB	-	-	-	10	-
Parties related to Board member Linas Strėlis Vilkyškių pieninė AB	736	-	-	19	13,910
<b>Total</b>	<b>736</b>	<b>-</b>	<b>44</b>	<b>365</b>	<b>13,910</b>

2012	Accounts receivable	Borrowings	Accounts payable	Purchases	Sales
Parties related to Board member Marius Žutautas ŽIA valda AB	9	-	37	263	-
Avia Solutions Group AB	-	2,771	-	174	-
Parties related to Board member Linas Strėlis Vilkyškių pieninė AB	551	-	-	15	8,249
<b>Total</b>	<b>560</b>	<b>2,771</b>	<b>37</b>	<b>452</b>	<b>8,249</b>

2011	Accounts receivable	Borrowings	Accounts payable	Purchases	Sales
Parties related to Board member Marius Žutautas ŽIA valda AB	-	-	41	254	-
Parties related to Board member Linas Strėlis Vilkyškių pieninė AB	421	-	3	16	7,097
<b>Total</b>	<b>421</b>	<b>-</b>	<b>44</b>	<b>270</b>	<b>7,097</b>

2010	Accounts receivable	Borrowings	Accounts payable	Purchases	Sales
Parties related to Board member Marius Žutautas ŽIA valda AB	-	-	10	228	-
Parties related to Board member Linas Strėlis Vilkyškių pieninė AB	528	-	-	-	6,451
Board Member Mindaugas Juozaitis	696	-	-	-	-
Parties related to general director Mindaugas Juozaitis MJ holdings UAB	-	-	-	108	-
<b>Total</b>	<b>1,224</b>	<b>-</b>	<b>10</b>	<b>336</b>	<b>6,451</b>

Source: Consolidated Financial Statements, Consolidated Interim Information and the Company

Borrowings – Payable financial debt for the related parties.

Accounts payable – Payable sums for the related parties.

Purchases – Purchases of the goods and services from the related parties.

Sales – Sales of the Issuer for the related parties.

Interest – interest payments paid to the related parties.

Purchases from ŽIA valda AB consist of rent of premises and utilities expenses associated with the premises. Purchases were conducted at market prices.

Borrowings and purchases from Avia Solution Group AB were related to loans given to the Group for financing working capital. Borrowings interest rates were conducted at market prices.

Sales to Vilkyškių pieninė AB consist of raw milk sales to the dairy refinery. The sales were made at market prices.

Sales to Vilkyškių pieninė AB amounted to 9.5 per cent from the total Group revenues for the year 2012 (2011: 12.7 per cent; 2010: 14.3 per cent).

#### 4.19 Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

##### 4.19.1 Historical Financial Information

Financial information is provided in the table below. The information is extracted from Consolidated Financial Statements and Consolidated Interim Information. Unless otherwise stated, this information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

Consolidated Financial Statements and Consolidated Interim Information and the related notes could be found on the Issuer's website <http://www.agrowill.it>, at <http://www.crib.it>, <https://newsclient.omxgroup.com>, [www.gpwinfostrefa.pl](http://www.gpwinfostrefa.pl), and at <http://gpw.pl>.

**Table 40: Balance sheet statements (LTL'000)**

Item	31 December 2013 (unaudited)	31 December 2012	31 December 2011 (restated)	31 December 2010
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	147,596	148,110	139,711	140,442
Investment property	70,863	69,048	68,732	81,794
Intangible assets	1,761	1,717	1,446	2,916
Long term receivables	-	4,926	5,512	430
Financial assets	3	13	702	757
Deferred tax asset	926	1,333	3,181	3,543
Biological assets - livestock	20,152	18,459	16,660	13,009
<b>Total non-current assets</b>	<b>241,301</b>	<b>243,606</b>	<b>235,944</b>	<b>242,891</b>
<b>Current assets</b>				
Biological assets - crops	15,663	12,139	12,239	10,384
Inventory	14,017	18,343	15,845	11,588
Trade receivables, advance payments and other receivables	11,095	18,023	12,859	22,779
Cash and cash equivalents	6,215	3,118	2,756	1,322
<b>Total current assets</b>	<b>46,990</b>	<b>51,623</b>	<b>43,699</b>	<b>46,073</b>
<b>TOTAL ASSETS</b>	<b>288,291</b>	<b>295,229</b>	<b>279,643</b>	<b>288,964</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	84,821	84,821	84,821	71,552
Share premium	24,639	24,639	24,639	25,595
Revaluation reserve	29,090	41,555	44,182	45,885
Legal reserve	2,000	2,000	2,000	2,000
Retained earnings / (accumulated deficit)	(23,738)	(32,566)	(40,566)	(38,326)
<b>Equity attributable to equity holders of the parent</b>	<b>116,812</b>	<b>120,449</b>	<b>115,076</b>	<b>106,706</b>
Non-controlling interest	1,325	2,581	2,057	2,431
<b>Total equity</b>	<b>118,137</b>	<b>123,030</b>	<b>117,133</b>	<b>109,137</b>
<b>Non-current liabilities</b>				
Borrowings	52,989	5,205	510	26,046
Obligations under finance lease	11,313	2,204	1,512	3,082
Grants	14,010	11,683	10,262	9,905
Restructured liabilities	36,478	49,493	51,296	22,152
Deferred tax liability	6,835	7,906	8,061	10,870
<b>Total non-current liabilities</b>	<b>121,625</b>	<b>76,491</b>	<b>71,641</b>	<b>72,055</b>
<b>Current liabilities</b>				
Current portion of non-current borrowings	3,352	56,166	65,570	66,384
Current portion of non-current obligations under finance lease	4,721	6,442	7,057	7,008
Current borrowings	1,149	2,771	816	6,128
Current portion of restructured liabilities	18,146	3,842	-	-
Trade payables	11,689	14,248	10,987	16,084
Other payables and current liabilities	9,472	12,239	6,439	12,168
<b>Total current liabilities</b>	<b>48,529</b>	<b>95,708</b>	<b>90,869</b>	<b>107,772</b>
<b>Total liabilities</b>	<b>170,154</b>	<b>172,199</b>	<b>162,510</b>	<b>179,827</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>288,291</b>	<b>295,229</b>	<b>279,643</b>	<b>288,964</b>

Source: Consolidated Financial Statements and Consolidated Interim Information



**Table 41: Profit and loss statements (LTL'000)**

Item	Year ended 31 December 2013 (unaudited)	Year ended 31 December 2012	Year ended 31 December 2011 (restated)	Year ended 31 December 2010	3 month period ended 31 December 2013 (unaudited)	3 month period ended 31 December 2012 (unaudited)
Revenues	82,572	86,688	56,078	45,165	32,470	43,314
Cost of sales	(58,580)	(56,298)	(38,386)	(28,595)	(20,089)	(26,108)
Gain (loss) on changes in fair values of biological assets and on initial recognition of agricultural produce	(3,996)	56	(1,010)	2,448	(3,950)	(8,954)
<b>GROSS PROFIT</b>	<b>19,996</b>	<b>30,446</b>	<b>16,682</b>	<b>19,018</b>	<b>8,431</b>	<b>8,252</b>
Operating expenses	(19,220)	(16,689)	(23,485)	(22,028)	(6,511)	(5,236)
Investment property fair value change gain	-	-	-	-	-	-
Gain from acquisition of subsidiaries	-	-	412	2,843	-	-
Other income	7,783	267	7,614	7,903	6,023	146
<b>OPERATING PROFIT</b>	<b>8,559</b>	<b>14,024</b>	<b>1,223</b>	<b>7,736</b>	<b>7,943</b>	<b>3,162</b>
Finance cost	(12,360)	(6,434)	(7,767)	(6,824)	(6,414)	240
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>(3,801)</b>	<b>7,590</b>	<b>(6,544)</b>	<b>912</b>	<b>1,529</b>	<b>1,922</b>
Income tax expense	(1,092)	(1,693)	1,502	6,385	(1,049)	(1,693)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	<b>(4,893)</b>	<b>5,897</b>	<b>(5,042)</b>	<b>7,297</b>	<b>480</b>	<b>229</b>
<b>ATTRIBUTABLE TO :</b>						
Equity holders of the Parent Company	(4,708)	5,373	(5,379)	7,087	624	(39)
Non-controlling interest	(185)	524	337	210	(144)	268
<b>Basic and diluted earnings (loss) per share (LTL)</b>	<b>(0.06)</b>	<b>0.06</b>	<b>(0.07)</b>	<b>0.17</b>	<b>0.01</b>	<b>0.00</b>
<b>NET PROFIT/ (LOSS) FOR THE PERIOD</b>	<b>(4,893)</b>	<b>5,897</b>	<b>(5,042)</b>	<b>7,297</b>	<b>480</b>	<b>229</b>
<b>Other comprehensive income:</b>						
Revaluation of PPE	-	-	725	(576)	-	-
Tax effect of revaluation of fixed assets	-	-	-	-	-	-
Change in net revaluation reserve due to changes in tax rates	-	-	-	4,207	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(4,893)</b>	<b>5,897</b>	<b>(4,317)</b>	<b>10,928</b>	<b>480</b>	<b>229</b>
<b>ATTRIBUTABLE TO :</b>						
Equity holders of the Parent Company	(4,708)	5,373	(4,654)	10,718	624	(39)
Non-controlling interest	(185)	524	337	210	(144)	268

Source: Consolidated Financial Statements and Consolidated Interim Information

**Table 42: Cash flow statements (LTL'000)**

Item	Year ended 31 December 2013 (unaudited)	Year ended 31 December 2012	Year ended 31 December 2011 (restated)	Year ended 31 December 2010
<b>Cash flows from /(to) operating activities</b>				
Net profit (loss) from continuing activities	(4,708)	5,373	(5,379)	7,297
Minority interest	(185)	524	337	-
Taxes and deferred taxes	1,092	1,693	(1,502)	(6,385)

<i>Item</i>	<i>Year ended 31 December 2013 (unaudited)</i>	<i>Year ended 31 December 2012</i>	<i>Year ended 31 December 2011 (restated)</i>	<i>Year ended 31 December 2010</i>
<b>Net profit (loss) before income tax</b>	<b>(3,801)</b>	<b>7,590</b>	<b>(6,544)</b>	<b>912</b>
<b>Adjustments for non-cash expenses (income) items and other adjustments</b>				
Depreciation expense	11,901	10,159	10,001	10,643
Amortization expense	31	51	29	80
Write offs of PPE	815	188	623	351
Loss of revaluation of property, plant and equipment	-	-	-	-
Profit (loss) on sales of non-current assets	4,089	393	(53)	132
Interest expense (income), net	11,342	6,075	7,449	6,824
Revaluation of assets	(5,040)	-	-	-
(Gain) loss on sale of agricultural land	(834)	-	-	-
Write-offs of inventory	2,746	1,687	2,485	1,690
Gain (loss) on acquisition of subsidiaries	-	(267)	2,876	(2,843)
Movement in provision of property, plant and equipment	-	-	(1,567)	-
Write-off of goodwill	-	-	1,818	-
Negative goodwill	-	-	(412)	-
Write-off of liabilities	(1,750)	-	-	-
Extinguishment of payables	-	-	(5,275)	(6,695)
Impairment of accounts receivable	37	-	1,056	2,100
Loss (gain) on changes in fair value of biological assets	3,996	(56)	1,010	(2,448)
Grants, related to assets, recognized as income	(1,735)	(1,293)	(1,062)	(1,511)
<b>Changes in working capital</b>				
(Increase) decrease in biological assets	(7,840)	(1,643)	(6,516)	(4,803)
(Increase) decrease in trade receivables and prepayments	10,476	(5,164)	4,427	(6,398)
(Increase) decrease in inventory	207	(4,185)	(6,423)	(4,718)
(Decrease) increase in trade and other payables	3,859	13,720	(5,616)	9,323
	<b>28,499</b>	<b>27,255</b>	<b>(1,694)</b>	<b>2,639</b>
Interest paid, net	(3,194)	(3,917)	(1,897)	(2,506)
<b>Net cash flows from /(to) operating activities</b>	<b>25,305</b>	<b>23,338</b>	<b>(3,591)</b>	<b>133</b>
<b>Cash flows from /(to) investing activities</b>				
Acquisition of subsidiaries, net of cash	-	-	25	(163)
Disposal of subsidiaries, net of cash	8,270	-	(173)	-
Purchase of non-current tangible assets	(28,884)	(20,263)	(4,476)	(1,877)
Purchase of non-current intangible assets	(75)	(322)	(57)	(35)
Proceeds from sales of non-current assets	-	1,125	541	592
Grants related to investments	4,062	2,714	38	691
Other loans granted (repaid)	-	586	(48)	(198)
<b>Net cash flows from/(to) investing activities</b>	<b>(16,627)</b>	<b>(16,160)</b>	<b>(4,150)</b>	<b>(990)</b>
<b>Cash flows from /(to) financing activities</b>				
Contribution to share capital in cash	-	-	12,313	2,888
Disposal (acquisition) of available for sale investments	10	689	56	(590)
Proceeds from bank and other borrowings	-	-	-	782
Amounts paid to banks	(5,139)	(9,072)	(1,433)	(3,726)

Item	Year ended 31 December 2013 (unaudited)	Year ended 31 December 2012	Year ended 31 December 2011 (restated)	Year ended 31 December 2010
Other borrowings received (paid)	(7,840)	4,105	(877)	598
Increase (repayments) of obligations under finance lease	(7,338)	(2,538)	(884)	(1,498)
<b>Net cash flows from/(to) financing activities</b>	<b>(5,581)</b>	<b>(6,816)</b>	<b>9,175</b>	<b>(1,546)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>3,097</b>	<b>362</b>	<b>1,434</b>	<b>(2,403)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,118</b>	<b>2,756</b>	<b>1,322</b>	<b>3,725</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6,215</b>	<b>3,118</b>	<b>2,756</b>	<b>1,322</b>

Source: Consolidated Financial Statements and Consolidated Interim Information

#### 4.19.2 Audited Financial Statements

PricewaterhouseCoopers UAB, J. Jasinskio str. 16B, LT-03163 Vilnius, Lithuania (tel. +370 5 239 2300, fax +370 5 239 2301) have audited:

- the Group's consolidated financial statements for the years ended 31 December 2008, 2009, 2010 and issued a qualified auditor's report;
- the Group's and the Company's consolidated and stand-alone financial statements for the year ended 31 December 2011 and issued a qualified auditor's report;
- the Group's and the Company's audited consolidated and stand-alone financial statements for the year ended 31 December 2012 and issued modified auditor's report.

PricewaterhouseCoopers UAB audit licence number is 000173. The audit report for the years 2012 and 2010 was signed by Mr. Rimvydas Jogėla, auditor's licence No. 000457. The audit report for the year 2011 was signed by Mr. Christopher C. Butler and by Jurgita Krikščiūnienė, auditor's licence No. 000495.

#### 4.19.3 Pro Forma Financial Information

Pro Forma Financial Information is prepared in order to indicate consolidated financial information of Agrowill Group AB if the Group would have acquired Baltic Champs UAB as at 1 January 2013. The Management of the Company identified, that after planned acquisition of Baltic Champs UAB in 2014 under the terms and conditions of the Merger Agreement, the size of the Company will be significantly affected. Other two acquisitions – eTime invest UAB and 2 agricultural entities (AGRO Ramučiai UAB and Luganta UAB) are not of significant size to have a significant effect on financial situation of the newly formed group.

The Pro Forma Financial Information is prepared to show the hypothetical situation of the above-mentioned acquisition being carried out as at 1 January 2013, rather than in 2014. Pro forma balance sheet is prepared for hypothetical moment of acquisition (1 January 2013), additionally full financial information is prepared for the 12 months period ended 31 December 2013.

Summary Pro Forma Financial Information is provided in the table below. The information is extracted from the Pro Forma Financial Information. Unless otherwise stated, this information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

**Table 43: Selected financial information of the Group (LTL'000)**

Item	31 December 2013	31 December 2012
<b>Consolidated Income statement</b>		
Revenues	156,483	-
Operating profit	20,492	-
Profit/(loss) before income tax	7,180	-
Net profit/(loss) for the year	5,818	-
<b>Consolidated Balance sheet</b>		
Property, plant and equipment	258,947	263,903
Investment property	70,863	69,048
Intangible assets	1,763	1,717
Long term receivables	-	4,926
Financial assets	3	13

Deferred tax asset	926	1,333
Biological assets - livestock	20,152	18,459
<b>Total non-current assets</b>	<b>352,654</b>	<b>359,399</b>
Biological assets – crops	15,663	12,139
Inventory	26,347	25,928
Trade receivables, advance payments and other receivables	21,411	29,905
Cash and cash equivalents	6,742	4,176
<b>Total current assets</b>	<b>70,163</b>	<b>72,148</b>
<b>Total assets</b>	<b>422,817</b>	<b>431,547</b>
Share capital	180,325	180,325
Share premium	-	-
Revaluation reserves	-	-
Legal reserves	-	-
Retained earnings	5,818	-
Minority interest	-	-
<b>Total equity</b>	<b>186,143</b>	<b>180,325</b>
Borrowings and financial lease	107,182	53,128
Grants	14,010	11,683
Restructured liabilities	36,478	49,493
Deferred tax liability	6,835	7,906
<b>Total non-current liabilities</b>	<b>164,505</b>	<b>122,210</b>
Current portion of non-current borrowings and financial lease	15,971	83,970
Current borrowings	3,149	2,771
Current portion of restructured liabilities	18,146	3,842
Trade payables	23,496	24,720
Other payables and current liabilities	11,407	13,709
<b>Total current liabilities</b>	<b>72,169</b>	<b>129,012</b>
<b>Total liabilities</b>	<b>236,674</b>	<b>251,222</b>
<b>Total equity and liabilities</b>	<b>422,817</b>	<b>431,547</b>
Financial debt (current and non-current, including financial lease)	180,926	193,204
Invested capital (financial debt and equity)	367,069	373,529
<b>Key ratios and indicators</b>		
Equity ratio, %	44.02%	41.79%
Working capital	(2,006)	(56,864)
Current ratio	0.97	0.56
Quick ratio	0.61	0.36
ROA, %	4.80%	-
ROE, %	3.18%	-

Source: Pro Forma Financial Information

Equity ratio = Total equity / Total assets

Working capital = Current assets - Current liabilities

Current ratio = Current assets / Current liabilities

Quick ratio = (Current assets - Inventory) / Current liabilities

ROA = Operating profit / Average total assets

ROE = Net profit / Average total equity

#### 4.19.4 Dividend Policy

The Company does not have an approved policy on dividend distributions and any restrictions thereon. Decision on distribution of dividends to shareholders is adopted by the General Meeting, with a right to propose a draft decision with this regard generally vested with the Management Board, the Supervisory Council and the shareholders, holding not less than 1/20 of all the shares and votes in the General Meeting.

The Company's and the Group's current priority is to use profits for the development of the Company, rather than for the distribution of dividends and it has not paid out dividends in the last three years. However, the Company does not rule out paying dividends in the future depending on its financial performance, cash flows, financial condition, capital requirements and the results of the investment projects currently underway.

The following general rules apply with respect to any dividends declared by the Company.

Shares give rights to dividends declared by the General Meeting. Dividends are paid to persons who at the end of the rights record date (i.e. the tenth business day following the day on which the decision to distribute dividends was adopted by the General Meeting) were shareholders of the Company or were otherwise entitled to receive dividends. The Company must pay out the declared dividends within one month from the date when the General Meeting decides to declare dividends. The same rules for paying dividends are applied both to residents and non-residents of Lithuania with the exception of taxation requirements (see Section *Taxation of the Issuer's Shares*). Dividends are paid to the shareholders in proportion to the aggregate sum of the nominal value of the shares held by the shareholder. Dividends can be paid only in cash. The dividends attributable to the Shares are non-cumulative.

The Law on Companies foresees that the annual dividends as well as the dividends for a shorter period than a financial year may be distributed to the shareholders of the Company.

The Company may only distribute annual dividends out of its distributable profits that consist of net profit for each financial year, as increased or reduced by any profit or loss carried forward from the previous year and/or profit or loss of the current financial year not realised in the profit and loss account, plus any amounts held in its reserves that the shareholders decide to make available for distribution (other than those reserves that are specifically required by the Lithuanian laws) and shareholders' contributions to cover loss, less any distributions for any other purposes decided by the General Meeting. Dividends may not be declared or paid out if at least one of the following conditions is met: (i) the Company has outstanding obligations which became due before the decision of the General Meeting; (ii) the Company's distributable result of the financial year is negative (i.e. losses were incurred); (iii) the equity capital of the Company is lower or after the payment of dividends would become lower than the aggregate amount of the share capital, the legal reserve, the revaluation reserve and the reserve for acquisition of own shares of the Company.

Dividends for a shorter period than the financial year may be declared if all following conditions are met: (a) an audited set of interim financial statements has been approved; (b) the profit (loss) amount for a period shorter than a financial year is positive (there is no loss); (c) the amount distributed for payment of dividend does not exceed the profit (loss) for the period shorter than a financial year, the amount of the retained earnings (loss) for the previous financial years as at the end of the previous financial year, upon deduction of the share of profit earned during the period shorter than a financial year, which must be appropriated to reserves according to the law or according to the Articles of Association; (d) the company does not have outstanding obligations, which matured before taking of the decision, and upon payment of dividend it would be capable of fulfilling its obligations for the current financial year. Upon distribution of interim dividend, it is allowed to allocate dividend for another period shorter than a financial year no earlier than 3 months later.

#### 4.19.5 Legal and Arbitration Proceedings

As at the date of this Prospectus the Issuer as a defendant (the debtor), as the plaintiff (the creditor; the applicant) or as a third party participated in the cases where value of claim is greater than LTL 50,000 as described below.

**Agrowill Žadžiūnai ŽŪB** (plaintiff) vs. Vytautas Paškūnas, Marijona Žiūraitė, Rimantas Paškūnas, Rimantė Balčiūnienė and Gintaras Paškūnas (defendants). Šiauliai Regional Court. Civil case No. 2-7498-883/2013. A claim has been filed regarding the transfer of the buyer's rights and responsibilities. The exact amount of the claim is not yet defined, because the selling price of the land plot is unknown, but according to the state registrar the value of the land plot exceeds LTL 50 thousand.

Vaidotas Grinčikas (plaintiff) vs. Finansų rizikos valdymas UAB, **the Issuer** and **ŽIA valda AB** (third parties). Civil case in Lithuanian Supreme Court. The claim was filed to declare the acquisition/sale agreement of the publicly offered shares of Agrowill Group AB as being void and to apply restitution. Claim amount – LTL 50 thousand.

**Subsidiary Abagrain UAB** (the claimant), vs. Malsena grain UAB (the defendant). Vilnius Regional court, Civil case No. 2-4523-866/2013. The claimant required to negate and declare void *ab initio* the record made by the defendant on 1 December 1 2010 in which the defendant's financial claim against Abagrain UAB (in the amount of LTL 104,655) was offset with the claimant's financial claim against the defendant (in the amount of LTL 159,146), and to award the claimant the debt of LTL 104,655 as well as LTL 12,878 in interest.

