

**AB Linas Agro**

**Consolidated statutory  
financial statements for the  
year 2006/2007**

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## **Parent company details**

### **AB Linas Agro**

Telephone: 8-45 507333

Telefax: 8-45 507444

Registration No.: 147328026

### **Board of Directors**

Darius Zubas

Vytautas Šidlauskas

Arūnas Zubas

Dainius Pilkauskas

Arūnas Jarmolavičius

Andrius Pranckevičius

### **Management**

Darius Zubas (General Director)

Tomas Tumėnas (Financial Director)

### **Auditor**

KPMG Baltics, UAB

### **Banks**

AB SEB Vilniaus Bankas

Fortis bank Bankas

AB Bankas Hansabankas

AB DnB NORD Bankas

AB SAMPO BANKAS



"KPMG Baltics", UAB  
Vytauto g. 12  
LT 08118 Vilnius  
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## **Independent auditor's report to the shareholders of AB Linas Agro**

We have audited the accompanying consolidated financial statements of AB Linas Agro and its subsidiaries (hereinafter the Group), which comprise the consolidated balance sheet as at 30 June 2007, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended and a summary of significant accounting policies of the Group and other explanatory notes.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Lithuanian Business Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

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

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

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

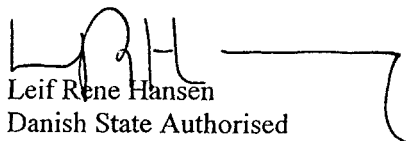
## Opinion


In our opinion, the consolidated financial statements give a true and fair view of the financial position of AB Linas Agro Group companies as at 30 June 2007, and of their financial performance and their cash flows for the year then ended in accordance with Lithuanian Business Accounting Standards.

## Report on legal and other regulatory requirements

Furthermore, we have read the annual report for the year 2006/2007 prepared by the management only in the Lithuanian language and set out on pages 30-32 of the consolidated financial statements and have not identified any material inconsistencies between the financial information included in the annual report and the consolidated financial statements for the year ended 30 June 2007.

Vilnius, 23 October 2007  
KPMG Baltics, UAB

  
Leif Rene Hansen  
Danish State Authorised  
Public Accountant

  
Vilmantas Karalius  
ACCA and Lithuanian  
Certified Auditor

Company code: 147328026  
Registered address: Smėlynės 2c, Panevėžys

Approved by 31-007-2007  
Minutes No. 21

### Consolidated balance sheet (thousand Litass)

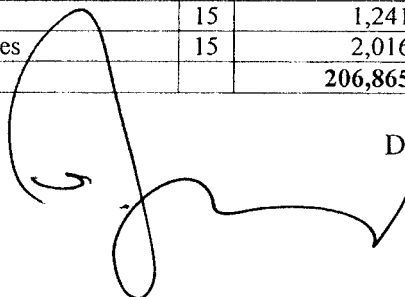
Row No.	ASSETS	Note No.	Financial year	Previous financial year after the change of AP and correction of fundamental errors
<b>A.</b>	<b>NON-CURRENT ASSETS</b>		<b>60,845</b>	<b>55,337</b>
I.	INTANGIBLE NON-CURRENT ASSETS	1	75	416
I.1.	Development costs	1	36	41
I.2.	Goodwill			
I.4.	Patents, licenses	1	1	1
I.5.	Software	1	28	244
I.6.	Other intangible non-current assets	1	10	130
II.	TANGIBLE NON-CURRENT ASSETS	5	43,256	48,157
II.1.	Land	5	0	58
II.2.	Buildings and plant	5	27,888	29,644
II.3.	Machinery and equipment	5	11,562	12,999
II.4.	Transport vehicles	5	1,692	2,331
II.5.	Other fixtures, fittings, tools and equipment	5	1,822	2,473
II.6.	Unfinished construction	5	0	30
II.7.	Other tangible non-current assets	5	292	622
II.8.	Investment property			
II.8.1.	Land			
II.8.2.	Buildings			
III.	FINANCIAL NON-CURRENT ASSETS		17,514	6,764
III.1.	Investments in subsidiaries and associates	8	151	0
III.2.	Loans to subsidiaries and associated companies			
III.3.	Amounts receivable after one year	9	17,075	6,096
III.4.	Other financial non-current assets		288	668
IV.	OTHER NON-CURRENT ASSETS			
IV.1.	Deferred tax assets			
IV.2.	Other non-current assets			
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>146,020</b>	<b>124,338</b>
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		42,508	14,239
I.1.	Inventories	10	32,895	13,192
I.2.	Prepayments		9,613	1,047
I.3.	Contracts in progress			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	11	101,025	104,254
II.1.	Trade debtors	11	91,422	92,581
II.2.	Due from subsidiaries and associated companies	11	3	0
II.3.	Other amounts receivable	11	9,600	11,673
III.	OTHER CURRENT ASSETS		936	832
III.1.	Short-term investments		831	832
III.2.	Term deposits			
III.3.	Other current assets		105	0
IV.	CASH AND CASH EQUIVALENTS		1,551	5,013
	<b>TOTAL ASSETS</b>		<b>206,865</b>	<b>179,675</b>