The Vilnius Regional court delivered a verdict on 9 May 2013 in which it partially satisfied the claimant's claim and awarded to the claimant 421.19 LTL of interest as well as 7.75 percent interest on the awarded amount for the time period from the start of legal proceedings until full settlement is made. With respect to the remaining claim the

Court dismissed the action. The claimant filed an appeal for the remaining claim with the Vilnius Regional court, a hearing date for which has not yet been assigned.

Consena UAB (plaintiff) vs. **Agrowill Jurbarkai ŽŪB** (defendant). The claim was filed by the plaintiff regarding the debt of LTL 128,863.81, as well as regarding declaration of construction contract in which the plaintiff's creditor claim has been reduced from LTL 319,975.87 to LTL 219,975.87 invalid. The defendant will file a counterclaim regarding the suffered damages in the case.

### **Restructuring procedures**

The court has approved the Issuer's restructuring plan on 17 November 2010 and the Issuer entered restructuring process during 2010 for most of the relevant Group's entities – for the Company and 14 agricultural Subsidiaries.

In a restructuring process the Issuer and the respective Subsidiaries are given protection from creditors to accumulate enough resources for a complete pay off of overdue debts. Restructuring enables the Issuer and the relevant Subsidiaries to avoid bankruptcy and all related negative consequences. The restructuring is beneficial to businesses that have a regular stable cash flow from operating activities but encounter temporary financial difficulties. The purpose of this process is to retain all assets of the Issuer and the respective Subsidiaries, survive negative movements in production prices and further develop the company's activities rather than liquidate it. During the restructuring process, creditors, including administrators of mandatory payments, have the right to make concessions on payment of debts that have accrued prior to the initiation of business restructuring proceedings. Upon the process of Issuer's and the relevant Subsidiaries' restructuring, economic and commercial activities will not be terminated, and it will become possible to regulate cash flows, pay debts, restore the Company's and the Subsidiaries' solvency and further develop their activities. The process will last up to 4 years with a possibility to extend it for another year.

The restructuring process is regulated by the Law on Restructuring of Enterprises of the Republic of Lithuania. According to the law, applicable to the Company and its respective agricultural Subsidiaries being under the restructuring procedure, the whole process has following steps (in order of occurrence):

- (a) approval of a draft of the restructuring skeleton by shareholders of the company;
- (b) application to the court for opening of the restructuring procedure;
- (c) the court adopts a decision to open the restructuring procedure, appoints restructuring administrator and approves the restructuring skeleton;
- (d) preparation and approval of a draft of the restructuring plan and revision thereof by the administrator;
- (e) administrator summons a meeting of creditors and presents the restructuring plan for approval;
- (f) the restructuring plan is approved by 3/4 votes of the approved creditors;
- (g) submission of the restructuring plan for the court's approval. Such submission must be lodged with the court no later than 6 months as from the adoption of court's decision to open restructuring procedure;
- (h) upon court's approval of the restructuring plan, the restructuring procedure is instituted. The company has the term established in restructuring plan (usually 4 years) to earn the funds and to repay to its creditors.

There are the following restructuring cases entered by the Issuer and the Issuer's Subsidiaries:

1. Agrowill Group AB: restructuring case was initiated on 26.02.2010 (came into effect on 20.05.2010). The restructuring plan was approved by the court on 17.11.2010 (came into effect on 07.04.2011).
2. Agrowill Skėmiai ŽŪB: a restructuring case was initiated on 24.02.2010 (came into effect on 19.08.2010). The restructuring plan was approved by the court on 19.12.2010 (came into effect on 26.12.2010).
3. Agrowill Želsvelė ŽŪB: a restructuring case was initiated on 27.09.2010 (came into effect 07.10.2010). The restructuring plan was approved by the court on 18.04.2011 (came into effect on 25.04.2011).
4. Agrowill Mantviliškis ŽŪB: a restructuring case was initiated on 24.05.2010 (came into effect 23.09.2010). The restructuring plan was approved by the court on 31.01.2011 (came into effect on 07.02.2011).
5. Agrowill Spindulys ŽŪB: a restructuring case was initiated on 06.11.2009 (came into effect on 25.02.2010). The restructuring plan was approved by the court on 12.10.2010 (came into effect on 19.10.2010).
6. Agrowill Lankesa ŽŪB: a restructuring case was initiated on 15.09.2009 (came into effect on 17.12.2009). The restructuring plan was approved by the court on 09.02.2011 (came into effect on 16.02.2011).
7. Agrowill Dumšiškės ŽŪB: a restructuring case was initiated on 10.03.2010 (came into effect on 09.09.2010). The restructuring plan was approved by the court on 10.02.2011 (came into effect on 17.02.2011).
8. Agrowill Kairėnai ŽŪB: a restructuring case was initiated on 26.06.2009 (came into effect on 30.04.2010). The restructuring plan was approved by the court on 10.07.2010 (came into effect on 17.07.2010).
9. Agrowill Žadžiūnai ŽŪB: a restructuring case was initiated on 15.10.2010 (came into effect on 25.10.2010). The restructuring plan was approved by the court on 29.03.2011 (came into effect on 04.04.2011).
10. Agrowill Nausodė ŽŪB: a restructuring case was initiated on 26.11.2010 (came into effect on 06.12.2010). The restructuring plan was approved by the court on 12.04.2011 (came into effect on 19.04.2011).

11. Agrowill Jurbarkai ŽŪB: a restructuring case was initiated on 16.09.2010 (came into effect 26.09.2010). The restructuring plan was approved by the court on 01.03.2011 (came into effect on 08.03.2011).
12. Agrowill Eimučiai ŽŪB: a restructuring case was initiated on 08.10.2010 (came into effect 18.10.2010). The restructuring plan was approved by the court on 29.03.2011 (came into effect on 04.04.2011).
13. Agrowill Smilgiai ŽŪB: a restructuring case was initiated on 15.04.2010 (came into effect on 05.08.2010). The restructuring plan was approved by the court on 12.01.2011 (came into effect on 19.01.2011).
14. Agrowill Vėriškės ŽŪB: a restructuring case was initiated on 11.08.2009 (came into effect on 08.04.2010). The restructuring plan was approved by the court on 16.09.2010 (came into effect on 23.09.2010).
15. Agrowill Alanta ŽŪB: a restructuring case was initiated on 15.11.2010 (came into effect on 25.11.2010). The restructuring plan was approved by the court on 19.05.2011 (came into effect on 26.05.2011).

Thus, all the aforementioned Group companies are in the phase (h) of the restructuring process (according to the aforementioned steps of the procedure of the restructuring), i.e. the respective Group companies have been issued with courts' approvals for the restructuring plans.

There are no other Group entities engaged in restructuring procedure.

Although some of the loans had their covenants breached as at 31 December 2008, 2009, and 2010, no major loan terminations were initiated by the banks, as they are in favour of Management's taken approach, i.e. initiation of restructuring processes.

On 24 August 2010 owners of LTL 37,572,650 debt towards the Company capitalized their debt into its share capital at 1:1 ratio. On 11 November 2010 the Issuer's bondholders capitalized additional LTL 3,403,685 of liabilities into the share capital. Furthermore, on 23 October 2010 cash injection was made in order to increase share capital by additional LTL 2,888,172. Issuer's Subsidiaries as creditors holding 83.3% of total credits granted to the Issuer will make concessions on payment of debts by accepting to be the last from creditors list to be repaid and by extending the repayment date to more than 4 years or up to 2 years after restructuring is over.

During the restructuring process, Issuer plans to repay to its creditors by the schedule as follows:

**Table 44: Debt repayment schedule**

	2011	2012	2013	6 April 2014	6 April 2015
% of total creditors	0%	0%	0%	15%	85%

Source: Restructuring plan of the Company

During the first two years no repayments were made in order to: i) increase the Company's and Group's working capital which is needed to maintain operations effective; ii) finance the modernisation of machinery, vehicles and equipment.

During the first half of 2013 the following changes to all of the restructuring plans of the Group's Agricultural entities were initiated and approved in their respective creditors' meetings:

1. The provision regarding new credits received by the restructured companies was changed. In the previous revision of the restructuring plans it was stated that the restructured company is not planning to receive new credits, but should the company decide to apply for new loan financing the restructuring plans would need to be changed. This provision has been revised in the following order:
  - 1.1. in Agrowill Alanta ŽŪB, Agrowill Dumšiškės ŽŪB, Agrowill Eimučiai ŽŪB, Agrowill Žadžiūnai ŽŪB restructuring plans to allow for new borrowing to take place during the restructuring period which would be used to refinance the existing loans;
  - 1.2. in all other restructuring plans to allow for new borrowing from DNB bankas AB to take place during the restructuring period which would be used to refinance the existing loans from the same bank.
2. The restructuring plans have been revised to include the following: "Any creditor has the right to, after presenting a respective notice to the Company, relinquish its right to payment of the creditorial claim in accordance with the creditorial claim order established in the restructuring plan. Should a creditor exercise this right, the claim of such a creditor will be satisfied after the claims of all senior creditors as well as the claims of all creditors with the same seniority".
3. The restructuring plans (except Agrowill Skėmiai) have been corrected to specify the exact date of the end of the third year of restructuring procedures. The following dates have been set:
  - Agrowill Alanta ŽŪB – third year of restructuring ends on 1 December 2014
  - Agrowill Dumšiškės ŽŪB – third year of restructuring ends on 1 December 2014
  - Agrowill Eimučiai ŽŪB – third year of restructuring ends on 1 December 2014
  - Agrowill Jurbarkai ŽŪB – third year of restructuring ends on 1 December 2014
  - Agrowill Kairėnai ŽŪB – third year of restructuring ends on 1 December 2013
  - Agrowill Lankesa ŽŪB – third year of restructuring ends on 1 December 2014
  - Agrowill Mantviliškis ŽŪB – third year of restructuring ends on 1 December 2014
  - Agrowill Nausodė ŽŪB – third year of restructuring ends on 1 December 2014

Agrowill Smilgiai ŽŪB – third year of restructuring ends on 1 December 2014  
 Agrowill Spindulys ŽŪB – third year of restructuring ends on 1 December 2013  
 Agrowill Veriškės ŽŪB – third year of restructuring ends on 1 December 2013  
 Agrowill Žadžiūnai ŽŪB – third year of restructuring ends on 1 December 2014  
 Agrowill Želsvelė ŽŪB – third year of restructuring ends on 1 December 2014

The following changes have been made to the Issuer's restructuring plan:

1. The Company's assets include the shares of its Subsidiaries. To ensure that the restructuring plan is appropriately implemented and payments to creditors are made in a timely manner, the Company may seek to sell part and/or all of its abovementioned assets (i.e. shares of the Subsidiary companies) during the restructuring period.

Sale of assets of Subsidiary companies will be defined in the respective restructuring plans of such companies. The agricultural land owned by the Group's Land management companies might be sold to investors who would agree to acquire all or part of the agricultural land portfolio (or, equivalently, all or part of the shares of Land management companies) at a price set by the Company.

2. Point 7.1 of the Company's restructuring plan was changed to include a revised list of creditors as of 20 June 2010 as well as revised list of creditors as of 31 December 2012.
3. Point 7.1 of the Company's restructuring plan was revised to include the following: "in the event of selling a portion of the pledged assets, the creditor claims ensured by the pledge or hypothec will be fulfilled in proportion to the amount of the assets sold, unless agreed otherwise between the Company and the creditors, whose claims are ensured by the pledge or hypothec.
4. Point 7.4 of the Company's restructuring plan was revised by subtracting no longer relevant factual information.

The third year of Agrowill Group restructuring process ends on 6 April 2014.

#### 4.19.6 Significant Changes in the Issuer's Financial or Trading Position

Since the end of the last period for which the Company's consolidated financial information exists (31 December 2013), the main financial and operational development of the Issuer has been as follows: Agreement on the merger of Agrowill Group AB with other companies was signed (14 February 2014). For more information on this issue please see Section 4.4.2 *Investments* and the notification on material event of the Issuer, dated 20 February 2014.

#### 4.20 Additional Information

##### 4.20.1 Share Capital

**Table 45: Registered share capital of the Issuer**

Name of the securities	Number of shares	Nominal value, LTL	Total nominal value, LTL	Percentage in share capital
Ordinary registered shares	84,820,986	1	84,820,986	100%

Source: the Company

All the ordinary registered Shares of the Company (84,820,986) are fully paid.

As of the date of this Prospectus the free float of Issuer's shares, meaning the percentage of shareholders each holding less than 5% of all Shares in the Company, amounted to 20,455,918 shares (24.12%).

**Table 46: Changes of share capital of the Issuer within the last 3 years**

Registered with the Register of Legal Persons	Share capital before the change, LTL	Change, LTL	Change	Share capital after the change, LTL
04.08.2010	26,142,732	+1,545,015	Increase (new issue)	27,687,747
24.08.2010	27,687,747	+37,572,650	Increase (converted debt)	65,260,397
11.11.2010	65,260,397	+6,291,857	Increase (converted debt, additionally new issue)	71,552,254
30.06.2011	71,552,254	+13,268,732	Increase (new issue)	84,820,986

Source: Consolidated Financial Statements

The Issuer has not issued any shares that do not represent participation in share capital. No shares in the Issuer are held by or on behalf of the Issuer or by Subsidiaries of the Issuer. The Issuer has not issued any convertible shares or bonds, exchangeable shares or shares with warrants. The Issuer has not issued any acquisition rights or obligations over authorized but unissued capital or an undertaking to increase the capital. The Issuer has not issued any share options.



Furthermore, there are no provisions of the Articles of Association or other documentation that would have an effect of delaying, deferring or preventing a change in control of the Issuer, also governing the ownership threshold above which shareholder ownership must be disclosed. Moreover, there are no conditions imposed by the Articles of Association governing changes in the capital, where such conditions are more stringent than is required by law.

#### **4.20.2 Articles of Association**

##### **The purposes and the object of activities of the Issuer**

Pursuant to Article 2 of the Articles of Association:

The goal of the activities of the Company shall be to operate in common interests of the shareholders of the Company by optimising over time the value of shareholders' equity, and to receive profit by efficiently and productively developing business activities in the following areas:

- Farming of animals;
- Growing of crops combined with farming of animals;
- Land purchases and sales;
- Service activities;
- Trade and real estate activities;
- Wholesale and retail;
- Construction;
- Intermediation (including financial intermediation);
- Manufacture of various products;
- Advertising;
- Letting of own property, renting of vehicles, machinery and equipment;
- Other business activities not forbidden by the laws and regulations of the Republic of Lithuania.

The Company may engage in activities that require a licence or a permit only after it obtains all required licences or permits.

Products, goods and services of the Company may be sold/provided or otherwise assigned in the Republic of Lithuania or abroad.

For the purpose of implementing goals established in the Articles of Association, the Company may do the following in compliance with the applicable laws of the Republic of Lithuania:

- Conclude contracts and undertake obligations;
- Lend and borrow money. However, when borrowing from its shareholders (the "Shareholders"), the Company may not pledge its assets to Shareholders, and the borrowing of the Company from Shareholders under a loan contract must comply with the provisions of the Law on Companies as well as other laws and regulations of the Republic of Lithuania;
- Become an incorporator or a member of other legal entities;
- Establish branches and representative offices in the Republic of Lithuania and abroad;
- Enjoy other rights and have other obligations, provided they are in compliance with the laws of the Republic of Lithuania.

There is nothing in the Articles of Association to restrict the right of the Company to provide charity and sponsorship or to engage in other non-profit making activities, or the right of the Company to change, suspend or terminate its activities.

##### **Governing bodies of the Issuer**

Pursuant to Articles 5 through 9 of the Articles of Association:

The bodies of the Company are:

- The General Meeting of shareholders (the "General Meeting"), which is the supreme body of the Company;
- The Supervisory Council, which is a collegial supervisory body;
- The Management Board, which is a collegial management body;
- The Executive Manager (the Manager), which is a single-person management body.

The General Meeting shall have the exclusive right to:

- Amend the Articles of Association, except in cases provided by the Law on Companies;
- Change the address of the registered office of the Company;
- Elect members of the Supervisory Council;
- Revoke the Supervisory Council or its members;
- Elect and revoke the firm of auditors for the carrying out of the audit of annual financial statements, fix the terms of payment for auditing services;
- Determine the class, number and set the par value and the minimum emission price of the shares issued by the Company;
- Resolve to convert the Company's shares of one class into shares of another class, and approve the procedure of the conversion;

- Approve the annual financial accounts;
- Resolve on the appropriation of profit (loss);
- Resolve on the formation, use, reduction and dissolution of the reserves;
- Approve the set of interim financial statements, compiled for adoption of a decision regarding distribution of dividends for a shorter period, than the financial year;
- Adopt a decision on distribution of dividends for a shorter period than the financial year;
- Resolve to issue convertible debentures;
- Resolve to withdraw the pre-emptive right for all Shareholders to acquire shares or convertible debentures of the specific issue of the Company;
- Resolve to increase the authorised capital;
- Resolve to reduce the authorised capital, except in cases provided by the Law on Companies;
- Resolve on the redemption of own shares by the Company;
- Resolve on the reorganisation or division of the Company, and to approve the terms and conditions of such reorganisation or division;
- Resolve to transform the Company;
- Resolve to restructure the Company;
- Resolve to liquidate the Company and to revoke the liquidation of the Company, except in cases provided by the Law on Companies;
- Elect and revoke the liquidator of the Company, except in cases provided by the Law on Companies;
- Adopt other resolutions that the laws and regulations prescribe for the exclusive competence of the General Meeting.

The Supervisory Council shall:

- Elect members of the Board and remove them from office. If the Company is operating at a loss, the Supervisory Council must consider the suitability of the Board members for their office;
- Monitor and control the activities of the Board and of the Manager of the Company;
- Continuously issue recommendations to the Board and the Manager of the Company regarding the management of the Company;
- Make proposals and comments to the General Meeting on the operating strategy of the Company, annual financial statements, the draft of the profit appropriation and the annual report of the Company, also on the activities of the Board and of the Manager of the Company;
- Submit its comments and proposals to the General Meeting on the Company's draft decision on distribution of dividends for a period, shorter than a financial year and on the set of interim financial statements compiled and the interim report prepared for adoption thereof;
- Submit proposals to the Board and the Manager of the Company to revoke their resolutions which conflict with the laws and regulations of the Republic of Lithuania, the Articles of Association or resolutions of the General Meeting;
- Propose the firm of auditors for the General Meeting;
- Consider other issues related to the supervision of the activities of the Company and its management bodies and attributed to the competence of the Supervisory Council by the Articles of Association or resolutions of the General Meeting; also, adopt resolutions that fall *per se* under the competence of the Supervisory Council;
- Ensure that the General Meeting properly informs the Shareholders about the affairs and strategies of the Company, risk management and resolution of conflicts of interest;
- Ensure integrity and transparency of the financial statements and the control system of the Company;
- Following the established procedure, approve transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the Company under usual conditions) concluded between the Company and its Shareholders, members of the supervisory or managing bodies or other natural persons or legal entities that exert or may exert influence on the management of the Company;
- Be liable for the efficient, objective and unbiased supervision of the activities of the management bodies of the Company and of the representation of the interests of the minority Shareholders.

The Board shall consider and approve:

- The operating strategy of the Company. The Board shall be responsible for preparation of the operational strategy of the Company. The operational strategy and goals of the Company shall be made public. The implementation of the strategy shall be introduced to the Shareholders at an annual General Meeting;
- The annual report of the Company;
- The interim report of the Company;
- The structure of management and positions in the Company;
- The positions to which employees are recruited by holding competitions;
- Regulations of branches and representative offices of the Company.

The Board shall elect and revoke the Manager of the Company, fix his remuneration and other terms and conditions of the employment contract, approve his job description, provide incentives for him and impose penalties.

The Board shall determine which information shall be considered to be the commercial (industrial) secret, confidential information of the Company. Any information which must be publicly available under the Law on Companies and under other laws of the Republic of Lithuania may not be considered to be the commercial (industrial) secret, confidential information.

The Board shall adopt the following resolutions:

- Resolutions for the Company to become an incorporator or a member of other legal entities;
- Resolutions to open branches and representative offices of the Company;
- Resolutions to invest, transfer or lease the fixed assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction);
- Resolutions to pledge or mortgage the fixed assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- Resolutions to offer surety or guarantee for the discharge of obligations of third parties the amount whereof exceeds 1/20 of the authorised capital of the Company;
- Resolutions to acquire fixed assets the price whereof exceeds 1/20 of the authorised capital of the Company;
- Resolutions on transactions of the Company with the value exceeding LTL 3,000,000 (three million);
- Resolutions on taking loans with the value exceeding LTL 3,000,000 (three million);
- Resolutions to restructure the Company in cases laid down in the Law of the Republic of Lithuania on Restructuring of Enterprises;
- Resolutions to issue debentures;
- Other resolutions within the powers of the Board as prescribed by the Articles of Association or the resolutions of the General Meeting.

The Board shall analyse and evaluate the documents submitted by the Manager of the Company on:

- Implementation of the operating strategy of the Company;
- Organisation of the activities of the Company;
- Financial standing of the Company;
- Performance results, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Board shall analyse and assess the draft annual financial accounts and the draft of profit (loss) appropriation of the Company, and shall submit them together with the annual report of the Company to the Supervisory Council and the General Meeting. The Board shall determine the methods used by the Company to calculate the depreciation of tangible assets and the amortisation of intangible assets.

The Board shall analyse and assess a draft of the decision on allocation of dividends for shorter period than the financial year and the set of interim financial statements, compiled in order to adopt it, which together with the interim report of the Company shall be presented to the Supervisory Council and the General Meeting for consideration.

The Board shall be liable for the timely convention and organisation of General Meetings.

The scope of powers of the manager of the Company, the procedure of appointing and removing the manager of the Company shall not be different from those set out in the Law on Companies.

The Manager of the Company shall be responsible for:

- Organisation of the activities and the implementation of the objectives of the Company;
- Drawing up of the annual financial accounts and the annual report of the Company;
- Compiling of the draft decision on distribution of dividends for shorter period than the financial year, drawing the set of interim financial statements and preparation of the interim report for the purpose of adoption the decision on distribution of dividends for shorter period than the financial year;
- Conclusion of the contract with the firm of auditors;
- Provision of information and documents to the General Meeting, the Supervisory Council and the Board in cases laid down in the Law on Companies or at their request;
- Provision of documents and particulars of the Company to the Registrar of Legal Persons;
- Provision of documents of the Company to the LB and to the CSDL;
- Publication of information referred to in the Law on Companies in the source indicated in the Articles of Association;
- Provision of information to Shareholders;
- Provision the Board and the Supervisory Council with all information required for proper performance of duties of these collegial bodies;
- Performance of other duties laid down in the Law on Companies and other laws and regulations as well as in the Articles of Association and the job description of the Manager of the Company.

The Manager of the Company may enter into transactions with the third party on behalf of the Company the value of which exceeds LTL 200,000 (two hundred thousand) only with the prior written authorisation of the Board. The authorisation granted by the Board shall not void the liability of the Manager of the Company for the entry into these transactions.

The Manager of the Company shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment contracts with them, provide incentives and impose penalties.

The Manager of the Company shall set the rates used for calculating asset depreciation in the Company.

### **Rights conferred by the shares of the Company**

Pursuant to Article 4 of the Articles of Association, rights conferred by the shares of the Company are as follows:

- To receive a part of the profit of the Company (a dividend);
- To receive funds of the Company where the authorised capital of the Company is reduced for the purpose of paying the funds of the Company to Shareholders;
- To receive a part of assets of the Company in liquidation;
- To receive shares without payment where the authorised capital of the Company is increased out of the funds of the Company, except in cases provided by the Law on Companies;
- To have the pre-emptive right in acquiring the shares or convertible debentures issued by the Company, except when the General Meeting resolves to withdraw the pre-emptive right for all the Shareholders following the procedure provided by the Law on Companies;
- To transfer all or any of the shares to other persons following the procedure established by the Articles of Association and the laws and regulations of the Republic of Lithuania. Shareholders shall have the right to transfer only fully paid up shares to other persons;
- To lend money to the Company following the procedure and as provided by the laws of the Republic of Lithuania. However, when borrowing from its Shareholders, the Company may not pledge its assets to the Shareholders. When the Company borrows from a Shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusions of the loan agreement. In this case the Company and Shareholders shall be prohibited from negotiating a higher interest rate;
- To attend General Meetings with the right to vote and to vote at General Meetings according to voting rights carried by their shares;
- To provide the questions to the Company in advance relating to the items on the agenda of the General Meetings;
- To receive information about the Company specified in the Law on Companies;
- To file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Manager of the Company and members of the Board of their obligations established by the laws of the Republic of Lithuania and these Articles of Association, as well as in other cases laid down by law of the Republic of Lithuania;
- Other property and non-property rights provided by the laws and the Articles of Association.

All shares confer equal rights to all the shareholders.

### **Procedure of amending the Articles of Association**

Pursuant to Article 13 of the Articles of Association:

- The Articles of Association shall be amended following the procedure provided by the laws of the Republic of Lithuania and the Articles of Association. A resolution to amend the Articles of Association shall be adopted by the General Meeting with the qualified majority of at least 2/3 of votes conferred by the shares of all Shareholders present at the meeting, except in cases specified in the Law on Companies.
- After the General Meeting resolves to amend the Articles of Association, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised to do so by the General Meeting.
- All amendments and supplements of the Articles of Association shall come into force as of their registration following the procedure provided by the laws and regulations of the Republic of Lithuania.

### **Convocation of the General Meeting, participation in the General Meeting**

Pursuant to Article 6.7 of the Articles of Association, the procedure of convocation, holding of the General Meetings and taking of decisions in the General Meetings is established in the Law on Companies. The main rules of convocation of and attending the General Meeting are as follows:

The right of initiative to convene the General Meeting shall be vested in the Supervisory Council, the Management Board and the shareholders who have at least 1/10 of all votes. As a rule, the General Meetings are convened by a decision of the Management Board.

General Meetings are annual and extraordinary. An annual General Meeting must be held every year within four months after the close of the financial year. The Law on Companies indicates that an extraordinary General Meeting must be convened if: (i) the Company's equity capital falls below 1/2 of the share capital and this matter has not been discussed at an annual General Meeting; (ii) the number of the Supervisory Council members falls below the 2/3 of the total number specified in the Articles of Association or below the minimum number indicated in the Law on Companies (i.e. three); (iii) the audit firm terminates the contract with the Company or is unable to audit the set of annual financial statements of the Company due to other reasons; (iv) the convocation of the General Meeting is requested by the shareholders who have the right to initiate such convocation or by the Management Board or the Supervisory Council, or this is required under the provisions of Lithuanian law or the Articles of Association.

A notice of convocation of the General Meeting is to be made public no later than 21 days before the date of the General Meeting through the stock exchange information systems of OMX, WSE as a material event, and is also to be published on the Company's website <http://www.agrowill.lt>.

Additional matters to be included into the agenda of the General Meeting may be proposed by the Supervisory Council, Management Board and one or several shareholders holding shares that carry at least 1/20 of all votes no later than 14 days prior to the meeting. In addition, they may propose new draft decisions on the matters in the agenda prior to and during the General Meeting.

If the General Meeting is not held, a repeated General Meeting must be convened. It shall be convened after the lapse of at least 14 days and not later than after the lapse of 21 days following the day of the General Meeting which was not held. The shareholders must be notified of the repeat General Meeting no later than 14 days before the date of the repeated General Meeting in the same manner, as indicated above.

The persons who were shareholders of the Company at the close of the accounting day of the General Meeting (i.e. the fifth business day prior to the date of the General Meeting) shall have the right to attend and vote at the General Meeting. The shareholder's right to attend the General Meeting also includes the right to speak and to ask questions regarding the items on the agenda of the meeting. The questions given to the Company by the shareholder regarding the items on the agenda of the General Meeting must be answered before the General Meeting, if such questions were received not later than 3 business days before the General Meeting.

Shareholders or persons authorised by them or persons with whom an agreement is concluded on assignment of voting rights may attend and vote at the General Meeting.

A person attending the General Meeting and entitled to vote shall produce a document which is a proof of his identity. A person who is not a shareholder shall additionally produce a document attesting to his right to vote at the General Meeting.

A shareholder or his proxy has the right to vote in advance in writing, by filling in a general ballot paper. If the shareholder requests so, the Company, no later than 10 days before the General Meeting, shall dispatch a general ballot paper by registered mail free of charge or delivered by hand. The general ballot paper shall also be available on the Company's website <http://www.agrowill.lt> no later than 21 days before the General Meeting. The filled-in general ballot paper and the document attesting to the right to vote must be submitted to the Company in writing prior to the General Meeting (it may be delivered by sending to the Company at the address Smolensko str. 10, Vilnius, Lithuania, by registered mail, or delivered by hand). If the general ballot paper is signed by a person, who is not a shareholder of the Company, a document attesting to his right to vote at the General Meeting must be additionally presented.

The Company does not provide a possibility to attend the General Meeting and to vote by means of electronic communications.

#### **4.21 Material Contracts**

The Issuer has not entered into any material contracts, other than contracts and agreements that are entered as ordinary course of business, except contracts and agreements described below (*Section Contracts in the scope out of ordinary course of business*).

##### **Material contracts and agreements that are entered as ordinary course of business**

1. The Issuer (through its Subsidiary companies) has entered into material contract with Naftėnas UAB on 10 November 2010 with regard to supply of fuel. The amount of this contract is composed of base price (which depends on fixed prices of Orlen Lietuva AB set each day) and a mark-up. Material contract with Naftėnas UAB is valid until one of the parties will decide to discontinue it and inform other party with written prior notification.

2. Milk is sold for several milk dairies. The most significant contract with this respect is concluded with Pieno žvaigždės AB (around 56 per cent of all raw milk produced, while remaining 44 per cent is sold to Vilkyškiu pieninė AB). The company has a right (as established by the regulatory regime) to terminate contract with dairies upon its own discretion with prior notice of 15 calendar days and to sell the raw milk to another counterparty.

3. Grain LT UAB has entered into a contract with Baltic Agro UAB on 22 January 2014 regarding supply of future harvest wheat (7,000 tonnes). This agreement is valid until full execution of all the obligations under the agreement.

4. Grain LT UAB has entered into a contract with Kauno grūdai AB on 14 January 2013 for the purchase fertilizers, plant protection products and other plant products. The amount of this contract is approximately LTL 3,600 thousand (VAT excluded). This agreement is valid until 1 December 2014 and its financial part – until the full executions of all the obligations under the agreement.

5. Grain LT UAB has entered into a contract with Linas Agro AB on 14 January 2013 for the purchase granular ammonium sulphate. The amount of this contract is approximately LTL 1,882 thousand (VAT excluded). This contract is valid until 1 December 2014.

6. Grain LT UAB has entered into a contract with Baltic Agro UAB on 13 January 2014 for the purchase fertilizers, plant protection products and other plant products. The amount of this contract is approximately LTL 5,060 thousand (VAT excluded). This contract is valid until full execution of all the obligations under the contract. It could be concluded that due to a very diversified market structure and high competitiveness amongst suppliers, the Company is not dependable on a few suppliers and is flexible to enter into new agreements.

### Contracts in the scope out of ordinary course of business

The following contracts are the only contracts (not being contracts entered into in the ordinary course of business) that (i) have been entered into by the Group within the three years immediately preceding the date of this Prospectus which are or may be material to the Group's business or (ii) have been entered into by the Group at any other time but which contain provisions under which the Group has an obligation or entitlement that is material to the Group as at the date of this Prospectus.

### Financing agreements

Group companies have entered into long term and short term loan agreements with Lithuanian banks to finance their operations. The principal outstanding loan agreements, concluded by the Group companies are listed below:

- On 19 September 2008 land management company Žemės vystymo fondas UAB and Žemės vystymo fondas 11 UAB jointly entered into a loan agreement (No. 031-03268 with modifications) with bankas Snoras BAB. The currency of the loan is EUR and the interest rate of the agreement is 5% per annum. The loan is due on 20 March 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to bankas Snoras AB was approximately LTL 22.7 million. On 3 February 2014, the Subsidiaries signed an amendment with bankas Snoras BAB according to which all of interim payments were ballooned to the end date of loan agreement.
- On 28 November 2005 land management company Žemės vystymo fondas 4 UAB entered into a loan agreement (No. 23-VC2005 with modifications) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.9% per annum. The loan is due on 31 October 2017. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.3 million.
- On 23 February 2007 land management company Žemės vystymo fondas 5 UAB entered into a loan agreement (No. K-1200-2007-11 with modifications) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.9% per annum. The loan is due on 31 December 2019. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.4 million.
- On 3 July 2007 land management company Žemės vystymo fondas 7 UAB entered into a loan agreement (No. K-1200-2007-54 with modifications) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.9% per annum. The loan is due on 31 December 2019. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.8 million.
- On 20 March 2006 land management company Žemės vystymo fondas 3 UAB entered into a loan agreement (No. 8-VC2006 with modifications) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.9% per annum. The loan is due on 31 July 2017. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.1 million.
- On 20 March 2006 land management company Žemės vystymo fondas 12 UAB entered into a loan agreement (No. 8-VC2006 with modifications) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.9% per annum. The loan is due on 31 July 2017. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 2.6 million.
- On 19 February 2007 land management company Žemės vystymo fondas 15 UAB entered into a loan agreement (No. K-1200-2007-7 with modifications) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.9% per annum. The loan is due on 31 December 2019. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was LTL 0.
- On 19 February 2007 land management company Žemės vystymo fondas 16 UAB entered into a loan agreement (No. K-1200-2007-7 with modifications) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.9% per annum. The loan is due on 31 December 2019. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.2 million.
- On 6 March 2008 most of Group's land management companies (on a jointly and severally basis) entered into a loan agreement (No 2934-08IV with modifications) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.9% per annum. The loan is due on 6 March 2023. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 15.5 million.
- On 26 February 2014 Žemės vystymo fondas 3 UAB together with Žemės vystymo fondas 4 UAB, Žemės vystymo fondas 5 UAB, Žemės vystymo fondas 7 UAB, Žemės vystymo fondas 12 UAB, Žemės vystymo fondas 14 UAB, Žemės vystymo fondas 15 UAB, Žemės vystymo fondas 16 UAB, Žemės vystymo fondas 19 UAB, Žemės vystymo fondas 20 UAB, Žemės vystymo fondas 22 UAB signed an amendment to loan agreement No 2934-08IV according to which all the above mentioned Subsidiaries additionally borrowed LTL 7.75 million, which were used to repay all the individual loans of the indicated Subsidiaries with DnB bankas AB. Following this agreement the amount of joint loan agreement was increased to LTL 22.8 million.

- On 1 June 2009 agricultural company Agrowill Jurbarkai ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.1 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Kairėnai ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.3 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 15 July 2008 agricultural company Agrowill Kairėnai ŽŪB entered into a loan agreement (No. K-3055-08IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan was due on 1 September 2009. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.1 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Lankesa ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.1 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 8 September 2008 agricultural company Agrowill Lankesa ŽŪB entered into a loan agreement (No. K-3106-08IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan is due on 13 December 2013. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.4 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Mantvilīškis ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.7 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 5 October 2007 agricultural company Agrowill Mantvilīškis ŽŪB entered into a loan agreement (No. K-2270-04IL) with DNB bankas AB. The currency of the loan is LTL and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan was due on 30 August 2013. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 2.2 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Nausodė ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.9 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 15 July 2008 agricultural company Agrowill Nausodė ŽŪB entered into a loan agreement (No. K-3056-08IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan was due on 30 June 2010. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.8 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 5 October 2007 agricultural company Agrowill Nausodė ŽŪB entered into a loan agreement (No. K-2271-07IL) with DNB bankas AB. The currency of the loan is LTL and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan was due on 30 August 2013. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.8 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Smilgiai ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 6.3 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Smilgiai ŽŪB entered into a loan agreement (No. K-3058-08IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan was due on 30 December 2011. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.5 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Smilgiai ŽŪB entered into a loan agreement (No. K-3053-08IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan was due on 1 July 2009. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.5 million. The loan is repayable under restructuring plan of the Subsidiary.

- On 1 June 2009 agricultural company Agrowill Spindulys ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 2.0 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 5 October 2007 agricultural company Agrowill Spindulys ŽŪB entered into a loan agreement (No. K-2269-07IV) with DNB bankas AB. The currency of the loan is LTL and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan is due on 30 August 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.0 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Veriškės ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 2.2 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 15 July 2008 agricultural company Agrowill Veriškės ŽŪB entered into a loan agreement (No. K-3057-08IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan was due on 29 June 2012. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 0.9 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Želsvelė ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 5.1 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 15 September 2008 agricultural company Agrowill Želsvelė ŽŪB entered into a loan agreement (No. K-3109-08IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan is due on 13 December 2013. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.4 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 17 July 2008 agricultural company Agrowill Želsvelė ŽŪB entered into a loan agreement (No. K-3059-08IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 1.9% per annum. The loan was due on 30 June 2011. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 1.5 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 1 June 2009 agricultural company Agrowill Skėmiai ŽŪB entered into a loan agreement (No. K-1291-06IV) with DNB bankas AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 2.3% per annum. The loan is due on 23 September 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to DNB bankas AB was approximately LTL 2.8 million. The loan is repayable under restructuring plan of the Subsidiary.
- On 12 April 2011 agricultural cooperative Siesarčio Ūkis entered into a loan agreement (No. 2036425) with Pohjola Finance UAB. The currency of the loan is EUR and the interest rate of the agreement is 3m EURIBOR + 3.8% per annum. The loan is due on 2 January 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to Pohjola Finance UAB was approximately LTL 0.4 million.
- On 12 April 2011 agricultural cooperative Kašėta entered into a loan agreement (No. 2036418) with Pohjola Finance UAB. The currency of the loan is EUR and the interest rate of the agreement is 3m EURIBOR + 3.8% per annum. The loan is due on 2 January 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to Pohjola Finance UAB was approximately LTL 0.4 million.
- On 20 July 2012 agricultural cooperative Agrobokštai entered into a loan agreement with Lytagra UAB. The currency of the loan is EUR and the interest rate of the agreement is 6.5% per annum. The loan is due on 30 April 2015. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to Lytagra UAB was approximately LTL 1.3 million.
- On 29 March 2013 agricultural company Grūduva UAB entered into a loan agreement (No. 13-011788-IN) with Swedbank AB. The currency of the loan is EUR and the interest rate of the agreement is 6m EURIBOR + 3.85% per annum. The loan is due on 1 May 2014. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to Swedbank AB was approximately LTL 1.7 million.
- On 9 May 2013 agricultural cooperative Agrobokštai entered into a loan agreement (No. 36) with Lytagra UAB. The currency of the loan is EUR and the interest rate of the agreement is 6.5% per annum. The loan is due on 30 April 2016. As of 31 December 2013 the aggregate amount outstanding for repayment by the borrower to Swedbank AB was approximately LTL 0.3 million.

#### Finance lease agreements

Some of the Group companies enter into financial lease agreements under which they lease agricultural machinery. The main lessors of the Group companies are DNB lizingas UAB, Unicredit Leasing A/S and Pohjola Finance UAB.



The leased machinery includes tractors, seeding machines, combines, spraying machines, equipment, vehicles, etc. The lease agreements are usually entered into for a period from 36 to 72 months. Most of the lease agreements were entered between the years 2012 and 2013 and are effective until the years 2016–2019.

The lease agreements provide for an advance payment in an amount 10–25% of the value of the machinery. Generally, the lease agreements are made in EUR. The leased machinery is insured for the period of the lease agreement for the benefit of the lessors.

Summary of the lease agreements of the Group companies is provided in the table below.

**Table 47: Summary of financial agreements of the Group Companies: finance lease**

<i>Lessor</i>	Unicredit Leasing A/S	DNB lizingas UAB	Pohjola Finance UAB	<i>Total</i>
<i>Lessee</i>	Grūduva UAB	Agrowill Skėmiai ŽŪB, Agrowill Spindulys ŽŪB and Agrowill Smilgiai ŽŪB	Traktorių nuomos centras UAB, Traktorių nuomos paslaugos UAB, cooperative Agrobokštai, cooperative Dotnuvėlės valdos, cooperative Nevėžio lankos, cooperative Šventosios pievos, cooperative Šušvės žemė and cooperative Radviliškio kraštas	
<i>Assets under lease agreements</i>	Agro machinery, vehicles and other equipment	Agro machinery, vehicles and other equipment	Agro machinery, vehicles and other equipment	
<i>Dates of agreements</i>	2013	2007–2011	2012–2013	
<i>End of agreements</i>	2018	2014	2017–2019	
<i>Currency</i>	EUR	EUR	EUR	
<i>Interest rate (as in the agreement)</i>	3m Euribor + 5%	EUR: 6m Euribor + 2.9%	6m Euribor + 3.25% and 6m Euribor + 3.5%	
<i>Amount outstanding as of 31.12.2013, LTL</i>	5.3 million	0.6 million	9.5 million	<b>15.4</b>

Source: the Company

#### 4.22 Information on Holdings

There are no other undertakings (except for the Subsidiaries) in which the Issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

#### 4.23 Third Party Information and Statement by Experts and Declarations of any Interest

With respect to certain portions of this Prospectus, some information may have been sourced from third parties. Such information has been accurately reproduced as far as the Company is aware and is able to ascertain from the information published by such other third parties that no facts have been omitted, which would render the reproduced information inaccurate or misleading.

The auditors' reports on the Consolidated Financial Statements, prepared in accordance with the IFRS are incorporated in this Prospectus by reference in accordance with Article 28 of the Prospectus Regulation. These reports were prepared by the auditors, indicated in Section 4.1 *Statutory Auditors*.

Furthermore, the Certificate on Establishment of Market Value of shares of Baltic Champs UAB (Business Valuation Certificate No. 21330 VAT\_2014 SVA VHAN), prepared by an asset appraiser Ober-Haus Nekilnojamas Turtas UAB (code 111645042, registered at Geležinio Vilko str. 18A, Vilnius, Lithuania, qualification certificate of the asset appraiser's company No. 000112, issued on 1 August 2012, as well as the Certificate on Establishment of Market Value of shares of eTime Invest UAB (Business Valuation Certificate No. 21809 VAT\_2014 SVA VHAN), prepared by an asset appraiser Ober-Haus Nekilnojamas Turtas UAB (code 111645042, registered at Geležinio Vilko str. 18A, Vilnius, Lithuania, qualification certificate of the asset appraiser's company No. 000112, issued on 1 August 2012 are attached as Annex I to the Prospectus.

*The shares and businesses of Baltic Champs UAB and of eTime invest UAB were appraised and the Appraisal Reports were prepared by Ober-Haus Nekilnojamas Turtas UAB:*

appraiser Julija Traubergaitė  
business appraiser's qualification certificate No. A 000525, issued on 2 April 2008  
immovable property appraiser's assistant qualification certificate No. A 001130, issued on 10 May 2004  
movable property appraiser's assistant qualification certificate No. A 001159, issued on 3 June 2004

*Appraisal Reports were reviewed and signed by Ober-Haus Nekilnojamas Turtas UAB:*

authorised representative appraiser Julija Traubergaitė  
business appraiser's qualification certificate No. A 000525, issued on 2 April 2008  
immovable property appraiser's assistant qualification certificate No. A 001130, issued on 10 May 2004  
movable property appraiser's assistant qualification certificate No. A 001159, issued on 3 June 2004

The Certificates on Establishment of Market Value of the indicated shares (Business Valuation Certificates No. 21330 VAT\_2014 SVA VHAN and No. 21809 VAT\_2014 SVA VHAN) have been produced with the consent of the persons, having drafted these documents.

## V. SHARE SECURITIES NOTE

### 5.1 Working Capital Statement

In the opinion of the Issuer, the working capital of the Group is sufficient for its present requirements (12 upcoming months). Historical working capital as at dates of balance sheet together with relevant ratios is presented in the table below.

Item	31 December 2013	31 December 2012	31 December 2011	31 December 2010
Working capital	(1,539)	(44,085)	(47,170)	(61,699)
Current ratio	0.97	0.54	0.48	0.43
Quick ratio	0.68	0.35	0.31	0.32

Source: the Company

Working capital = Current assets – current liabilities

Current ratio = Current assets / Current liabilities

Quick ratio = (Current assets – Inventory) / Current liabilities

As at 31 December 2013, the working capital of the Group changed significantly and almost reached positive values and equalled LTL (1,539) thousand. The current ratio of the Group reached 0.97, whereas quick ratio was 0.68.

### 5.2 Capitalisation and Indebtedness

The tables below present the information on the consolidated capitalisation and indebtedness of the Group as at 31 December 2013. The tables below should be read in conjunction with the Consolidated Financial Statements and Consolidated Interim Information, and other financial data and information contained in Section 4.19.1 *Historical Financial Information*.

**Table 48: Capitalisation of the Group (LTL'000)**

Item	As of 31 December 2013 (unaudited)
<b>Current debt:</b>	
Current portion of non-current borrowings	3,352
Current portion of non-current obligations under finance lease	4,721
Short-term borrowings from banks, legal entities and private individuals	1,149
Current portion of restructuring liabilities	18,146
<b>Total</b>	<b>27,368</b>
<b>Guaranteed</b>	<b>-</b>
<b>Secured</b>	<b>24,743</b>
<b>Unguaranteed/Unsecured</b>	<b>2,625</b>
<b>Non-Current debt (excluding current portion of long-term debt):</b>	
Non-current borrowings from banks, legal entities and private individuals	52,989
Obligations under finance lease	11,313
Restructured liabilities	36,478
<b>Total</b>	<b>100,780</b>
<b>Guaranteed</b>	<b>-</b>
<b>Secured</b>	<b>90,561</b>
<b>Unguaranteed/Unsecured</b>	<b>10,219</b>
<b>Shareholder's equity:</b>	
Share capital	84,821
Share premium	24,639
Revaluation Reserve	29,090
Legal Reserve	2,000
Accumulated deficit	(23,738)
Minority interest	1,325
<b>Total</b>	<b>118,137</b>
<b>Total Capitalization (total current debt + total non-current debt + total equity)</b>	<b>246,285</b>

Source: the Company

As of 31 December 2013 the carrying amount of property, plant and equipment in the amount of LTL 67,703 thousand (31 December 2012: 72,854 million, 31 December 2011: LTL 74,087 million) have been pledged as security for bank borrowings. The leased assets are pledged according to the finance lease agreements.

As of 31 December 2013 the carrying amount of investment property in the amount of LTL 62.7 million (as of 31 December 2012: LTL 66.2 million, 31 December 2011: LTL 66.2 million) have been pledged as security for bank borrowings.

The Group has pledged to banks and other creditors all the registered buildings and constructions, all the equipment acquired via structural funds projects and the land portfolio owned. The Group has no unsecured financial liabilities.

After the capital increase of the Company as indicated in Section 5.7 *Admission to Trading* the Group's capital resources should increase by up to LTL 102,595,266.

**Table 49: Indebtedness of the Group (LTL'000)**

<i>Indebtedness</i>	<i>31 December 2013 (unaudited)</i>
Cash and cash equivalents	6,215
<b>Liquidity</b>	<b>6,215</b>
<b>Current Financial Receivable</b>	<b>11,095</b>
Current Bank and other financial debt	1,149
Current portion of non-current debt	3,352
Current portion of non-current obligations under finance lease	4,721
<b>Current Financial Debt</b>	<b>27,368</b>
<b>Net Current Financial Indebtedness</b>	<b>10,058</b>
Non-current borrowings from banks, legal entities and private individuals	52,989
Obligations under finance lease	11,313
Restructured liabilities	36,478
<b>Non-current Financial Indebtedness</b>	<b>100,780</b>
<b>Net Financial Indebtedness</b>	<b>110,838</b>

Source: the Company

There is no indirect or contingent indebtedness considered.

### 5.3 Interest of Natural and Legal Persons Involved in the Issue

The Issuer is not aware on any interests of natural or legal persons, including the conflicting ones, that could be material to the issue of New Shares under the decision of the General Meeting of 13 March 2014, except that all the New Shares shall be subscribed and acquired by Baltic Champs Group UAB and Vretola Holdings Limited. These persons do not intend to sell the acquired New Shares in the nearest future.

### 5.4 Reasons for the Issue and Use of Proceeds

The Issue is organized in order to implement a merger of the Group with the companies Baltic Champs UAB and eTime invest UAB under the Merger Agreement, concluded on 14 February 2014 by the Company and its certain current shareholders (Volemer Holdings Limited, Vretola Holdings Limited, Eastern Agro Holdings UAB, Novitum UAB, Inovacinis Žemės Ūkis UAB, Romualdas Antanas Petrošius, Aldona Petrošienė, Jurgis Petrošius, Marius Žutautas, Vladas Bagavičius, Domantas Savičius), a party of the one part, and Baltic Champs Group UAB and Kęstutis Juščius, a party of the other part. The merger will be implemented by way of capital increase of the Company, whereby Baltic Champs Group UAB, the sole shareholder of Baltic Champs UAB and Vretola Holdings Limited, the sole shareholder of eTime invest UAB shall subscribe all the newly issued Shares of the Issuer and pay them up with a non-monetary contribution, 100% of shares of Baltic Champs UAB and 100% of shares of eTime invest UAB respectively. Thus, no monetary proceeds will be received by the Company as a result of the Issue.

Apart from subscription of the New Shares, Baltic Champs Group UAB will on the day of closing of the transaction under the Merger Agreement additionally acquire from Vretola Holdings Limited a block of shares of the Company, which will constitute 3% from the increased authorised capital of the Company.

### 5.5 Information Concerning the Securities to be Admitted to Trading

#### Description of the Shares

#### Description of the Shares (including the New Shares):

<b>Type of the Shares:</b>	ordinary registered shares
<b>ISIN number:</b>	LT0000127466. After issuance of the New Shares and assimilation of the previous issue, ISIN number of the New Shares will be the

	same as the number of Shares, already issued
<b>Currency of the Share issue:</b>	LTL (Lithuanian litas)
<b>Number of Shares in a new issue:</b>	102,595,266
<b>Nominal value of the Share</b>	LTL 1
<b>Form of the Shares:</b>	Dematerialized shares in book-entry form. Entity currently in charge of keeping the records is Orion Securities UAB FMI, corporate ID code 122033915, registered at Antano Tumėno str. 4, B block, Vilnius, the Republic of Lithuania
<b>Stock exchanges:</b>	OMX and WSE (following the capital increase of the Company under the decision of the General Meeting of 13 March 2014 the Company will also apply regarding admission of the New Shares to trading on both of the indicated stock exchanges)

#### **Legislation under which the Shares have been created**

Legislation, under which the Shares have been created also under which the New Shares will be created, includes the Civil Code of the Republic of Lithuania, the Law on Companies, the Law on Securities and other related legal acts.

#### **Decision by which the New Shares are issued**

The New Shares are being issued by the resolution of the General Meeting of 13 March 2014. The New Shares are expected to be issued at the beginning of April 2014.

#### **Free transferability of the Shares**

There are no restrictions on transfer of Shares (including the New Shares) as they are described in the applicable laws.

#### **Public takeover bids for the Shares**

Since the incorporation of the Company till the date of this Prospectus there were no public takeover bids by third parties in respect of the Shares. With regards to all the Shares (including the New Shares), general rules on public takeover bids, described in applicable laws would be applicable. For more information on this regulation, please see Section *Certain Lithuanian and Polish Securities Market Regulations*.

However, pursuant to the Shareholders' Agreement, to be concluded when closing the transaction under the Merger Agreement by the existing shareholders of the Company Volemer Holdings Limited, Vretola Holdings Limited, Eastern Agro Holdings UAB, Novitum UAB, Inovacinis Žemės Ūkis UAB, Romualdas Antanas Petrošius, Aldona Petrošienė, Jurgis Petrošius, Marius Žutautas, Vladas Bagavičius, Domantas Savičius, by the new shareholder Baltic Champs Group UAB and by the Company, the indicated persons will agree in addition to the issues related to the management of the Company, that following the capital increase under the decisions of the General Meeting, dated 13 March 2014 the mandatory takeover bid to buy-up the remaining voting shares in the Company will be submitted and implemented by the above-indicated current shareholders of the Company together with the new shareholder Baltic Champs Group UAB pro rata to the number of the Company's shares held by them.

#### **Rights and Obligations Granted by the Shares**

All the Shares, including the New Shares, are *pari passu* (at an equal pace without preference) with regard to property and non-property rights they grant to shareholders.

Exercise of rights granted by Shares of the Company may be limited only on the grounds and under the procedure prescribed by laws. The Articles of Association do not provide for any exceptions to this rule.

The record date of the property rights of shareholders is the tenth business day after the General Meeting that took a relevant decision, i.e. the property rights determined by a decision of the General Meeting are held by the persons who were shareholders of the Company at the close of the tenth business day after the General Meeting which took a relevant decision.

The list of the shareholders' rights indicated in the Articles of Association is provided in Section 4.20.2 *Articles of Association*. Below is the brief description of certain material rights of the Company's shareholders.

#### **Dividend and other distributions**

Pursuant to the Law on Companies, the Issuer may distribute its profits or assets to shareholders only (i) by paying dividend; (ii) in case of liquidation of the Issuer; or (iii) in case of reduction of the authorised capital of the Issuer. The persons, who were shareholders of the Company at the close of the tenth business day (the record date) after the General Meeting that took a relevant decision, shall have a right to receive the respective amounts.

#### **Dividend**

A dividend is a share of profit allocated to a shareholder in proportion to the nominal value of shares owned by him/her/it. If a share is not fully paid-up and the time limit for the payment has not yet expired, a dividend will be

reduced in proportion to the unpaid amount of the share price. If the share is not fully paid-up and the time limit for the payment has expired, no dividend is paid.

Dividend can be declared by a decision of the General Meeting. The Issuer can declare dividend from the profit available for appropriation, which consists of the new profit of the accounting year, plus or minus, respectively, the profit (loss) brought forward from the previous year and reserves that the shareholders, following the procedure established by laws, decide to distribute, and minus any sums that the General Meeting decides to allocate for other purposes pursuant to the requirements of the Law on Companies.

Dividend is paid to shareholders pro rata to the aggregate nominal value of shares held by them. Dividend is not cumulative as the Issuer has not issued any preference shares with cumulative dividend, owners of which would be guaranteed the right to dividend in the amount indicated in such shares.

The General Meeting may not adopt a decision to allocate and pay dividend if: (i) the Issuer has outstanding obligations which became due before the decision of the General Meeting; (ii) the Issuer's result of the reporting financial year available for distribution is negative (i.e. losses have been incurred); (iii) the equity of the Issuer is lower or upon payment of dividend would become lower than the aggregate amount of the authorised capital, the mandatory reserve, the revaluation reserve and the reserve for redemption of own shares.

The Issuer must pay the allocated dividend within one month from the day of adoption of a decision by the General Meeting on allocation and payment of dividend. The term of limitations with respect to filing a dividend payment claim with the court expires 10 years after the date the dividend had to be paid, in which case the unpaid dividend amount goes to the Issuer.

The Law on Companies also provides with a possibility to pay dividend to shareholders for a period shorter than a financial year (interim dividend). The following conditions for distribution of interim dividend are established:

- (i) the right to initiate distribution of dividend lies with shareholders, shares held by which carry at least 1/3 of all the votes, unless the Articles of Association of the company establish a higher majority;
- (ii) the distribution of dividend must be preceded by the preparation and audit of the set of interim financial statements, the interim report and a draft of the decision on distribution of dividend for a period shorter than a financial year;
- (iii) interim dividend is allocated by a decision of the General Meeting (the General Meeting must be held within 3 months after the end of the period, for which distribution of dividend is proposed, but in any case no earlier than the approval of the set of annual financial statements and distribution of the Company's profit (loss) for the earlier financial year and no later than the end of the financial year);
- (iv) interim dividend can be distributed if all the following conditions are met: (a) an audited set of interim financial statements has been approved; (b) the profit (loss) amount for a period shorter than a financial year is positive (there is no loss); (c) the amount distributed for payment of dividend does not exceed the profit (loss) for the period shorter than a financial year, the amount of the retained earnings (loss) for the previous financial years as at the end of the previous financial year, upon deduction of the share of profit earned during the period shorter than a financial year, which must be appropriated to reserves according to the law or according to the Articles of Association; (d) the company must not have outstanding obligations, which matured before taking of the decision, and upon payment of dividend it would be capable of fulfilling its obligations for the current financial year;
- (v) upon distribution of interim dividend, it is allowed to allocate dividend for another period shorter than a financial year no earlier than 3 months later.

Both residents and non-residents of Lithuania are subject to the same dividend payment rules, except for the taxation matters described in the Section *Taxation of the Issuer's Shares*.

For more information on dividends please also see Section 4.19.4 *Dividend Policy*.

#### *Distribution of the Issuer's assets in case of liquidation*

In case of liquidation of the Issuer, the Issuer's assets remaining after settlement of accounts with creditors are distributed to shareholders pro rata to the aggregate nominal value of shares held by them. In case of voluntary liquidation of the Issuer, the Issuer's assets can be distributed among shareholders only after the Issuer settles accounts with its creditors and upon a lapse of two months after a public notice about liquidation made pursuant to requirements of the laws. In case of disputes in court regarding fulfilment of the Issuer's debt obligations, the Issuer's assets are distributed among shareholders only upon final resolution of the disputes and settlement of accounts with creditors.

#### *Other cases of distribution of the Issuer's capital*

The Issuer may distribute funds to its shareholders by reducing its authorised capital in accordance with the procedure set by the Law on Companies. The authorised capital may be reduced by way of annulment of shares or reduction of the nominal value of shares, but the reduced authorised capital of the Issuer may not be less than the minimum amount of the authorised capital provided for in the Law on Companies (i.e. LTL 150,000).

Only the annual General Meeting may adopt the decision to reduce the share capital with the purpose of paying funds to the shareholders, provided that all of the following conditions are met: (i) the set of annual financial

statements and the profit distribution account have been approved; (ii) following the reduction of the share capital the legal reserve of the Company will not be lower than 1/10 of the Company's share capital; and (iii) no undistributed loss and long-term liabilities are recorded in the set of annual financial statements of the Company.

The decision to reduce the share capital with the purpose of paying out the funds to its shareholders may not be adopted if on the date of the decision the Company is insolvent or after the payment of funds would become insolvent. The funds must be paid within one month from the registration of the amended Articles of Association with the Register of Legal Persons. The funds are paid pro rata to the nominal value of shares held by each shareholder and may only be paid in cash.

#### ***Further Capital Calls by the Company***

If the Company's distributable result, as approved by the annual General Meeting, is negative and the meeting adopts a decision to cover the Company's losses or part thereof by additional contributions of the shareholders, according to the Law on Companies, the shareholders who voted in favour of such decision are obliged to pay the contributions to the Company. The shareholders who did not participate at the General Meeting or voted against such decision are entitled not to pay any additional contributions to the Company.

#### ***Modification of Shareholders' Rights***

The Articles of Association do not provide for any specific conditions regarding modification of shareholders' rights. Shareholders' rights may be modified only pursuant to the provisions of Lithuanian laws.

#### ***Conditions of Conversion***

Currently, the Issuer has not issued any convertible securities.

#### ***Conditions of Redemption***

Pursuant to the Law on Companies, the Issuer has the right to redeem its own shares. The total nominal value of shares redeemed by the Issuer cannot be more than 1/10 of the authorised capital. If the aggregate number of the repurchased shares exceeds 10% of the share capital of the Company, it must transfer the excess shares to other persons within 12 months after exceeding the threshold. Upon redemption of its own shares, the Issuer has no right to exercise property and non-property rights conferred by such shares.

A detailed procedure of redemption of own shares is provided for in the Law on Companies. The Issuer can redeem its own shares only after it has formed a reserve for redemption of own shares, which may not be less than the total purchase price of all the redeemed shares. Furthermore, the Company may not purchase own shares if this would result in the equity capital falling below the aggregate amount of the paid-up authorised capital, mandatory reserve and reserve for own shares. As a general rule, the Company may not repurchase its shares which are not fully paid. In order to repurchase its shares the Company must submit a voluntary takeover bid and when redeeming its own shares, the Company must ensure equal possibilities for all the shareholders to sell shares of the Company to the Company.

#### ***Voting rights***

Pursuant to the Law on Companies and the Articles of Association, each share of the Company confers one vote in the General Meeting. Only shareholders who have fully paid-up their shares are entitled to vote at the General Meeting. Persons, who were shareholders of the Company at the end of the record date of the General Meeting, are entitled to attend and vote at the General Meeting or repeated General Meeting. The record date of the General Meeting of the Company is the fifth business day before the General Meeting.

The shareholders may vote personally or through their proxies or persons with whom a voting rights transfer agreement is concluded. The shareholders may also vote in writing (by filling in the general ballot paper).

The shareholder does not have the right to vote on the decision regarding the withdrawal of the pre-emptive right to acquire securities newly issued by the Company, if according to the agenda of the General Meeting the right to acquire such securities is to be granted to him or persons related to him.

#### ***Pre-emptive rights***

Pursuant to the Law on Companies, the Company's share capital may be increased by a decision of the General Meeting and may be effected by (i) issuing additional shares; (ii) increasing the nominal value of existing shares; or (iii) issuing convertible bonds.

Increases in share capital by way of issuance of additional shares may be effected through one or a combination of the following: (i) in consideration for cash; (ii) in consideration for assets contributed in kind; (iii) by conversion of bonds previously issued; (iv) from the Company's own funds (i.e. by capitalisation of profits or share premiums), etc.

If the Company issues additional shares or convertible bonds other than from the Company's own funds, current shareholders will have a pre-emptive right to subscribe for such securities on a pro rata basis. The pre-emptive right requires that the Company give priority treatment to current shareholders. The Company must announce the proposal to exercise the pre-emptive rights as well as the period of such exercising in the electronic publication for

public notifications administered by the manager of the Register of Legal Persons (in case if due to technical reasons it is not possible to announce the proposal as indicated above, the Company must announce such proposal in the Lithuanian daily *Respublika* or to inform every single shareholder individually). Taking into consideration that the Company is also listed on the WSE, the relevant Polish regulatory provisions regarding publication of the respective information are also applicable to the Company. The time limit for a shareholder to acquire the securities on a pre-emptive basis may not be less than 14 days after the public announcement thereof by the Register of Legal Persons.

The pre-emptive right to subscribe for shares or convertible bonds of a certain issue can be withdrawn by a decision of the General Meeting, which has to be adopted by a  $\frac{3}{4}$  majority of votes present in the meeting. The pre-emptive right can be withdrawn only in respect of all the shareholders of the Company. A written proposal to withdraw the pre-emptive right to subscribe for securities must be given by the Management Board, indicating reasons and causes for such withdrawal, as well as persons who would be offered to acquire the newly issued securities. The General Meeting, taking a decision on withdrawal of the pre-emptive right, must justify the necessity to withdraw such a right and specify the person or persons who are given the right to subscribe for newly issued securities, save for cases when the pre-emptive right is withdrawn because of the intention to make a public offering of securities of the Company under the procedure set by the Law on Securities.

The Company's share capital may be increased from the Company's own funds. In such case the current shareholders are entitled to receive the new additional shares free of charge on a pro rata basis. Furthermore, the par value of all the Company's shares may be increased.

The pre-emptive right to acquire the shares or convertible bonds issued by the Company as well as the right to receive shares free of charge in the case of the increase of the share capital from the Company's own funds is granted to the persons who were shareholders of the Company at the end of the rights record date (i.e. the tenth business day following the day the respective decision was adopted by the General Meeting).

#### ***Right to receive information***

According to the legal acts of the Republic of Lithuania, the Company must, at a shareholder's written request and within 7 days from the receipt of the request, grant to the shareholder access to and/or submit to him copies of the following documents: the Articles of Association, sets of annual and interim financial statements, annual and interim reports on the activities of the Company, the auditor's opinions and audit reports, minutes of the General Meetings or other documents constituting decisions of the General Meetings, the recommendations and responses of the Supervisory Council to the General Meetings, the lists of shareholders, the lists of members of the Management Board and the Supervisory Council, also other documents of the Company that must be publicly accessible under laws, minutes of the meetings of the Management Board and Supervisory Council or other documents constituting decisions of the indicated bodies of the Company, unless these documents contain a commercial (industrial) secret, confidential information. A shareholder or a group of shareholders, who own at least 1/2 of shares of the Company or more, have the right to access all documents of the Company subject to presenting a written pledge not to disclose commercial (industrial) secret, confidential information. The manager of the Issuer may set a charge for copying of documents and other information for the shareholder, which shall not exceed the costs of preparation of documents presented to the shareholder.

#### ***Challenging of Decisions***

Decisions of bodies of the Company may be invalidated in court if they are in conflict with imperative rules of law, incorporation documents of the Company or the principles of reasonability or fairness. A statement of claim may be filed by creditors of the Company if the decision violates their rights or interests, a member of the Management Board or Supervisory Council of the Company, a shareholder or other persons specified in the law. Such claim may be filed in a competent court of Lithuania within 30 days as of the day on which a relevant person learnt or should have learnt about the challenged decision.

In addition, a shareholder may apply to the court for the compensation of damages caused by the members of the Management Board or the Manager by non-performance or improper performance of their duties prescribed by the laws of the Republic of Lithuania and the Articles of Association, as well as in other cases provided by laws.

#### ***Certain Lithuanian and Polish Securities Market Regulations***

Taking into consideration that the Issuer's shares are admitted to trading on the Lithuanian and Polish regulated markets, OMX and WSE respectively, the Issuer is subject to certain Polish securities and capital market regulations. Moreover, the Issuer, being incorporated under the laws of Lithuania is subject to certain aspects of the European Union and Lithuanian securities regulation. The Issuer is also subject to the supervision of relevant regulatory authorities, in particular the LB and, to a limited extent, the PFSA.

The information set out below describes certain aspects of the Lithuanian and Polish securities market regulation regarding mandatory takeover bids, squeeze-out and sell-out rules which apply to the Shares (including the New Shares) and is included for general information only. This summary does not purport to be a comprehensive description of all Lithuanian and Polish securities market regulatory considerations that may be relevant to a decision to acquire, hold or dispose of the Shares. Moreover, conclusions derived from the description below may not fully reflect a proper interpretation of Lithuanian and Polish laws. Each investor should consult a professional legal adviser regarding the legal consequences of acquiring, holding and disposing of the Shares under the laws of their country and/or state of citizenship, domicile or residence.



This summary is based on legislation, published case law, treaties, rules, regulations and similar documentation in force as at the date of the Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

### ***EU Takeover Bid Regulations***

Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, on takeover bids ("Takeover Directive") was adopted by the Council on 30 March 2004, and became effective on 20 May 2004. It has been implemented into the laws of Lithuania primarily through the Law on Securities and has been implemented into the laws of Poland primarily through the Public Offering Act.

In the absence of regulatory guidance, a clear resolution as to conflicts of laws issues relating to various takeover bid regulatory regimes cannot be provided. The relevant conflict of laws provisions of the Takeover Directive explicitly state that if the offeree company's securities are admitted to trading on regulated markets in more than one Member State, the authority competent to supervise the bid shall be that of the Member State on the regulated market of which the securities were first admitted to trading.

In respect of governing law, matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, the information on the offeror's decision to make a bid, the content of the offer document and the disclosure of the bid, shall be dealt with in accordance with the rules of the Member State of the competent authority. In matters relating to the information to be provided to the employees of the offeree company and in matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, the applicable rules and the competent authority shall be those of the Member State in which the offeree company has its registered office.

### ***Regulation of the Polish Securities Market***

#### ***Takeover Bids***

The Takeover Directive allows the Member States to introduce, next to the mandatory takeover bids, additional protection of the interests of the minority shareholders, such as the obligation to make a partial bid where the offeror does not acquire control of the company. Poland introduced such additional instruments.

Pursuant to Article 72 of the Public Offerings Act, any acquisition of shares in a public company in secondary trading and within a period of less than 60 days by a shareholder who holds shares entitling it to less than 33% of votes at a general shareholders' meeting, leading to the increase of its share in the total number of voting rights by more than 10%, must be effected exclusively through a public tender offer.

Furthermore, any acquisition of shares in a public company by a shareholder who holds shares entitling it to at least 33% of votes at a general shareholders' meeting, in secondary trading and within a period of less than twelve months, leading to the increase of its share in the total number of voting rights by more than 5%, must be effected exclusively through a public tender offer.

Additionally a shareholder that wishes to exceed the 33% voting rights threshold is obliged to launch a public tender for shares that will entitle it to hold 66% of votes. However, if the indicated thresholds are exceeded due to the acquisition of shares in a public offering, in-kind contribution, merger or division of a company, amendments to the articles of incorporation of the company or occurrence of certain other events, the shareholder must either launch a public tender as described above within three months, or sell the appropriate amount of shares so that the number of votes to which the shareholder is entitled is no more than 33% of votes.

It should be noted that the Polish law explicitly excludes application of the Polish regulations concerning thresholds only with respect to the 66% threshold as the mandatory threshold under the Takeover Directive. In such a case, the Lithuanian threshold of 33 ⅓% should apply. On the other hand, the additional threshold of 33% stipulated in the Polish law is a separate obligation imposed by Poland irrespective of the Takeover Directive. Therefore, the announcement of a take-over bid when exceeding 33 ⅓% of votes to satisfy the obligations imposed by the Takeover Directive should be deemed a different obligation from the obligation to announce a bid for 66% of votes when exceeding 33% of votes to satisfy additional Polish requirements.

The regulations set a number of detailed conditions to be followed in connection with a public tender offer, including without limitation the rules of determining the tender price, required security and settlement.

#### ***Sell-out and squeeze-out rules***

Pursuant to Article 82 of the Public Offerings Act, a shareholder in a public company that, on its own or together with its subsidiaries or parent companies or with companies which are parties to an agreement regarding the purchase of shares, voting in concert at the shareholders' meeting or conducting long-term policy against the company, reaches or exceeds 90% of the overall number of votes in such public company, may demand, within three months from the date on which such shareholder reaches or exceeds of the relevant threshold, that the remaining shareholders sell all the shares held by them to such shareholder.

Pursuant to Article 83 of the Public Offerings Act, a shareholder in a public company may demand that another shareholder, which has reached or exceeded 90% of the total number of votes, purchase from it the shares it holds in such company. The demand is made in writing within three months from the date on which such shareholder reaches or exceeds the relevant threshold.

It should be noted that Polish law does not explicitly exclude the application of Polish regulations concerning squeeze-out and sell-out in public companies to companies listed on the WSE which are incorporated outside of Poland.

### **Regulation of the Lithuanian Securities Market**

#### *Takeover Bids and sell-out and squeeze-out rules*

The issued securities of Lithuanian issuers are subject to all mandatory takeover bids and squeeze-out and sell-out rules specified in the Law on Securities.

Following this law, where a person, acting independently or in concert with other persons, acquires shares that in connection with the holding held by him or by other persons acting in concert entitles him to more than 1/3 of votes at the general meeting of shareholders of the company, he must either transfer shares exceeding this threshold, or announce a mandatory takeover bid to buy up the remaining shares of the company granting the voting rights and the securities confirming the right to acquire shares granting the voting rights.

A person, when acting independently or in concert with other persons and having acquired not less than 95 percent of the capital carrying voting rights and not less than 95 percent of the total votes at the general meeting of the issuer shall have a right to require that all the remaining shareholders of the issuer sell the voting shares owned by them, and the shareholders shall be obligated to sell such shares. A person can exercise this right within three months after the implementation of the mandatory takeover bid or the voluntary takeover bid to buy up the remaining shares of the issuer granting the voting rights.

Usually, the price of squeeze-out shares is equal to (i) with regard to certain conditions, the price paid for the issuer's shares bought according to the mandatory or voluntary takeover bid in accordance with the provisions of the Law on Securities, or (ii) the fair price, determined by the person buying up the shares, subject to a relevant approval of the LB. The minority shareholders have the right to challenge the squeeze-out price in court if, in their opinion, the price breaches the principle of fairness.

Besides, any minority shareholder shall have a right to require that a person, who, when acting independently or in concert with other persons, has acquired the shares comprising not less than 95 per cent of the capital carrying the voting rights and not less than 95 per cent of the total votes at the general meeting of shareholders, would buy the shares belonging to the minority shareholder and granting the voting rights, while the said person shall be obligated to purchase those shares. The duration of validity of this right and the price of sell-out shares are determined according to the above-mentioned rules.

Following the decision of the company's shareholders to delist the shares of the issuer from the trading on the regulated market (such a decision is taken by the majority of  $\frac{3}{4}$  of all votes attaching to shares of the shareholders attending the general meeting of shareholders), a takeover bid must be submitted and implemented to buy-up the shares of the issuer admitted to the regulated market. The mandatory takeover bid must be submitted by the shareholders who voted for the decision to delist the shares of the issuer from the trading on the regulated market. One or several shareholders have the right to implement this duty for other shareholders. The shareholders who voted "against" or did not vote when the decision was taken to delist the shares of the issuer from the trading on the regulated market operating in the Republic of Lithuania have the right to sell their shares during the effective term of the mandatory takeover bid.

The Issuer does not have the right to demand that shareholders sell their shares to the Issuer, whereas the shareholders do not have the right to demand that the Issuer buy up shares held by them.

The issue of New Shares under the decision of the General Meeting of 13 March 2014 does not result in appearance of duties in connection with a mandatory takeover bid and appearance of any rights in connection with sell-out or squeeze-out of shares or other any rights other than those set in the Law on Securities and other applicable laws.

### **Taxation of the Issuer's Shares**

The following is a summary of certain Lithuanian and Polish tax implications of ownership and disposition of the Shares. The summary is based on the tax laws of Lithuania and Poland as in effect on the date of this Prospectus, and is subject to changes in such laws, including changes that could have a retroactive effect. The summary does not purport to be a comprehensive description of all the tax implications that may be relevant for making a decision to purchase, own or dispose of the Shares. You are advised to consult your own professional tax advisors as to the Lithuanian, Polish and other tax implications of the purchase, ownership and disposition of the Shares. Investors who may be affected by the tax laws of other jurisdictions should consult their own tax advisors with respect to the tax implications applicable to their particular circumstances.

#### **Taxation in Lithuania**

##### *Taxation on Dividends*

##### **Legal persons**

Dividends received by Lithuanian or foreign legal persons are subject to the corporate income tax at a rate of 15%. Dividends are not subject to the corporate income tax when a recipient (a Lithuanian or foreign legal person) has

been or intends to be in control of not less than 10% of voting shares of a Lithuanian company distributing dividends for an uninterrupted period of at least 12 months (including the moment of distribution of dividends). This participation exemption does not apply if dividends are paid to foreign legal persons registered or otherwise organized in a tax haven jurisdiction.

If dividends are paid out to the legal persons that are residents of a foreign country with which Lithuania has concluded a treaty for the avoidance of double taxation and such a treaty limits the rights of Lithuania to tax dividends, the rules set in that treaty will be applied.

The obligation to calculate, withhold and pay the withholding tax on dividends arises for the Lithuanian legal person (the payer of dividends).

#### Individuals

Dividends received by Lithuanian and foreign individuals are subject to the personal income tax at a rate of 20%.

If dividends are paid out to the residents of a foreign country with which Lithuania has concluded a treaty for the avoidance of double taxation and such treaty limits the rights of Lithuania to tax dividends, the rules set in that treaty will be applied.

The obligation to calculate, withhold and pay the withholding tax on dividends arises for the Lithuanian legal entity (the payer of dividends).

#### *Taxation on Capital Gains*

##### Legal persons

No specific capital gains tax is established under the Lithuanian tax legislation. Therefore, capital gains received by a Lithuanian legal person or by a foreign legal person through its permanent establishment in Lithuania from the sale of shares are included in the taxable income for the corporate income tax purposes. The standard rate of the corporate income tax is 15%.

An exemption is available, and capital gains are not subject to the corporate income tax if the following conditions are met: 1) an entity the shares of which are being transferred is registered in the EEA Member State or a country with which Lithuania has concluded a treaty for the avoidance of double taxation, and this entity is a payer of corporate income or equivalent tax; and 2) an entity transferring shares has been in control of more than 25% of voting shares for an uninterrupted period of at least two years. The exemption is not applied if shares are transferred to the issuer.

Lithuanian entities and permanent establishments of foreign entities have the right to carry forward losses due to the disposal of securities and/or derivative financial instruments for five consecutive years for the purpose of the Lithuanian corporate income tax. The said losses can be covered only with income generated from disposals of securities and/or derivative financial instruments.

Capital gains received by the foreign legal persons from the disposal of shares of Lithuanian companies are not subject to the Lithuanian corporate income tax.

##### Individuals

Capital gains received from the sale of shares by the Lithuanian residents are subject to 15% personal income tax.

Capital gains from the sale of shares are not taxed if the shares are sold not earlier than 366 days after the date of their acquisition and the individual had not held more than 10% of the shares of the entity for three years preceding the end of the tax period during which the shares were sold. The application of the said exemption is restricted in respect of the shares received by the shareholder free of charge due to the increase in the issuer's share capital from its own funds or in case the nominal value of the sale shares was increased from the issuer's own funds (in which case the application of the exemption will be restricted solely to the income equal to the amount of the increase in the nominal value of the sale shares). Moreover, the application of the said exemption is restricted if shares are transferred to the issuer.

The personal income tax on capital gains received by individuals should be calculated, paid and declared by individuals by the 1st of May of the calendar year following the taxable year.

Capital gains received from the disposal of shares of Lithuanian companies by the individuals who are not considered to be Lithuanian residents for tax purposes are not taxed in Lithuania.

#### *Taxation on Gifts and Inheritance*

If the Issuer's shares are given as a gift to a natural person, generally the acquisition of shares is subject to personal income tax at a rate of 15%, charged on income received at the transfer of the shares as a gift. The tax is not applicable where a spouse, children (adopted children), parents (adoptive parents), brothers, sisters, grandchildren or grandparents give shares as a gift or where shares are given as a gift to a non-Lithuanian resident. Furthermore, donation incomes received from other persons are not subject to taxation, unless such incomes exceed LTL 8,000 in a calendar year.

Inherited Issuer's shares are subject to inheritance tax as follows: if the taxable value of the inherited property does not exceed LTL 500,000, the tax rate is 5%; if the taxable value of the inherited property exceeds that amount, the tax rate is 10%. The property is exempted from the tax where the property is inherited by a spouse upon the death of the other spouse, by parents (adoptive parents), children (adopted children), grandparents, grandchildren, brothers, sisters, guardians (custodians), wards (foster children), or where the shares are inherited by a non-Lithuanian resident or the value of the inherited property does not exceed LTL 10,000.

#### *Value added tax*

Generally, under effective laws, share acquisition or transfer transactions are not subject to value added tax (VAT) in Lithuania.

#### **Taxation in Poland**

##### *Taxation on Capital Gains*

##### Polish Tax Residents

###### Individuals

Under the Personal Income Tax Act, natural persons being Polish tax residents are liable to pay tax on all of their worldwide income (revenue), regardless of the location of the source of revenue (unlimited tax obligation). As a rule, a natural person is deemed a resident of Poland if: (i) the centre of his/her personal or economic interests is situated within the territory of Poland, or (ii) he/she resides within the territory of Poland for more than 183 days in any given tax year, although this rule is subject to the double tax treaties concluded by Poland, which override internal regulations.

In case of the disposal of shares in a Lithuanian company by a Polish tax resident, the Double Tax Treaty concluded between Poland and Lithuania applies. According to Art. 13, section 4 of the Treaty, capital gains from the disposal of shares are, as a rule, taxed exclusively in the country of residence of the taxpayer. Thus, income from the disposal of the Shares earned by Polish residents shall be taxed in Poland.

Pursuant to Art. 30b, section 1 of the Personal Income Tax Act, income earned on the disposal of shares in exchange for any form of consideration is not aggregated with other types (sources) of income derived by an individual and is taxed at a flat rate of 19%. Taxable income is computed as the difference between proceeds from the disposal of shares (if the sales price declared for tax purposes significantly differs from the fair market value of the shares, the tax authorities may reassess the due tax) and the tax-deductible costs, e.g. expenditures related to the acquisition of the shares.

A taxpayer is obliged to calculate and pay due tax, as well as to submit the relevant tax return, by 30 April of the calendar year following the year in which income was earned. Tax is computed and payable on the final result of all capital gains transactions executed during the given tax year. There is no requirement to pay tax advances during the tax year. Tax is not withheld and paid to the tax authorities by any third party.

The above regulations do not apply if a disposal of shares is performed as part of business activity. In such case, revenues and relevant costs should be settled according to the terms that apply to the taxation of a business activity.

It should also be noted that pursuant to Art. 9, section 6 of the Personal Income Tax Act, tax losses incurred during a fiscal year on the disposal of shares may be deducted from the income earned from that source over the following five consecutive fiscal years (however, the amount of the deduction cannot exceed 50% of the amount of the loss in any single fiscal year of the five-year period).

###### Corporate Persons

In accordance with Art. 3, section 1 of the Corporate Income Tax Act, any taxpayer with a legal seat or place of effective management within the territory of Poland are liable to pay tax on all of their worldwide income, regardless of the location of the source of revenue, although this rule is subject to the double tax treaties concluded by Poland, which override internal regulations.

In case of the disposal of shares in a Lithuanian company by a Polish tax resident, the Double Tax Treaty concluded between Poland and Lithuania applies. According to Art. 13, section 4 of the Treaty, capital gains from the disposal of shares are, as a rule, taxed exclusively in the country of residence of the taxpayer. Thus, income from the disposal of the Shares earned by Polish residents shall be taxed in Poland.

Income from the disposal of shares is aggregated with other types of income of the given fiscal year and subject to the general 19% CIT rate. Taxable income is computed as the difference between proceeds from the disposal of shares (if the sales price declared for tax purposes significantly differs from the fair market value of the shares, the tax authorities may reassess the due tax) and the tax-deductible costs, e.g. expenditures related to the acquisition of the shares.

### Non-Polish Tax Residents

#### Individuals

In accordance with Art. 3, section 2a of the Personal Income Tax Act, natural persons, if they do not reside within the territory of Poland, are liable to pay tax exclusively on income (revenue) obtained within the territory of Poland (limited tax obligation).

Polish tax law does not give clear direction as to whether income from a sale of securities of a Lithuanian company should be treated as income derived from Poland if the securities are traded on the Warsaw Stock Exchange. It seems that the prevailing approach of the tax authorities is that trades on the Warsaw Stock Exchange shall be treated as a Polish source of income. Consequently, as a rule, such income could be subject to Polish income tax. In practice however, most of the tax treaties would exempt such income from taxation in Poland. This should be verified on a case-by-case basis.

#### Corporate Persons

In accordance with Art. 3, section 2 of the Corporate Income Tax Act, taxpayers not being Polish tax residents, are liable to pay Polish corporate income tax exclusively on income obtained within the territory of Poland.

Polish tax law does not give clear direction as to whether income from a sale of securities of a Lithuanian company should be treated as income derived from Poland if the securities are traded on the Warsaw Stock Exchange. It seems that the prevailing approach of the tax authorities is that trades on the Warsaw Stock Exchange shall be treated as a Polish source of income. Consequently, as a rule, such income could be subject to Polish income tax. In practice however, most of the tax treaties would exempt such income from taxation in Poland. This should be verified on a case-by-case basis.

#### *Polish Tax on Dividends*

### Polish Tax Residents

#### Individuals

Taxation of dividend income obtained by an individual being a Polish tax resident from a company residing in Lithuania is regulated by the provisions of the Double Tax Treaty concluded between Poland and Lithuania. Pursuant to Art. 10 of this Treaty, dividends paid by a company with a seat in Lithuania to a person who is a tax resident in Poland may be taxed in Poland. However, dividends may also be taxed in Lithuania but the tax levied in Lithuania cannot exceed 15% of the dividend. The applicable withholding tax rate according to the relevant Lithuanian laws was indicated in description of Lithuanian tax regime. According to Art. 25 of the Treaty, Poland should allow for a reduction of tax due in Poland on dividends by the amount of tax withheld on dividends in Lithuania.

Pursuant to Art. 30a, section 1, point 4 of the Personal Income Tax Act, dividends and other income from a share in the profits of legal persons is not aggregated with income from any other sources and is subject to taxation at a flat rate of 19% of the dividend received. Under Art. 30a, section 9 of the Personal Income Tax Act tax withheld abroad on dividends may be deducted from the tax due in Poland (up to the amount of tax due in Poland on such dividends).

As a rule, according to Art. 30a, section 11 of the Personal Income Tax Act, tax due on dividends earned outside of Poland shall be paid by a taxpayer, as well as be disclosed in the relevant tax return, by 30 April of the calendar year following the year in which dividend was received. There is no requirement to pay tax advances during the tax year.

It is not absolutely clear whether tax due on dividend earned by a Polish tax resident from a company with its seat in Lithuania shall be withheld by a Polish brokerage house assisting in the payment. There is a regulation (Art. 41, section 4d of the Personal Income Tax Act) that imposes on brokerage houses the obligation to withhold the tax in relation to dividends paid to taxpayers only if two conditions are jointly met: (i) the dividend is earned within the territory of Poland and is strictly related to securities registered on brokerage accounts kept by a Polish brokerage house and (ii) the dividend is paid out to the taxpayer through a Polish brokerage house. It should be noted that under the prevailing approach, dividends from a company with its seat in Lithuania should not be treated as income earned within the territory of Poland, even if the company is listed on the WSE. Thus, the first condition specified above shall not be met and the tax should not be withheld by brokerage houses. However, in case of any doubt, a taxpayer should consult a tax adviser.

#### Corporate Persons

Taxation of dividend income obtained by a Polish tax resident from a company residing in Lithuania is regulated by the provisions of the Double Tax Treaty concluded between Poland and Lithuania. Pursuant to Art. 10 of this Treaty, dividends paid by a company with a seat in Lithuania to an entity which is a tax resident in Poland may be taxed in Poland. However, dividends may also be taxed in Lithuania but the tax levied in Lithuania cannot exceed 15% of the dividend (or 5% in case dividend is earned by a company owning at least 25% of the share capital in a company paying the dividend). The applicable withholding tax rate according to the relevant Lithuanian laws was indicated in description of Lithuanian tax regime. According to Art. 25 of the Treaty, Poland should allow for a reduction of tax due in Poland on dividends by the amount of tax withheld on dividends in Lithuania.

As a rule, dividends paid by a company with a seat in Lithuania to a legal person being a Polish tax resident may be taxed in Poland at a flat rate of 19% of the income earned. Under Art. 20, section 1 of the Corporate Income Tax Act tax withheld abroad on dividends may be deducted from the tax due in Poland (up to the amount of tax due in Poland on such dividends).

Pursuant to Art. 20, section 3 of the Corporate Income Tax Act, income (revenue) from dividends and other revenue from participation in profits generated by Lithuanian companies are tax exempt if all of the following conditions are satisfied jointly:

- i. the entity paying out the dividends and other revenue from participation in profits generated by legal persons, is a company liable to pay income tax in any of the EU Member States other than Poland or in any other country of the European Economic Area, with respect to its world-wide income, regardless of the place where it is generated;
- ii. the entity receiving income (revenue) from dividends and other revenue from participation in profits generated by legal persons, as referred to in section (i), is a company liable to pay income tax in Poland and has its registered seat or place of effective management within the territory of Poland and is not exempt from income tax in relation to its world-wide income; and
- iii. the company referred to in section (ii) directly own at least 10% shares in the share capital of the company which pays out the dividend (company referred to in section (i)) for an uninterrupted period of at least two years.

The exemption also applies if the two-year period of uninterrupted holding of shares by a company earning income ends after the date of obtaining such income. In the case of failure to satisfy the condition of uninterruptedly holding shares in the required amount for two years, the company which benefited from the exemption is obliged, under the relevant regulations, to submit a corrected declaration for the fiscal years of gaining the exemption. The above exemption will not apply, however, if distributions are made upon liquidation of a company.

#### Non-Polish Tax Residents

##### Individuals

As indicated above, under the prevailing approach, dividends from a company with its seat in Lithuania should not be treated as income earned within the territory of Poland, even if the company is listed on the WSE. Thus, dividends distributed by a Lithuanian company to non-Polish tax residents should not be subject to taxation in Poland.

##### Corporate Persons

As indicated above, under the prevailing approach, dividends from a company with its seat in Lithuania should not be treated as income earned within the territory of Poland, even if the company is listed on the WSE. Thus, dividends distributed by a Lithuanian company to non-Polish tax residents should not be not subject to taxation in Poland.

#### *Transfer Tax (Tax on Civil Law Transactions)*

The tax on civil law transactions ("TCLT") is levied on agreements providing for the sale or exchange of rights, provided that these rights are executed in Poland or, if executed abroad, that the purchaser is a Polish tax resident and that the transaction is effected in Poland. The tax rate on the sale of shares and the exchange of shares is 1.0% of their market value and should be paid by the purchaser of shares within 14 days of the date the sale or exchange agreement was concluded. (in the case of an exchange of shares, the liability for paying the tax due is borne jointly and severally by the parties to the exchange of the share transaction).

Exemptions from the TCLT apply, without limitation, to transactions concerning (i) the sale of shares to investment companies or to foreign investment companies or (ii) the sale of shares with an intermediation of investment companies or foreign investment companies or (iii) the sale of shares within a regulated market or (iv) the sale of shares made by investment companies or foreign investment companies outside a regulated market, provided that such instruments were acquired by those companies within a regulated market – as defined in the Polish Trading in Financial Instruments Act. In general, trading in shares on the WSE is exempt from the TCLT.

#### *Taxation of Gifts and Inheritance*

The inheritance and donation tax is charged on the acquisition by natural persons of shares within the territory of Poland, by way of, among others, inheritance, bequest or donation. The inheritance and donation tax is also charged on the acquisition by natural persons of shares outside the territory of Poland, provided that at the moment of inheritance or conclusion of a donation, the acquirer was a Polish citizen or his/her place of residence was within the territory of Poland.

The tax is not charged on an acquisition of shares within the territory of Poland if, on the date of such acquisition, neither the transferee, nor the testator were Polish citizens and had no place of permanent residence or registered office within the territory of Poland.

The tax liability is borne by the person acquiring shares and may arise at different times, depending on the legal form of such acquisition.

The amount of tax depends on the degree and type of kinship or relationship or other personal ties between the testator and the heir, or the donor and the beneficiary. Generally, the tax rates increase progressively from 3% to 20% of the tax base, depending on the tax group in which the transferee qualifies. There is a tax-free amount defined for each of these groups. Unless the tax is collected by the tax remitter, the taxpayers are required to file, within one month from the date on which the tax liability arose, a tax return disclosing the acquisition of shares in the appropriate form, with the head of the relevant tax office. The tax is payable within 14 days of receiving a decision of the head of the relevant tax office assessing the amount of the tax liability.

Shares acquired by the closest relatives (spouse, descendants, ascendants, stepchildren, siblings, stepfather and stepmother) are tax-exempt, subject to filing an appropriate notice with the relevant tax office in due time. The exemption applies if, at the time of acquisition, the acquirer was a citizen of Poland, another Member State, European Free Trade Association member state being party to the EEA Agreement, or was a resident of Poland or such state.

## 5.6 Share Offer

This Prospectus was not prepared for the public offering of the New Shares of the Company and was drafted exclusively for the purpose of Admission of the New Shares to trading on the Secondary List of OMX and on the Parallel Market of the WSE.

Following the decisions of the General Meeting, dated 13 March 2014 all the New Shares (up to 102,595,266 units) have to be subscribed within 3 (three) months as from adoption of the aforementioned decisions (until 13 June 2014). For more information on the subscription, paying-up and Admission of the New Shares please see Section 5.7 *Admission to Trading*.

The Issuer has not granted and will not grant any overallotment option or the green shoe type option and therefore no overallotment is foreseen. No stabilisation will be undertaken.

The Issuer has not appointed any intermediary with respect to the New Shares, as there will be no public offering thereof.

## 5.7 Admission to Trading

As of the date of this Prospectus, all the existing Shares of the Issuer (84,820,986 units) are dual-listed on the Secondary List of OMX and on the Parallel Market of the WSE. The Issuer also intends to make an application to the WSE and OMX for the admission of New Shares (up to 102,595,266 units) for Admission thereof to trading on the aforementioned regulated markets.

Thus, this Prospectus was prepared exclusively for the purpose of Admission of the New Shares (up to 102,595,266 units) to trading on the Secondary List of OMX and on the Parallel Market of the WSE. In this Prospectus a public offering of the New Shares is not foreseen, as all the New Shares will not be offered publically and will be subscribed and acquired solely by Baltic Champs Group UAB and Vretola Holdings Limited, following the withdrawal of the pre-emptive right of the existing Company's shareholders to acquire the New Shares as indicated in the decision of the General Meeting, dated 13 March 2014.

In the aforementioned General Meeting the Company's shareholders *inter alia* decided:

- (i) to increase the authorised capital of the Company with additional non-monetary contributions from LTL 84,820,986 to 187,416,252, by issuing no more than 102,595,266 ordinary registered shares LTL 1 (one litas) par value each (New Shares). The issue price of each New Share is LTL 1. The total issue price of all the New Shares is up to LTL 102,595,266, depending on the final number of the New Shares to be issued;
- (ii) to withdraw the pre-emptive right of all the shareholders of the Company to acquire up to 102,595,266 New Shares to be issued by the Company and to establish that all the New Shares will be subscribed and acquired by Baltic Champs Group UAB, code 145798333, registered at Šiauliai district municipality, Poviliškiai village, Lithuania (88,444,014 units) and by Vretola Holdings Limited, code HE 270472, registered at Stylianou Lena, 18, Pallouriotissa, 1046, Nicosia, Cyprus (14,151,252 units). All the New Shares having nominal value of LTL 1 and having issue price of LTL 1 each, will be paid by non-monetary contributions of (a) Baltic Champs Group UAB, i.e. by the block of 100 percent of the shares of Baltic Champs UAB, code 302942064, registered at Šiauliai district municipality, Poviliškiai village, Lithuania, which consists of 629,100 ordinary registered shares LTL 100 par value each, and of (b) Vretola Holdings Limited, i.e. by the block of 100 percent of the shares of eTime invest UAB, code 300578676, registered at Saltoniškių st. 29, Vilnius, Lithuania, which consists of 6,856,500 ordinary registered shares LTL 1 par value each;
- (iii) to approve the new wording of Articles of Association;
- (iv) to initiate the admission of New Shares to trading on the regulated markets OMX and on the WSE and to authorise and obligate the Management Board to execute all the actions in connection therewith.

Following the aforementioned decisions of the General Meeting the Company and Baltic Champs Group UAB, as well as the Company and Vretola Holdings Limited will enter on the closing day of the merger transaction under the Merger Agreement into Share Subscription Agreements (under the Merger Agreement closing of the transaction is planned for 31 March 2014), whereby Baltic Champs Group UAB will transfer to the Company the indicated block of shares of Baltic Champs UAB and Vretola Holdings Limited will transfer to the Company the indicated block of shares of eTime invest UAB and the Company will oblige to issue the New Shares and to provide them to Baltic

Champs Group UAB and to Vretola Holdings Limited for the price of LTL 1 (total Issue Price of all the New Shares is LTL 102,595,266) and to introduce them to trading on the WSE and OMX.

As it is indicated in the Certificate on Establishment of Market Value of shares of Baltic Champs UAB (Business Valuation Certificate No. 21330 VAT\_2014 SVA VHAN), attached to this Prospectus, the market value of 100% of shares of Baltic Champs UAB is LTL 88,500,000.

As it is indicated in the Certificate on Establishment of Market Value of shares of eTime invest UAB (Business Valuation Certificate No. 21809 VAT\_2014 SVA VHAN), attached to this Prospectus, the market value of 100% of shares of eTime invest UAB is LTL 16,700,000.

The difference between the issue price of New Shares and the market values of shares of Baltic Champs UAB and eTime invest UAB, as indicated above, will be accounted as share premium by the Company.

Thus, as from the moment of signature of the aforementioned Share Subscription Agreements the Issue Price for the New Shares, to be subscribed by Baltic Champs Group UAB and by Vretola Holdings Limited will be fully paid-up and the blocks of shares of Baltic Champs UAB and eTime invest UAB respectively transferred to the Company. These agreements will constitute a legal ground to make the relevant entries in the securities accounts of the Company to be opened on behalf of Baltic Champs Group UAB and on behalf of Vretola Holdings Limited, as well as in the securities accounts of Baltic Champs UAB and eTime invest UAB to be opened on behalf of the Company.

Payment of the subscribed shares by non-monetary contributions (including by the shares) is regulated by the Law on Companies in detail.

The admission and introduction of the New Shares to trading on the WSE and OMX requires the approval of the Prospectus by the LB and notification to the PFSA and execution of other actions, as indicated below.

Under the laws of Lithuania the following registration processes are needed in order to validly issue New Shares: (i) registration of the increase of the authorised capital of the Company with the Register of Legal Persons and (ii) registration of the New Shares in the CSDL as well as on the NDS foreign account in the CSDL. Thus, the New Shares will be eligible for the listing upon their payment by Baltic Champs Group UAB and by Vretola Holdings Limited and the aforementioned registrations. The Issuer will not be seeking to apply for listing of temporary share receipts, such as "rights to shares" within the meaning of article 3 of the Trading in Financial Instruments Act.

Under the Lithuanian laws, the New Shares should be admitted to trading on OMX automatically after their registration in the CSDL. Thus, following approval of this Prospectus the Company will apply to OMX for admission of the New Shares to trading on its Secondary List, once the above indicated conditions are fulfilled.

Under the Polish laws, the admission and introduction of the New Shares to trading on the WSE requires, *inter alia* (apart from the approval of the Prospectus by the LB and notification to the PFSA): (a) execution by the Issuer of an agreement with the NDS to register the New Shares, in the NDS; and (b) an application to be made, and resolutions of the WSE's management board adopted, to admit and introduce the New Shares to trading on the WSE.

The Company will take all the necessary actions under the applicable laws, needed in order to admit the New Shares to trading on the WSE and OMX.

The Company expects that trading in the New Shares on the WSE and OMX will commence in the beginning of April 2014. Any dealings in the New Shares prior to the start of trading on the WSE and OMX will be at the sole risk of investor concerned. In particular, as such transactions would not be carried out on a regulated market, they are likely to result – depending on the particular circumstances of each transaction and the parties to it – in a stamp duty or similar tax being assessed.

No entity has a commitment of any kind to act in secondary trading in the Shares or provide liquidity through bid and offer rates. No stabilisation will be undertaken.

## **5.8 Expenses of the Issue**

Following the preliminary calculations, the Issuer's fixed expenses, related to this issue, shall comprise of up to EUR 20 thousand (including, without limitation, the fixed fees (if any) for the Lithuanian and Polish legal counsels, fees to the LB for approval of the Prospectus, fees to the CSDL, OMX, NDS and WSE, fees for preparation of the Prospectus).

## **5.9 Dilution**

In a line with a new Issue, a dilution effect will occur. Currently, the Issuer's share capital consists of 84,820,986 ordinary registered shares with a nominal value of LTL 1 each (nominal share capital: LTL 84,820,986). During the new Issue it is planned to issue up to 102,595,266 ordinary registered Shares with a nominal value of LTL 1 each. After the new Issue (in case all the New Shares will be subscribed and acquired), the Issuer's share capital will increase from LTL 84,820,986 to LTL 187,416,252. Due to this, current shareholders of the Company who will not acquire equivalent amounts of Shares in a new Issue (due to withdrawal of their pre-emptive right) will bear a dilution effect equal to 45.26%: shareholders stake in the Issuer's share capital before the new Issue will be equal to 45.26% after the new Issue, i.e. such shareholders' stake will be reduced by 54.74%.



**ANNEX I (Business Valuation Certificates)**

# VERSLO VERTĖS NUSTATYMO PAŽYMA

**Nr. 21330 VAT\_2014 SVA VHAN**

<b>Vertinimo užsakovas</b>	UAB „BALTIC CHAMPS“, įmonės kodas 302942064, buveinė: Poviliškių k., Šiaulių raj., Lietuvos Respublika. Duomenys apie įmonę kaupiami ir laikomi Juridinių asmenų registre (registro tvarkytojas Valstybės įmone Registrų centras).
<b>Vertinimo atvejis</b>	Kai to pageidauja užsakovas. Šis vertinimo atvejis apibrėžiamas Lietuvos Respublikos turto ir verslo vertinimo pagrindų įstatymo (Žin., 1999, Nr. 52-1672; 2011, Nr. 86-4139) 4-o straipsnio 3-iaame punkte.
<b>Vertinimo tikslas</b>	Verslo rinkos vertės nustatymas nepiniginį įnašą į AB „AGROWILL GROUP“, įmonės kodas 126264360, įstatinį kapitalą tikslui.
<b>Verslo apžiūrėjimo data</b>	2014 m. vasario 6 d.
<b>Vertės nustatymo data</b>	2013 m. gruodžio 31 d.
<b>Ataskaitos surašymo data</b>	2014 m. vasario 12 d.
<b>Vertinamas verslas</b>	UAB „BALTIC CHAMPS“, įmonės kodas 302942064, verslas ir 100% paprastųjų vardinių akcijų paketas
<b>Bendrovės adresas</b>	Poviliškių k., Šiaulių raj., Lietuvos Respublika

## PAGRINDINIAI DUOMENYS APIE VERTINAMĄ VERSLĄ

Įmonės pavadinimas	Buveinė	Įstatinis kapitalas	Vertinamas akcijų paketas	Pagrindiniai duomenys pagal 2013-12-31 finansines ataskaitas
UAB „BALTIC CHAMPS“	Poviliškių k., Šiaulių raj., Lietuvos Respublika	Įstatinis kapitalas – 62 910 000 Lt Paprastųjų vardinių akcijų skaičius – 629 100 vnt. 1PVA nominali vertė 100 Lt	100 %	Apyvarta – 32 792 tūkst. Lt Grynasis pelnas (nuostolis) – 5 096 tūkst. Lt Turtas – 134 606 tūkst. Lt Įsipareigojimai – 66 600 tūkst. Lt

## VERTINIMO METODAI

UAB „BALTIC CHAMPS“ verslas įvertintas pajamų metodu ir lyginamoju metodu. Vertinimas atliktas ir vertinimo metodai pasirinkti vadovaujantis 2011 m. birželio 22 d. Lietuvos Respublikos Turto ir verslo vertinimo pagrindų įstatymu Nr. XI-1497, Lietuvos Respublikos Finansų ministro 2012 m. balandžio 27 d. įsakymu Nr.1K-159 „Dėl turto ir verslo vertinimo metodikos patvirtinimo“, Tarptautiniais vertinimo standartais (IVS), patvirtintais Tarptautinių vertinimo standartų tarybos (TVST), Europos vertinimo standartais (EVS), patvirtintais TEGOVA.

**Numatomą įsigyti už nepiniginį įnašą akcijų skaičius, akcijos nominali vertė:**

Už vertinamą nepiniginį įnašą įnešant UAB „BALTIC CHAMPS“ akcijas į AB „AGROWILL GROUP“ įstatinį kapitalą numatoma išleisti 88 444 014 (aštuoniasdešimt aštuoni milijonai keturis šimtus keturiasdešimt keturis tūkstančius keturiolika) vnt. paprastųjų vardinių 1 (vieno) lito nominalios vertės akcijų, iš viso 88 444 014 Lt (aštuoniasdešimt aštuoni milijonų keturių šimtų keturiasdešimt keturių tūkstančių keturiolika litų) nominalios vertės.

## IŠVADA DĖL VERTINAMO VERSLO RINKOS VERTĖS

Vertinamo verslo ir 100% akcijų paketo rinkos vertė 2013 m. gruodžio 31 dieną yra **88 500 000 Lt (aštuoniasdešimt aštuoni milijonai penki šimtai tūkstančių litų).**

Verslo vertintojo prielaidos bei apskaičiuota verslo vertė nustatyta pagal užsakovo pateiktus dokumentus. Vertintojai nėra ir negali būti atsakingi už prielaidas bei skaičiavimus atliktus remiantis nepilnai pateiktais ar pateiktais klaidinančiais dokumentais.

**Išvada dėl verslo vertės parengta ne dėl to, kad tarp užsakovo ir turto vertinimo įmonės ar kitų asmenų iškilo ginčas dėl turto arba verslo vertės nustatymo.**

**Išvada, pagal Lietuvos Respublikos Akcinių bendrovių įstatymo 8 str. 8p.**

Nustatyta nepiniginio akcininkų įnašo į AB „AGROWILL GROUP“ įstatinį kapitalą vertė 88 500 000 Lt (aštuoniasdešimt aštuoni milijonai penki šimtai tūkstančių litų) 55 986 Lt (penkiasdešimt penkiais tūkstančiais devyniais šimtais aštuoniasdešimt šešiais litais) viršija planuojamą išleisti už šį įnašą AB „AGROWILL GROUP“ 88 444 014 (aštuoniasdešimt aštuoni milijonų keturių šimtų keturiasdešimt keturių tūkstančių keturiolika) vnt. paprastųjų vardinių 1 (vieno) lito nominalios vertės akcijų, nominalią vertę 88 444 014 Lt (aštuoniasdešimt aštuoni milijonus keturis šimtus keturiasdešimt keturis tūkstančius keturiolika litų).

**Turto vertintojas:**  
**UAB „Ober-Haus“ Nekilnojamas Turtas**  
Įmonės įrašymo į Išorės turto arba verslo vertinimo veikla turinčių teisę verstis asmenų sąrašą pažymėjimo Nr.000112  
Buveinė: Geležinio Vilko g. 18A, Vilnius

**Verslo vertintojas: Julija Traubergaitė**  
Verslo vertintojo kvalifikacijos pažymėjimas Nr. A 000525  
išduotas Vilniuje 2008 m. balandžio 2 d.

**UAB „Ober-Haus“ Nekilnojamas Turtas įgaliotasis asmuo:**  
**Generalinio direktoriaus įgaliotasis asmuo**  
**Remigijus Pleteris**  
A.V.



/Logo: OBER HAUS  
NEKILNOJAMASIS TURTAS/

UAB OBER-HAUS Nekilnojamas Turtas, legal entity code 111645042  
Geležinio Vilko St. 18A, Vilnius, tel. (8 5) 210 97 00  
Certificate No. 000112 of entry of the company into the list of  
persons entitled to engage in external property or business valuation activities

**BUSINESS VALUATION CERTIFICATE**  
No. 21330 VAT\_2014 SVA VHAN

<b>Client ordering the valuation</b>	BALTIC CHAMPS, UAB, legal entity code 302942064, address of the registered office: Poviliškių village, Šiauliai district, Republic of Lithuania. Data about the company is collected and kept in the Register of Legal Entities (administrator of the register is state enterprise the Centre of Registers)
<b>Valuation case</b>	Upon the client's request. This valuation case is defined in paragraph 3 of Article 4 of the Law of the Republic of Lithuania on the Fundamentals of Property and Business Valuation (official gazette <i>Valstybės Žinios</i> , 1999, No. 52-1672; 2011, No. 86-4139).
<b>Aim of the valuation</b>	Determination of the market value of the business for the purpose of making non-monetary contributions into the authorised capital of AGROWILL GROUP, AB, legal entity code 126264360.
<b>Business examination date</b>	6 February 2014
<b>Value date</b>	31 December 2013
<b>Report date</b>	12 February 2014
<b>Business under valuation</b>	Business and 100% of ordinary registered shares of BALTIC CHAMPS, UAB, legal entity code 302942064
<b>Address of the company</b>	Poviliškių village, Šiauliai district, Republic of Lithuania

**MAIN DATA ABOUT THE BUSINESS UNDER VALUATION**

Name of the company	Registered office	Authorised capital	Shareholding interest under valuation	Main data according to financial statements as of 31-12-2013
BALTIC CHAMPS, UAB	Poviliškių village, Šiauliai district, Republic of Lithuania	Authorised capital is LTL 62,910,000. Number of ordinary registered shares is 629,100. Nominal value of 1 ordinary registered share is LTL 100	100%	Revenue is LTL 32,792,000 Net profit (loss) is LTL 5,096,000 Assets are LTL 134,606,000 Liabilities are LTL 66,600,000

**VALUATION METHODS**

The business of BALTIC CHAMPS, UAB was assessed according to the income method and the comparative method. The valuation was performed and valuation methods were selected following Law of the Republic of Lithuania No. XI-1497 on the Fundamentals of Property and Business Valuation, dated 22 June 2011, Order No. 1K-159 of the Minister of Finance of the Republic of Lithuania "On approval of the property and business valuation methodology", dated 27 April 2012, the International Valuation Standards approved by the International Valuation Standards Council, the European Valuation Standards approved by TEGOVA.	
<b>Number of shares planned to be acquired for the non-monetary contribution, nominal value of one share</b>	In exchange for the non-monetary contribution under valuation, which means contributing shares of BALTIC CHAMPS, UAB into the authorised capital of AGROWILL GROUP, AB it is planned to issue 88,444,014 (eighty eight million four hundred and forty four thousand fourteen) ordinary registered shares LTL 1 (one) nominal value each, the total nominal value of which will be LTL 88,444,014 (eighty eight million four hundred and forty four thousand fourteen litas).

**CONCLUSION ON THE MARKET VALUE OF THE BUSINESS UNDER VALUATION**

<b>The market value of the business and 100% shareholding interest under valuation as on 31 December 2013 is LTL 88,500,000 (eighty eight million five hundred thousand litas).</b>	
The assumptions of the business valuator and the calculated business value were determined on the basis of documents presented by the client. Valuers are not and cannot be liable for assumptions and calculations made on the basis of presented incomplete or misleading documents.	
<b>The conclusion on business value was not prepared by reason of a dispute between the client and the property valuation company or other persons regarding determination of the property or business value.</b>	
<b>Conclusion according to paragraph 8 of Article 8 of the Law of the Republic of Lithuania on Companies</b>	The determined value of the non-monetary contribution of shareholders into the authorised capital of AGROWILL GROUP, AB, which is LTL 88,500,000 (eighty eight million five hundred thousand litas), exceeds the nominal value of 88,444,014 (eighty eight million four hundred and forty four thousand fourteen) ordinary registered shares of AGROWILL GROUP, AB, LTL 1 (one) nominal value each, the total nominal value of which is LTL 88,444,014 (eighty eight million four hundred and forty four thousand fourteen litas), which are planned to be issued in exchange for this contribution, by the amount of LTL 55,986 (fifty five thousand nine hundred eighty six litas).

**Property valuator:**

**UAB Ober-Haus Nekilnojamas Turtas**

Certificate No. 000112 of entry of the company into the list of persons entitled to engage in external property or business valuation activities  
Registered office: Geležinio Vilko St. 18A, Vilnius

**Business valuator: Julija Traubergaitė**

Business valuator qualification certificate No. A 000525  
Issued in Vilnius on 2 April 2008

*/Signature/*

**Person authorised by UAB Ober-Haus Nekilnojamas Turtas:  
Person authorised by the General Manager**

**Remigijus Pleteras**

*/Signature/*

*/Seal:* UAB Ober-Haus Nekilnojamas Turtas  
Property and business valuation  
Certificate No. 000112  
Vilnius/

# VERSLO VERTĖS NUSTATYMO PAŽYMA

**Nr. 21809 VAT\_2014 SVA VHAN**

<b>Vertinimo užsakovas</b>	UAB „eTime invest“, įmonės kodas 300578676, buveinė: Saltoniškių g. 29, Vilnius, Lietuvos Respublika. Duomenys apie įmonę kaupiami ir laikomi Juridinių asmenų registre (registro tvarkytojas Valstybės įmone Registrų centras).
<b>Vertinimo atvejis</b>	Kai to pageidauja užsakovas. Šis vertinimo atvejis apibrėžiamas Lietuvos Respublikos turto ir verslo vertinimo pagrindų įstatymo (Žin., 1999, Nr. 52-1672; 2011, Nr. 86-4139) 4-o straipsnio 3-iaame punkte.
<b>Vertinimo tikslas</b>	Verslo rinkos vertės nustatymas nepiniginių įnašų į AB „AGROWILL GROUP“, įmonės kodas 126264360, įstatinį kapitalą tikslu.
<b>Verslo apžiūrėjimo data</b>	2014 m. vasario 28 d.
<b>Vertės nustatymo data</b>	2014 m. vasario 28 d.
<b>Ataskaitos surašymo data</b>	2014 m. kovo 12 d.
<b>Vertinamas verslas</b>	UAB „eTime invest“, įmonės kodas 300578676, verslas ir 100% paprastųjų vardinių akcijų paketas
<b>Bendrovės adresas</b>	Saltoniškių g. 29, Vilnius, Lietuvos Respublika

## PAGRINDINIAI DUOMENYS APIE VERTINAMĄ VERSLĄ

Įmonės pavadinimas	Buveinė	Įstatinis kapitalas	Vertinamas akcijų paketas	Pagrindiniai duomenys pagal 2014-02-28 finansines ataskaitas
UAB „eTime invest“	Saltoniškių g. 29, Vilnius, Lietuvos Respublika	Įstatinis kapitalas – 6 856 500 Lt Paprastųjų vardinių akcijų skaičius – 6 856 500 vnt. 1PVA nominali vertė 1 Lt	100 %	Apyvarta – 0 Lt Grynasis pelnas (nuostolis) – 7 tūkst. Lt Turtas – 9 188 tūkst. Lt Išsipareigojimai – 1 505 tūkst. Lt

## VERTINIMO METODAI

UAB „eTime invest“ verslas įvertintas pajamų metodu ir turto požūrio metodų deriniu. Vertinimas atliktas ir vertinimo metodai pasirinkti vadovaujantis 2011 m. birželio 22 d. Lietuvos Respublikos Turto ir verslo vertinimo pagrindų įstatymu Nr. XI-1497, Lietuvos Respublikos Finansų ministro 2012 m. balandžio 27 d. įsakymu Nr. 1K-159 „Dėl turto ir verslo vertinimo metodikos patvirtinimo“, Tarptautiniais vertinimo standartais (IVS), patvirtintais Tarptautinių vertinimo standartų tarybos (TVST), Europos vertinimo standartais (EVS), patvirtintais TEGOVA.

### Specialios prielaidos

Pagrindinį vertinamos bendrovės UAB „eTime invest“ turtą sudaro investicija į OOO „Karakash Agro“ 85% paprastųjų vardinių akcijų paketą, OOO „Karakash Agro“ registruota Krymo autonominioje Ukrainos Respublikoje. Vertinimo metu 2014-02-28 d. teritorijoje, kurioje yra registruota ši bendrovė ir kurioje yra pagrindinis bendrovės nekilnojamas turtas, buvo sudėtinga politinė situacija, gresianti karo veiksmais ir teritorinio suvereniteto praradimu. Tokia situacija gali ženkliai įtakoti bendrovės vertę, jei politinė situacija pereitų į karo veiksmus, pasikeistų valstybė, kurios teritorijoje yra bendrovė priklausantis nekilnojamas turtas ar būtų nacionalizuotos akcijos. Vertinimo metu situacija Krymo autonominioje nebuvo išspręsta, todėl verslo vertinimas atliktas naudojant prielaidą, kad karo veiksmai nebus pradėti, Krymo autonomija išliks Ukrainos teritorijoje ir politiškai suregulavus konfliktą vertinama verslo ekonominė aplinka kaip ir verslo vertė reikšmingai nepasikeis.

### Numatomų įsigyti už nepiniginį įnašą akcijų skaičius, akcijos nominali vertė:

Už vertinamą nepiniginį įnašą įnešant UAB „eTime invest“ akcijas į AB „AGROWILL GROUP“ įstatinį kapitalą numatoma išleisti 14 151 252 (keturiolika milijonų vieną šimtą penkiasdešimt vieną tūkstantį du šimtus penkiasdešimt du) vnt. paprastųjų vardinių 1 (vieno) lito nominalios vertės akcijų, iš viso 14 151 252 Lt (keturiolikos milijonų vieno šimto penkiasdešimt vieno tūkstančio dviejų šimtų penkiasdešimt dviejų litų) nominalios vertės.

## IŠVADA DĖL VERTINAMO VERSLO RINKOS VERTĖS

Vertinamo verslo ir 100% akcijų paketo rinkos vertė 2014 m. vasario 28 dieną yra  
**16 700 000 Lt (šešiolika milijonų septyni šimtai tūkstančių litų).**

Verslo vertintojo prielaidos bei apskaičiuota verslo vertė nustatyta pagal užsakovo pateiktus dokumentus. Vertintojai nėra ir negali būti atsakingi už prielaidas bei skaičiavimus atliktus remiantis nepilnai pateiktais ar pateiktais klaidinančiais dokumentais.

**Išvada dėl verslo vertės parengta ne dėl to, kad tarp užsakovo ir turto vertinimo įmonės ar kitų asmenų iškilo ginčas dėl turto arba verslo vertės nustatymo.**

### Išvada, pagal Lietuvos Respublikos Akcinių bendrovių įstatymo 8 str. 8p.

Nustatyta nepiniginio akcinių įnašų į AB „AGROWILL GROUP“ įstatinį kapitalą vertė 16 700 000 Lt (šešiolika milijonų septyni šimtai tūkstančių litų) 2 548 748 Lt (dviem milijonais penkais šimtais keturiasdešimt aštuoniais tūkstančiais septyniais šimtais keturiasdešimt aštuoniais litais) viršija planuojamą išleisti už šį įnašą AB „AGROWILL GROUP“ 14 151 252 (keturiolikos milijonų vieno šimto penkiasdešimt vieno tūkstančio dviejų šimtų penkiasdešimt dviejų) vnt. paprastųjų vardinių 1 (vieno) lito nominalios vertės akcijų, nominalią vertę 14 151 252 Lt (keturiolika milijonų vieną šimtą penkiasdešimt vieną tūkstantį du šimtus penkiasdešimt du litus).

### Turto vertintojas:

#### UAB „Ober-Haus“ Nekilnojamas Turtas

Įmonės įrašymo į išorės turto arba verslo vertinimo veikla turinčių teisę verstis asmenų sąrašą pažymėjimo Nr. 000112  
Buveinė: Geležinio Vilko g. 18A, Vilnius

### Verslo vertintojas: Julija Traubergaitė

Verslo vertintojo kvalifikacijos pažymėjimas Nr. A 000525  
išduotas Vilniuje 2008 m. balandžio 2 d.

UAB „Ober-Haus“ Nekilnojamas Turtas išorės asmuo  
Generalinis direktorius  
Vytautas Zabillus  
A.V.



/Logo: OBER HAUS  
NEKILNOJAMASIS TURTAS/

UAB OBER-HAUS Nekilnojamas Turtas, legal entity code 111645042  
Geležinio Vilko St. 18A, Vilnius, tel. (8 5) 210 97 00  
Certificate No. 000112 of entry of the company into the list of  
persons entitled to engage in external property or business valuation activities

**BUSINESS VALUATION CERTIFICATE**  
No. 21809 VAT\_2014 SVA VHAN

<b>Client ordering the valuation</b>	UAB eTime invest, legal entity code 300578676, address of the registered office: Saltoniškių St. 29, Vilnius, Republic of Lithuania. Data about the company is collected and kept in the Register of Legal Entities (administrator of the register is state enterprise the Centre of Registers).
<b>Valuation case</b>	Upon the client's request. This valuation case is defined in paragraph 3 of Article 4 of the Law of the Republic of Lithuania on the Fundamentals of Property and Business Valuation (official gazette <i>Valstybės Žinios</i> , 1999, No. 52-1672; 2011, No. 86-4139).
<b>Aim of the valuation</b>	Determination of the market value of the business for the purpose of making non-monetary contributions into the authorised capital of AGROWILL GROUP, AB, legal entity code 126264360.
<b>Business examination date</b>	28 February 2014
<b>Value date</b>	28 February 2014
<b>Report date</b>	12 March 2014
<b>Business under valuation</b>	Business and 100% of ordinary registered shares of UAB eTime invest, legal entity code 300578676
<b>Address of the company</b>	Saltoniškių St. 29, Vilnius, Republic of Lithuania

**MAIN DATA ABOUT THE BUSINESS UNDER VALUATION**

Name of the company	Registered office	Authorised capital	Shareholding interest under valuation	Main data according to financial statements as of 28-02-2014
UAB eTime invest	Saltoniškių St. 29, Vilnius, Republic of Lithuania	Authorised capital is LTL 6,856,500. Number of ordinary registered shares is 6,856,500. Nominal value of 1 ordinary registered share is LTL 1.	100%	Revenue is LTL 0 Net profit (loss) is LTL 7,000 Assets are LTL 9,188,000 Liabilities are LTL 1,505,000

**VALUATION METHODS**

The business of UAB eTime invest was assessed according to the income method and a combination of property approach methods. The valuation was performed and valuation methods were selected following Law of the Republic of Lithuania No. XI-1497 on the Fundamentals of Property and Business Valuation, dated 22 June 2011, Order No. 1K-159 of the Minister of Finance of the Republic of Lithuania "On approval of the property and business valuation methodology", dated 27 April 2012, the International Valuation Standards approved by the International Valuation Standards Council, the European Valuation Standards approved by TEGOVA.	
<b>Special presumptions</b>	The main assets of UAB eTime invest under valuation are the investment into 85% of ordinary registered shares of OOO Karakash Agro. OOO Karakash Agro is registered in the Autonomous Republic of Crimea within the Republic of Ukraine. During the valuation on 28 February 2014, the territory where this company was registered and where the main real property of the company was located was in a difficult political situation, under the threat of acts of war and losing of territorial sovereignty. Such a situation can have a significant effect on the value of the company if the political situation resulted in acts of war, change of the state in the territory of which the real property owned by the company is located or if the shares were nationalised. At the time of the valuation, the

	situation in the Autonomous Republic of Crimea was not solved, therefore the business valuation was performed presuming that acts of war would not start, the Autonomous Republic of Crimea would remain in the territory of Ukraine and after political settlement of the conflict the economic environment of the business under valuation and the value of the business would not change significantly.
<b>Number of shares planned to be acquired for the non-monetary contribution, nominal value of one share</b>	In exchange for the non-monetary contribution under valuation, which means contributing shares of UAB eTime invest into the authorised capital of AGROWILL GROUP, AB, it is planned to issue 14,151,252 (fourteen million one hundred and fifty one thousand two hundred and fifty two) ordinary registered shares LTL 1 (one) nominal value each, the total nominal value of which will be LTL 14,151,252 (fourteen million one hundred and fifty one thousand two hundred and fifty two litas).

**CONCLUSION ON THE MARKET VALUE OF THE BUSINESS UNDER VALUATION**

<b>The market value of the business and 100% shareholding interest under valuation as on 28 February 2014 is LTL 16,700,000 (sixteen million seven hundred thousand litas).</b>	
The assumptions of the business valuator and the calculated business value were determined on the basis of documents presented by the client. Valuators are not and cannot be liable for assumptions and calculations made on the basis of presented incomplete or misleading documents.	
<b>The conclusion on business value was not prepared by reason of a dispute between the client and the property valuation company or other persons regarding determination of the property or business value.</b>	
<b>Conclusion according to paragraph 8 of Article 8 of the Law of the Republic of Lithuania on Companies</b>	The determined value of the non-monetary contribution of shareholders into the authorised capital of AGROWILL GROUP, AB, which is LTL 16,700,000 (sixteen million seven hundred thousand litas), exceeds the nominal value of 14,151,252 (fourteen million one hundred and fifty one thousand two hundred and fifty two) ordinary registered shares of AGROWILL GROUP, AB LTL 1 (one) nominal value each, the total nominal value of which will be LTL 14,151,252 (fourteen million one hundred and fifty one thousand two hundred and fifty two litas), which are planned to be issued in exchange for this contribution, by the amount of LTL 2,548,748 (two million five hundred and forty eight thousand seven hundred and forty eight litas).

**Property valuator:**

**UAB Ober-Haus Nekilnojamas Turtas**

Certificate No. 000112 of entry of the company into the list of persons entitled to engage in external property or business valuation activities  
Registered office: Geležinio Vilko St. 18A, Vilnius

**Business valuator: Julija Traubergaitė**

Business valuator qualification certificate No. A 000525  
Issued in Vilnius on 2 April 2008

*/Signature/*

**Person authorised by UAB Ober-Haus Nekilnojamas Turtas:**

**General Manager**

**Vytas Zabilius**

*/Signature/*

*/Seal:* UAB Ober-Haus Nekilnojamas Turtas

Property and business valuation

Certificate No. 000112

Vilnius/

**ANNEX II (Pro Forma Financial Information)**



**AGROWILL GROUP AB**

*Independent auditors report,  
Pro forma Consolidated Financial Information  
for the Year Ended 31 December 2013  
and Pro forma Consolidated Balance Sheet  
as at 31 December 2012*

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auditoriai  
Private Limited Liability Company  
Certificate No. 01208  
Dvaro str. 98 LT-76239, Siauliai,

## **INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS**

### ***TO THE SHAREHOLDERS OF AGROWILL GROUP, AB***

#### **Assurance Report on the Compilation of Pro Forma Financial Information Included in a Prospectus**

We have completed our assurance engagement to report on the compilation of *pro forma* financial information by the company Agrowill Group, AB (hereinafter - the Company). The *pro forma* financial information consists of a *pro forma* balance sheet as of 31 December 2013 and 31 December 2012, and *pro forma* income statement for the period ended on 31 December 2013, and related notes.

The *pro forma* financial information has been compiled by the Company to illustrate the impact of business combinations through acquisition on financial performance, as if the business combinations through acquisition had taken place on 1 January 2013. As part of this process, the information about the financial position and financial performance of Agrowill Group AB and Baltic Champs UAB has been received by the Company from the consolidated unaudited interim financial information of Agrowill Group AB for the year ended 31 December 2013, unaudited interim financial information of Baltic Champs UAB for the year ended on 31 December 2013, consolidated audited financial statements of Agrowill Group AB for the year ended 31 December 2012, and audited financial statements of farmer K. Jušėius for the year ended 31 December 2012.

#### ***Company's Responsibility for the Pro Forma Financial Information***

The Company is responsible for compiling the *pro forma* financial information on the basis of the International Financial Reporting Standards.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the International Financial Reporting Standards.

We conducted our engagement in accordance with International Standard on Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company has compiled, in all material respects, the *pro forma* financial information on the basis of the International Financial Reporting Standards.

The purpose of the *pro forma* financial information included in a prospectus is solely to illustrate the impact of the business combination through acquisition on unadjusted financial information of the Company as if the business combination through acquisition had occurred on 1 January 2013 selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the business combination through acquisition at 31 December 2013 would have been as presented in this report.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the International Financial Reporting Standards involves performing procedures to assess whether the applicable criteria used by the Company in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the business combination through acquisition, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgement, having regard to the auditor's understanding of the nature of the company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

#### *Opinion*

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the Company's accounting policy and the International Financial Reporting Standards applicable to the accountancy of business combinations.

21 March, 2014  
Siauliai

Auditor Gražina RIBINSKIENĖ  
The auditor žcert. No: 000234



BALANCE SHEETS

(All amounts are in LTL thousand, unless otherwise stated)

	Notes	As at 31 December 2013				
		Retrospective balance	Baltic Champs company	Elimination of acquisition entries	Intergroup eliminations	Pro forma Balance sheet
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	3	147,596	111,351	-	-	258,947
Investment property	4	70,863	-	-	-	70,863
Intangible assets		1,761	2	-	-	1,763
Financial assets		3	-	-	-	3
Deferred tax asset		926	-	-	-	926
Biological assets - livestock	5	20,152	-	-	-	20,152
<b>Total non-current assets</b>		<b>241,301</b>	<b>111,353</b>	-	-	<b>352,654</b>
<b>Current assets</b>						
Biological assets - crops	5	15,663	-	-	-	15,663
Inventory		14,017	12,330	-	-	26,347
Trade receivables, advance payments and other receivables	6	11,095	10,396	-	(80)	21,411
Cash and cash equivalents		6,215	527	-	-	6,742
<b>Total current assets</b>		<b>46,990</b>	<b>23,253</b>	-	<b>(80)</b>	<b>70,163</b>
<b>TOTAL ASSETS</b>		<b>288,291</b>	<b>134,606</b>	-	<b>(80)</b>	<b>422,817</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Share capital	7	84,821	62,910	32,594	-	180,325
Share premium		24,639	-	(24,639)	-	-
Revaluation reserve		29,090	-	(29,090)	-	-
Legal reserve		2,000	-	(2,000)	-	-
Retained earnings / (accumulated deficit)		(23,738)	5,096	24,460	-	5,818
<b>Equity attributable to equity holders of the parent</b>		<b>116,812</b>	<b>68,006</b>	<b>2,581</b>	-	<b>186,143</b>
Non-controlling interest		1,325	-	(1,325)	-	-
<b>Total equity</b>		<b>118,137</b>	<b>68,006</b>	-	-	<b>186,143</b>
<b>Non-current liabilities</b>						
Borrowings	8	52,989	41,242	-	-	94,231
Obligations under finance lease	10	11,313	1,638	-	-	12,951
Grants		14,010	-	-	-	14,010
Restructured liabilities	9	36,478	-	-	-	36,478
Deferred tax liability		6,835	-	-	-	6,835
<b>Total non-current liabilities</b>		<b>121,625</b>	<b>42,880</b>	-	-	<b>164,505</b>
<b>Current liabilities</b>						
Current portion of non-current borrowings	8	3,352	7,000	-	-	10,352
Current portion of non-current obligations under finance lease	10	4,721	898	-	-	5,619
Current borrowings		1,149	2,000	-	-	3,149
Current portion of restructured liabilities	9	18,146	-	-	-	18,146
Trade payables		11,689	11,807	-	-	23,496
Other payables and current liabilities	11	9,472	2,015	-	(80)	11,407
<b>Total current liabilities</b>		<b>48,529</b>	<b>23,720</b>	-	<b>(80)</b>	<b>72,169</b>
<b>Total liabilities</b>		<b>170,154</b>	<b>66,600</b>	-	<b>(80)</b>	<b>236,674</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>288,291</b>	<b>134,606</b>	-	<b>(80)</b>	<b>422,817</b>

The accompanying explanatory notes presented on pages 8 to 17 are an integral part of these Pro forma consolidated financial information.

BALANCE SHEETS

(All amounts are in LTL thousand, unless otherwise stated)

	Notes	As at 31 December 2012				
		Retrospective balance	Baltic Champs company*	Elimination of acquisition entries	Intergroup eliminations	Pro forma Balance sheet
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	3	148,110	115,793	-	-	263,903
Investment property	4	69,048	-	-	-	69,048
Intangible assets		1,717	-	-	-	1,717
Long term receivables		4,926	-	-	-	4,926
Financial assets		13	-	-	-	13
Deferred tax asset		1,333	-	-	-	1,333
Biological assets - livestock	5	18,459	-	-	-	18,459
<b>Total non-current assets</b>		<b>243,606</b>	<b>115,793</b>	-	-	<b>359,399</b>
<b>Current assets</b>						
Biological assets - crops	5	12,139	-	-	-	12,139
Inventory		18,343	7,585	-	-	25,928
Trade receivables, advance payments and other receivables	6	18,023	11,882	-	-	29,905
Cash and cash equivalents		3,118	1,058	-	-	4,176
<b>Total current assets</b>		<b>51,623</b>	<b>20,525</b>	-	-	<b>72,148</b>
<b>TOTAL ASSETS</b>		<b>295,229</b>	<b>136,318</b>	-	-	<b>431,547</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Share capital	7	84,821	57,295	38,209	-	180,325
Share premium		24,639	-	(24,639)	-	-
Revaluation reserve		41,555	-	(41,555)	-	-
Legal reserve		2,000	-	(2,000)	-	-
Retained earnings / (accumulated deficit)		(32,566)	-	32,566	-	-
<b>Equity attributable to equity holders of the parent</b>		<b>120,449</b>	<b>57,295</b>	<b>2,581</b>	-	<b>180,325</b>
Non-controlling interest		2,581	-	(2,581)	-	-
<b>Total equity</b>		<b>123,030</b>	<b>57,295</b>	-	-	<b>180,325</b>
<b>Non-current liabilities</b>						
Borrowings	8	5,205	43,256	-	-	48,461
Obligations under finance lease	10	2,204	2,463	-	-	4,667
Grants		11,683	-	-	-	11,683
Restructured liabilities	9	49,493	-	-	-	49,493
Deferred tax liability		7,906	-	-	-	7,906
<b>Total non-current liabilities</b>		<b>76,491</b>	<b>45,719</b>	-	-	<b>122,210</b>
<b>Current liabilities</b>						
Current portion of non-current borrowings	8	56,166	19,656	-	-	75,822
Current portion of non-current obligations under finance lease	10	6,442	1,706	-	-	8,148
Current borrowings		2,771	-	-	-	2,771
Current portion of restructured liabilities	9	3,842	-	-	-	3,842
Trade payables		14,248	10,472	-	-	24,720
Other payables and current liabilities	11	12,239	1,470	-	-	13,709
<b>Total current liabilities</b>		<b>95,708</b>	<b>33,304</b>	-	-	<b>129,012</b>
<b>Total liabilities</b>		<b>172,199</b>	<b>79,023</b>	-	-	<b>251,222</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>295,229</b>	<b>136,318</b>	-	-	<b>431,547</b>

\* For the purpose of these Pro forma financial statements, Baltic Champs company is represented by the farmer K. Juščius balance sheet, which is adjusted for and explained in the explanatory notes section 1.4.

The accompanying explanatory notes presented on pages 8 to 17 are an integral part of these Pro forma consolidated financial information.

**INCOME STATEMENT**

(All amounts are in LTL thousand, unless otherwise stated)

	Notes	Year ended 31 December 2013			Pro forma Income Statement
		Retrospective figures	Baltic Champs company*	Intergroup eliminations	
Revenues	12	82,572	74,046	(135)	156,483
Cost of sales	12	(58,580)	(59,301)	135	(117,746)
Gain (loss) on changes in fair values of biological assets and on initial recognition of agricultural produce		(3,996)	-	-	(3,996)
<b>GROSS PROFIT</b>		<b>19,996</b>	<b>14,745</b>	<b>-</b>	<b>34,741</b>
Operating expenses	13	(19,220)	(2,827)	-	(22,047)
Other income	14	7,783	15	-	7,798
<b>OPERATING PROFIT</b>		<b>8,559</b>	<b>11,933</b>	<b>-</b>	<b>20,492</b>
Finance cost	15	(12,360)	(952)	-	(13,312)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>(3,801)</b>	<b>10,981</b>	<b>-</b>	<b>7,180</b>
Income tax expense		(1,092)	(270)	-	(1,362)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>(4,893)</b>	<b>10,711</b>	<b>-</b>	<b>5,818</b>

\* For the purpose of these Pro forma financial statements, Baltic Champs company is represented by the farmer K. Juščius income statement for January – July months and Baltic Champs company income statement for August – December months, which is compiled and explained in the explanatory notes section 1.5.

The accompanying explanatory notes presented on pages 8 to 17 are an integral part of these Pro forma consolidated financial information.

**EXPLANATORY NOTES  
TO THE PRO FORMA FINANCIAL INFORMATION**

(All amounts are in LTL thousand, unless otherwise stated)

**1.1 General information**

Agrowill Group AB (hereinafter – „the Company“) was founded and started its operations on 25 June 2003. The Company’s head office is located in Smolensko st. 10, Vilnius, Lithuania. The Group’s main activity is crop growing and stock breeding.

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

The consolidated Group (hereinafter the Group) consists of the Company and subsidiaries. The subsidiaries included in the Group’s consolidated financial information are indicated below:

Subsidiary	Country	Group ownership interest, %		Profile
		31 December 2013	31 December 2012	
AVG Investment UAB	Lithuania	100.00%	100.00%	The subsidiary specializes in acquisitions of agricultural companies
AWG Investment 1 UAB	Lithuania	100.00%	100.00%	The subsidiary specializes in acquisitions of agricultural companies
AWG Investment 2 UAB	Lithuania	100.00%	100.00%	The subsidiary specializes in acquisitions of agricultural companies
UAB Agross	Lithuania	100.00%	100.00%	The subsidiary specializes in acquisitions of agricultural companies
Abagrain BUAB	Lithuania	100.00%	100.00%	Grain trade and logistics
Grain Lt UAB	Lithuania	100.00%	100.00%	Grain trade and logistics
AMT Žemė UAB	Lithuania	90.00%	90.00%	Trade and logistics
Agro GIS UAB	Lithuania	90.00%	90.00%	Agriculture IT system development
Baltic Farming Land Management UAB	Lithuania	100.00%	100.00%	Land management company
Agro Management Team UAB	Lithuania	90.00%	90.00%	Land management company
Agrotechnikos centras UAB	Lithuania	100.00%	100.00%	Lease of machinery
PRIMA BIO COOP LT, UAB	Lithuania	100.00%	100.00%	Trade activities
Žemės fondas ŽŪB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 3 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 4 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 5 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 6 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 7 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 9 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 10 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 11 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 12 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 14 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 15 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 16 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 19 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 20 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Žemės vystymo fondas 22 UAB	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Agricultural company Agrowill Spindulys	Lithuania	100.00%	99.96%	Agricultural operations
Agricultural company Agrowill Smilgiai“	Lithuania	99.95%	99.95%	Agricultural operations
Agricultural company Agrowill Skėmiai	Lithuania	99.87%	99.87%	Agricultural operations
Agricultural company Agrowill Nausodė“	Lithuania	99.81%	99.81%	Agricultural operations
Agricultural company Agrowill Dumšiškės“	Lithuania	99.38%	99.38%	Agricultural operations
Agricultural company Agrowill Žadžiūnai“	Lithuania	99.02%	99.02%	Agricultural operations



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(All amounts are in LTL thousand, unless otherwise stated)

Subsidiary	Country	Group ownership interest, %		Profile
		31 December 2013	31 December 2012	
Agricultural company Agrowill Mantviliškis"	Lithuania	98.79%	98.79%	Agricultural operations
Agricultural company Agrowill Alanta"	Lithuania	98.55%	98.55%	Agricultural operations
Agricultural company Agrowill Eimučiai"	Lithuania	98.41%	98.41%	Agricultural operations
Agricultural company Agrowill Vėriškės	Lithuania	99.86%	99.86%	Agricultural operations
UAB Grūduva	Lithuania	97.28%	97.28%	Agricultural operations
Agricultural company Agrowill Želsvelė"	Lithuania	97.17%	97.17%	Agricultural operations
Agricultural company Agrowill Lankesa	Lithuania	96.24%	96.24%	Agricultural operations
Agricultural company Agrowill Kairėnai	Lithuania	94.82%	94.82%	Agricultural operations
Agricultural company Agrowill Jurbarkai"	Lithuania	87.78%	87.78%	Agricultural operations
Panevėžys region Agricultural company "Gustoniai"	Lithuania	99.00%	75.30%	Agricultural operations
ZAO Agroprom	Russia	75.00%	75.00%	Management of subsidiaries
Agrowill group S.R.L.	Moldova	100.00%	100.00%	Acquisitions and rent of land
Natur Agro Grup S.R.L.	Moldova	100.00%	100.00%	Acquisitions and rent of land
Cooperative entity „Siesartis"	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity „Kašėta"	Lithuania	100.00%	100.00%	Agricultural services
Agricultural company „Gustonys"	Lithuania	100.00%	100.00%	Acquisitions and rent of land
Agricultural company „Skėmių pienininkystės centras"	Lithuania	50.00%	50.00%	Agricultural services
Cooperative entity Agrobokštai	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity "Dotnuvėlės valdos"	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity "Nevėžio lankos"	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity "Radviliškio kraštas"	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity "Šventosios" pievos	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity "Kairių ūkis"	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity "Šiaurinė valda"	Lithuania	100.00%	100.00%	Agricultural services
Cooperative entity "Šušvės žemė"	Lithuania	100.00%	100.00%	Agricultural services
Cooperative company Žalmargėlis	Lithuania	100.00%	-	Agricultural services
Cooperative company Juodmargėlis	Lithuania	100.00%	-	Agricultural services
Cooperative company AgroMilk	Lithuania	100.00%	-	Agricultural services
UAB Agrosaulė 1	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrokreditas	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 3	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 4	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 5	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 6	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 7	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 8	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 9	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 10	Lithuania	100.00%	100.00%	Renewable energy

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(All amounts are in LTL thousand, unless otherwise stated)

Subsidiary	Country	Group ownership interest, %		Profile
		31 December 2013	31 December 2012	
UAB Agrosaulė 11	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 12	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 13	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 14	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 15	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 16	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 17	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 18	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 19	Lithuania	100.00%	100.00%	Renewable energy
UAB Agrosaulė 20	Lithuania	100.00%	100.00%	Renewable energy
UAB "Traktorių nuomos centras"	Lithuania	100.00%	100.00%	Agricultural services
UAB "Traktorių nuomos paslaugos"	Lithuania	100.00%	100.00%	Agricultural services
Arnega UAB	Lithuania	100.00%	-	Agricultural services
AgroSchool OU	Estonia	100.00%	-	Human resource management
Public institution AgroSchool	Lithuania	50.00%	-	Human resource management
Biržai distr., Rinkuškiai reclamation infr.users association	Lithuania	100.00%	100.00%	Agricultural services
Pasvalys distr.,Pušalotas reclamation infr. users association	Lithuania	100.00%	100.00%	Agricultural services

All agricultural entities of the Group (except for UAB „Grūduva“ and Panevėžys region agricultural company Gustoniai) are undergoing Restructuring, during which the companies cannot pay dividends until they have settled all the debts.

As of 31 December 2013 the Group had 577 employees, 31 December 2012 – 540 employees. Main operations of the Group – production and sales of milk and different grain and rapeseed crops, as well as land management activities.

## 1.2 Reason of preparation of Pro forma financial information

On 13 March 2014, the shareholders of the Company approved following decisions:

1) To increase the authorized capital of the Company with additional non-monetary contributions from LTL 84,820,986 (eighty four million eight hundred twenty thousand nine hundred eighty six litas) to LTL 187,416,252 (one hundred eighty seven million four hundred sixteen thousand two hundred fifty two litas), by issuing no more than 102,595,266 (one hundred two million five hundred ninety five thousand two hundred sixty six) ordinary registered shares LTL 1 (one litas) par value each (hereinafter – the New Shares).

The issue price of each newly issued ordinary registered share of the Company, the total number of which may be up to 102,595,266 (one hundred two million five hundred ninety five thousand two hundred sixty six), is LTL 1 (one litas). The total issue price of the New Shares is up to LTL 102,595,266 (one hundred two million five hundred ninety five thousand two hundred sixty six litas), depending on the final number of the New Shares to be issued.

2) To set that the period for subscription of the newly issued shares is 3 (three) months as of the date of adoption of this resolution. Newly issued shares having nominal value and issue price of LTL 1 (one litas), will be paid by the following non-monetary contributions:

a) by the block of 100 percent of shares of Baltic Champs, UAB (code 302942064, registered at Šiauliai district municipality, Poviliškiai village, Lithuania), held by Baltic Champs Group UAB which consists of 629,100 (six hundred twenty nine thousand one hundred) ordinary registered shares LTL 100 (one hundred litas) par value each;

b) by the block of 100 percent of shares of UAB „eTime invest“ (code 300578676, registered at Saltoniškių st. 29, Vilnius, Lithuania), held by Vretola Holdings Limited which consists of 6,856,500 (six million eight hundred fifty six thousand five hundred) ordinary registered shares LTL 1 (one litas) par value each.

Together with the above mentioned decisions taken by the Company's shareholders, the Company on the 14<sup>th</sup> of February has signed a merger agreement. According to this agreement after successful registration of newly issued shares above-mentioned shares, the Company will acquire 2 agricultural entities from Baltic Champs Group UAB owner.

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(All amounts are in LTL thousand, unless otherwise stated)

**1.2 Reason of preparation of Pro forma financial information (continued)**

Pro forma financial information is prepared in order to show consolidated financial information of Agrowill Group AB if the Group would have acquired only Baltic Champs UAB as at 1 January 2013. Due to this fact, that hypothetical shareholding of Baltic Champs Group UAB after such merger in Agrowill Group AB would amount to 54,29%.

Pro forma financial information is prepared solely for information and clarification purposes within this Prospectus and should not be used in any other context. The Pro forma consolidated financial information is prepared to show the hypothetical situation of above-mentioned acquisition being carried out as at 1 January 2013, rather than in 2014, in order to show the readers of the Prospectus the possible financial situation of the merged group consisting of Agrowill Group AB and Baltic Champs UAB.

This Pro forma information does not reflect the factual situation or financial information of Agrowill Group AB.

**1.3 Managements estimates regarding the acquisition accounting**

The management of the Company identified, that after planned acquisition of Baltic Champs UAB in 2014, the size of the Company will be significantly affected (as described in the European Commission regulation No. 809/2006). Other two acquisitions – E-time Invest UAB and 2 agricultural entities are not of significant size to have a significant effect on financial situation of the newly formed group.

This Pro forma consolidated financial information is prepared to show the hypothetical situation of above-mentioned acquisition being carried out as at 1 January 2013, rather than in 2014. Pro forma balance sheet is prepared for hypothetical moment of acquisition (1 January 2013), additionally full financial information is prepared for the 12 months periods ended 31 December 2013.

The Company's management while preparing the Pro forma financial information uses following assumptions:

- Due to size of Baltic Champs UAB, only possible merger with this particular entity is hypothetically assumed. Other minor investments are neglected for the purpose of composing this Pro forma information.
- The acquisition method (non-cash contributions) and prices of acquisition and Agrowill AB shares are taken such which were prevailing at the time of signing of contracts and shareholders meetings.
- As Baltic Champs UAB was established before 2013, but took over all the champignon growing activities and all assets and liabilities related with it from farmer K. Juščius only in August of 2013, the opening balance of Baltic Champs UAB for acquisition purposes is derived from audited financial statements of farmer K. Juščius for the year ended 31 December 2012 (see note 1.4 Baltic Champs acquisition date balance).

The Company's management while preparing the Pro forma financial information used following sources of information:

- Agrowill Group AB consolidated unaudited interim financial information for the year ended 31 December 2013
- Agrowill Group AB consolidated audited financial statements for the year ended 31 December 2012
- Baltic Champs UAB unaudited interim financial information for the year ended 31 December 2013
- Farmer K. Juščius audited financial statements for the year ended 31 December 2012.

**1.4 Baltic Champs acquisition date balance**

As mentioned in 1.3, the Company derived Baltic Champs UAB balance as at 31 December 2012 from farmer K. Juščius balance. Following adjustments were made to obtain the balance of operations applicable to Baltic Champs UAB:

- 1) In September 2013 Farmer K. Juščius revaluated the PPE to it's fair values. After that, the assets were transferred to Baltic Champs UAB. The adjustment is made to reflect the actual fair value of the PPE as at the date of hypothetical acquisition.
- 2) During August 2013 all the champignon growing business activities, related assets and liabilities were transferred to Baltic Champs UAB. The net assets balance which occurred at the dates of transfer resulted in share capital increase of Baltic Champs UAB. As some of the items were left on the Farmer K. Juščius balance they are eliminated when compiling the hypothetical acquisition date balance.
- 3) As the Farmer K. Juščius transferred net assets to Baltic Champs UAB and received the according amount of shares in that company, the necessary classification entry is made in the equity of Farmer accounts.

The balance sheets of Farmer K. Juščius and derived balance sheet of Baltic Champs UAB used in Pro forma financial information as at 31 December 2012 are presented below:

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(All amounts are in LTL thousand, unless otherwise stated)

1.4 Baltic Champs acquisition date balance (continued)

As at 31 December 2012	Farmer K. Juščius balance	Adjustments			Baltic Champs company
		1 Revaluation of assets to their fair value	2 Items left on farmer balance after transfer of activities	3 Classification entries	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	37,626	79,512	(1,345)	-	115,793
Long term financial assets	26,842	-	(26,842)	-	-
<b>Total non-current assets</b>	<b>64,468</b>	<b>79,512</b>	<b>(28,187)</b>	<b>-</b>	<b>115,793</b>
<b>Current assets</b>					
Inventory	7,585	-	-	-	7,585
Trade receivables, advance payments and other receivables	35,839	-	(23,957)	-	11,882
Cash and cash equivalents	1,058	-	-	-	1,058
<b>Total current assets</b>	<b>44,482</b>	<b>79,512</b>	<b>(23,957)</b>	<b>-</b>	<b>20,525</b>
<b>TOTAL ASSETS</b>	<b>108,950</b>	<b>79,512</b>	<b>(52,144)</b>	<b>-</b>	<b>136,318</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	52,151	-	(74,368)	79,512	57,295
Reserves	-	79,512	-	(79,512)	-
<b>Total equity</b>	<b>52,151</b>	<b>79,512</b>	<b>(74,368)</b>	<b>-</b>	<b>57,295</b>
<b>Non-current liabilities</b>					
Borrowings	20,419	-	22,837	-	43,256
Obligations under finance lease	2,792	-	(329)	-	2,463
Grants	284	-	(284)	-	-
<b>Total non-current liabilities</b>	<b>23,495</b>	<b>-</b>	<b>22,224</b>	<b>-</b>	<b>45,719</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	19,656	-	-	-	19,656
Current portion of non-current obligations under finance lease	1,706	-	-	-	1,706
Trade payables	10,472	-	-	-	10,472
Other payables and current liabilities	1,470	-	-	-	1,470
<b>Total current liabilities</b>	<b>33,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,304</b>
<b>Total liabilities</b>	<b>56,799</b>	<b>-</b>	<b>22,224</b>	<b>-</b>	<b>79,023</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>108,950</b>	<b>79,512</b>	<b>(52,144)</b>	<b>-</b>	<b>136,318</b>

1.5 Baltic Champs income statement for year ended 2013

For the purpose of these Pro forma financial statements, Baltic Champs company is represented by the farmer K. Juščius income statement for January – July months and Baltic Champs company income statement for August – December months.

The income statement items are simply added and cumulative figure is compiled. The lone adjustment is made for other income balance, which comes from Farmer K. Juščius provided loans and other investments. As long-term financial assets are not transferred to the Baltic Champs UAB – these items are eliminated from Pro forma income statement of Baltic Champs for the year ended 31 December 2013.

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1.5 Baltic Champs income statement for year ended 2013 (continued)

Income statement for the year ended 31 December 2013	Farmer K. Juščius January - July	Baltic Champs company August - December 2013	Elimination of Items	Baltic Champs company
Revenues	41,254	32,792	-	74,046
Cost of sales	(33,765)	(25,536)	-	(59,301)
Gain (loss) on changes in fair values of biological assets and on initial recognition of agricultural produce	-	-	-	-
<b>GROSS PROFIT</b>	<b>7,489</b>	<b>7,256</b>	<b>-</b>	<b>14,745</b>
Operating expenses	(1,225)	(1,602)	-	(2,827)
Gain on acquisition of subsidiaries	-	-	-	-
Other income	1,218	7	(1,210)	15
<b>OPERATING PROFIT</b>	<b>7,482</b>	<b>5,661</b>	<b>(1,210)</b>	<b>11,933</b>
Finance cost	(657)	(295)	-	(952)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>6,825</b>	<b>5,366</b>	<b>(1,210)</b>	<b>10,981</b>
Income tax expense	-	(270)	-	(270)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	<b>6,825</b>	<b>5,096</b>	<b>(1,210)</b>	<b>10,711</b>

2. Accounting policies

The provided Pro forma financial information corresponds with Company's accounting policies. Where applicable, while making adjustments, Agrowill Group AB accounting policies were adopted for Baltic Champs UAB figures to make figures comparable.

3. Tangible fixed assets

	Land	Buildings	Constructions and machinery	Vehicles, equipment and other property, plant and equipment	Construction In progress	Total
<b>Carrying amount</b>						
<b>As of 31 December 2012</b>	<b>42,466</b>	<b>162,796</b>	<b>46,633</b>	<b>5,476</b>	<b>6,532</b>	<b>263,903</b>
- additions	4,952	4,022	17,348	2,130	1,279	29,731
- disposals and write-offs	(17,001)	(348)	(241)	(162)	-	(17,752)
- depreciation	-	(5,816)	(9,539)	(1,580)	-	(16,935)
- reclassifications	-	-	262	(160)	(102)	-
<b>As of 31 December 2013</b>	<b>30,417</b>	<b>160,654</b>	<b>54,463</b>	<b>5,704</b>	<b>7,709</b>	<b>258,947</b>
<b>Acquisition cost as at</b>						
31 December 2012						
31 December 2013	42,466	173,888	70,120	7,852	6,532	300,858
	30,417	177,272	86,340	9,143	7,709	310,881
<b>Accumulated depreciation and impairment losses as at</b>						
31 December 2012	-	(11,092)	(23,487)	(2,376)	-	(36,955)
31 December 2013	-	(16,618)	(31,877)	(3,439)	-	(51,934)
<b>Carrying amount as of 31 December 2012</b>	<b>42,466</b>	<b>162,796</b>	<b>46,633</b>	<b>5,476</b>	<b>6,532</b>	<b>263,903</b>
<b>Carrying amount as of 31 December 2013</b>	<b>30,417</b>	<b>160,654</b>	<b>54,463</b>	<b>5,704</b>	<b>7,709</b>	<b>258,947</b>

**EXPLANATORY NOTES  
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(All amounts are in LTL thousand, unless otherwise stated)

**4. Investment property**

As of 31 December 2013 the Group held 7,645 ha of land as investment property, valued at LTL 70,863 thousand. The average value of land held as investment property was LTL 9.3 thousand per ha.

The Group started its land portfolio sales in 2013. At the end and after the reporting period, the land sale agreements were being carried out at prices which exceeded the balance sheet value of Investment property.

**5. Biological assets**

Pro forma Group's livestock consisted of the following:

	<b>31 December 2013</b>			
	<b>Milk cows</b>	<b>Heifers</b>	<b>Other livestock</b>	<b>Total</b>
Number of livestock (heads)	2,985	3,107	1,445	<b>7,537</b>
Total value of livestock	10,478	7,886	1,788	<b>20,152</b>
Average value per head (LTL)	3,510	2,538	1,237	<b>2,674</b>

Pro forma Group's crops consisted of the following:

	<b>31 December 2013</b>			<b>Total</b>
	<b>Winter crops</b>	<b>Winter rapeseed</b>	<b>Summer crops (including feed)</b>	
Total ha planted (land prepared)	7,430	3,394	11,517	<b>22,341</b>
Total expenses incurred	6,724	4,134	4,805	<b>15,663</b>
Average expenses per 1 ha (LTL)	905	1,218	417	<b>701</b>

**6. Accounts receivable**

Pro forma Group's accounts receivable consisted of the following:

	<b>31 December 2013</b>
Trade receivables from sale of mushrooms	9,354
Trade receivables from sale of agriculture produce	5,740
Government payouts receivable	2,848
Other receivables and prepayments	3,469
<b>Total</b>	<b>21,411</b>

**7. Equity**

The Pro forma share capital of the Group is made up from 173,265 thousand shares with nominal value of LTL 1 each. The largest shareholder after hypothetical acquisition is Baltic Champs Group with 54,29 per cent shares.

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(All amounts are in LTL thousand, unless otherwise stated)

**8. Borrowings**

The Group's Pro forma long term borrowings consisted of the following:

	<b>31 December 2013</b>
<i>Borrowings from banks</i>	
Land management entities	47,695
UAB Baltic Champs	38,242
Agricultural entities	37,229
Agricultural cooperatives	1,313
Trade companies and SPV's	50
<i>Long-term payment to 3<sup>rd</sup> parties</i>	
Long-term payable to the State	6,128
Long-term payable to creditors	-
<i>Borrowings from private individuals</i>	
Long-term loan from shareholder	10,000
<b>Total</b>	<b>140,657</b>
<b>Less:</b> amounts, payable within one year (according to agreements)	(10,352)
<b>Less:</b> amounts under approved restructuring plans	(36,074)

**Total long term borrowings**

**94,231**

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

	<b>31 December 2013</b>
Within second year	13,209
Within third and fourth year	32,022
After fifth year and later	49,000
<b>Total</b>	<b>94,231</b>

**9. Restructured amounts**

Pro forma restructured liabilities have originated from and consists of the following:

	<b>31 December 2013</b>
Long term borrowings from banks	36,074
Short term financial liabilities (bonds)	6,099
Leasing liabilities	-
Trade and other payables	13,725
<b>Total before debt extinguishment</b>	<b>55,898</b>
<b>Less:</b> gain from debt extinguishment	(12,412)
<b>Add:</b> debt extinguishment interest expense	11,138
<b>Total restructured liabilities</b>	<b>54,624</b>

The restructuring liabilities have following payment schedules:

	<b>31 December 2013</b>
Payable within first year	18,146
Payable within second year	36,478
<b>Total before debt extinguishment</b>	<b>54,624</b>

**EXPLANATORY NOTES  
TO THE PRO FORMA FINANCIAL INFORMATION**

(All amounts are in LTL thousand, unless otherwise stated)

**10. Finance lease liabilities**

As at 31 December 2013, Pro forma minimum lease payments consisted of the following:

	<u>Minimum lease payments</u>	<u>Present value of minimum lease payments</u>
Amount payable within one year	6,261	5,619
In the second to fifth years inclusive	14,045	12,951
<b>Minimum lease payments</b>	<b>20,306</b>	<b>18,570</b>
Less: future finance charges	(1,736)	-
<b>Present value of minimum lease payments</b>	<b>18,570</b>	<b>18,570</b>

**11. Other payables**

Group's Pro forma other payables breakdown by type of activities was the following:

	<u>31 December 2013</u>
Payroll related liabilities	3,339
Vacation reserve	1,491
Advances received	740
Taxes payable	2,800
Other payables	3,037
<b>Total other payables</b>	<b>11,407</b>

**12. Revenues and cost of sales**

Group's Pro forma gross profit breakdown by type of activities was the following:

	<u>12 month period ended 31 December</u>			
	<u>Revenues</u>	<u>Cost of sales</u>	<u>Bio asset revaluation</u>	<u>Gross profit</u>
Mushroom sales	58,158	(46,442)	-	11,716
Crop sales	45,120	(39,405)	-	5,715
Milk sales	26,138	(20,203)	-	5,935
Compost layer sales	15,413	(12,344)	-	3,069
Cattle sales	3,467	(5,943)	-	(2,476)
Other revenues	8,187	(4,011)	-	4,176
Biological asset revaluation	-	-	(3,996)	(3,996)
State subsidies	-	10,602	-	10,602
<b>Total</b>	<b>156,483</b>	<b>(117,746)</b>	<b>(3,996)</b>	<b>34,741</b>

For the purpose of this Pro forma financial information Baltic Champs cost of sales (Mushrooms, Compost layer and other) were apportioned according to the sales volumes.



**EXPLANATORY NOTES  
 TO THE PRO FORMA FINANCIAL INFORMATION**

(All amounts are in LTL thousand, unless otherwise stated)

**13. Operating expenses**

Group's Pro forma operating expenses breakdown by type was the following:

	<b>12 month period ended 31 December 2013</b>
Payroll expenses	6,464
Social security expenses	1,581
Depreciation and amortization	4,074
Write-off of inventory	2,746
Tax and insurance expenses	1,070
Consultation services	1,060
Selling expenses	782
Fuel and transportation expenses	814
Fines and late payments	347
Rent and utilities	354
Impairment of accounts receivable	36
Other expenses	2,719
<b>Total operating expenses</b>	<b>22,047</b>

**14. Other income**

Group's Pro forma other income breakdown by type was the following:

	<b>12 month period ended 31 December 2013</b>
Investment property revaluation	5,040
Write-down of liabilities	1,750
Profit from sale of agricultural land	834
Interest and fine income	79
Other income	95
<b>Total</b>	<b>7,798</b>

**15. Financial expenses**

Group's Pro forma financial expenses breakdown by type was the following:

	<b>12 month period ended 31 December 2013</b>
Debt extinguishment interest expenses	4,389
Accrued interest according to the Restructuring plans	3,693
Bank interest expenses	2,715
Other interest expenses	1,377
Negative currency fluctuation effect	14
Other financial expenses	1,124
<b>Total</b>	<b>13,312</b>