## Consolidated balance sheet (thousand Litas)

Row No.	EQUITY AND LIABILITIES	Note No.	Financial year	Previous financial year after the change of AP and correction of fundamental errors
<b>C.</b>	<b>SHAREHOLDERS' EQUITY</b>		<b>38,874</b>	<b>29,088</b>
I.	SHARE CAPITAL	12	7,000	7,000
I.1.	Authorized (subscribed) capital	12	7,000	7,000
I.2.	Subscribed capital unpaid			
I.3.	Share premium account			
I.4.	Own shares			
II.	REVALUATION RESERVE (RESULTS)		5,264	5,534
III.	RESERVES		5,338	5,425
III.1.	Compulsory reserve		700	700
III.2.	Reserve for acquiring own shares			
III.3.	Other reserves		4,638	4,725
IV.	RETAINED EARNINGS (LOSSES)	13	21,319	11,176
IV.1.	Current year profit (loss)	13	10,143	4,473
IV.2.	Previous years profit (loss)	13	11,176	6,703
V.	CURRENCY EXCHANGE INFLUENCE		-47	-47
<b>D.</b>	<b>MINORITY SHARE</b>		<b>5,224</b>	<b>5,040</b>
<b>E.</b>	<b>GRANTS, SUBSIDIES</b>	14	<b>8,931</b>	<b>10,737</b>
<b>F.</b>	<b>AMOUNTS PAYABLE AND LIABILITIES</b>	15	<b>153,836</b>	<b>134,810</b>
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND LONG-TERM LIABILITIES	15	13,985	15,455
I.1.	Financial liabilities	15	12,864	14,255
I.2.	Trade creditors			
I.3.	Prepayments received			
I.4.	Provisions			
I.4.1.	Liabilities and request cover			
I.4.2.	Pensions and similar liabilities			
I.4.3.	Other provisions			
I.5.	Deferred tax	15	1,121	1,200
I.6.	Other amounts payable and long-term liabilities			
II.	AMOUNTS PAYABLE WITHIN ONE YEAR AND SHORT-TERM LIABILITIES	15	139,851	119,355
II.1.	Current year portion of long-term debts	15	5,135	6,343
II.2.	Financial liabilities	15	54,987	56,620
II.3.	Trade creditors	15	55,424	40,305
II.4.	Prepayments received	15	17,102	10,926
II.5.	Payable corporate income tax	15	3,129	253
II.6.	Employment related liabilities	15	817	893
II.7.	Provisions	15	1,241	1,243
II.8.	Other amounts payable and short-term liabilities	15	2,016	2,772
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>206,865</b>	<b>179,675</b>

General Director

Darius Zubas



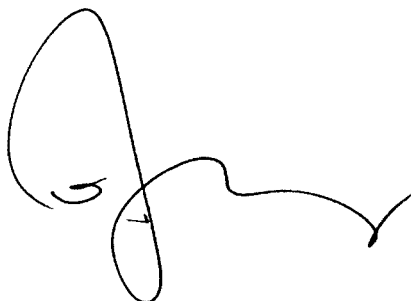
Company code: 147328026  
Registered address: Smėlynės 2c, Panevėžys

Approved by 31-007-2004  
Minutes No. N

### Consolidated profit and loss account (thousand Litass)

Row No.	Items	Note No.	Financial year (in Litass)	Previous financial year after the change of AP and correction of fundamental errors
I.	SALES		282,240	304,846
II.	COST OF SALES		253,673	273,900
III.	GROSS PROFIT (LOSS)		28,567	30,946
IV.	OPERATING EXPENSES	20	19,858	20,777
V.	OPERATING PROFIT (LOSS)		8,710	10,169
VI.	OTHER ACTIVITIES		136	71
VI.1.	Income		346	223
VI.2.	Expenses		210	152
VII.	FINANCIAL AND INVESTING ACTIVITIES	21	4,615	-4,782
VIII.	ORDINARY PROFIT (LOSS)		13,461	5,458
IX.	EXTRAORDINARY GAIN			
X.	EXTRAORDINARY LOSS			
XI.	PROFIT (LOSS) BEFORE TAXATION		13,461	5,458
XII.	CORPORATE INCOME AND SOCIAL TAX		3,356	830
XIII.	PROFIT (LOSS) BEFORE MINORITY SHARE		10,105	4,628
XIV.	MINORITY SHARE		388	183
XV.	NET PROFIT (LOSS)		9,717	4,442

General Director



Darius Zubas

Approved by 31-07-2007  
Minutes No. 24

Company code: 147328026  
Registered address: Smėlynės 2c, Panevėžys

### Consolidated statement of changes in equity (thousand Litass)

	Paid authorised capital	Share premiums	Own shares	Revaluation reserve (result)		Reserves		Retained earnings	Change in amount of equity due to the currency exchange	Total
				Tangible non-current asset	Financial asset	Compulsory	Other			
1. Balance at the beginning of the previous financial year	7,000	0	0	550	0	700	4,710	7,683	-21	20,622
2. Result of changes in the accounting policies applied	0	0	0	0	0	0	0	-810	0	-810
3. Result of corrections of fundamental errors	0	0	0	0	0	0	0	-170	0	-170
4. Recalculated balance at the beginning of the previous financial year	7,000	0	0	550	0	700	4,710	6,703	-21	19,642
5. Revaluation of tangible non-current assets	0	0	0	5,881	0	0	0	88	0	5,969
6. Revaluation of financial assets										
7. Acquisition / sale of own shares										
8. Profit/loss not recognised in the profit and loss account	0	0	0	0	0	0	0	8	-26	-18
9. Net profit / loss for the current financial year	0	0	0	0	0	0	0	4,442	0	4,442
10. Dividends	0	0	0	0	0	0	0	-50	0	-50
11. Deferred income tax	0	0	0	-897	0	0	0	0	0	-897
12. Reserves allocated	0	0	0	0	0	0	15	-15	0	0
13. Reserves used										
14. Increase / decrease in authorised capital										
15. Balance at the end of the previous financial year	7,000	0	0	5,534	0	700	4,725	11,176	-47	29,088
16. Revaluation of tangible non-current assets	0	0	0	-329	0	0	0	329	0	0
17. Revaluation of financial assets										
18. Profit/loss not recognised in the profit and loss account	0	0	0	0	0	0	0	69	0	69
19. Net profit / loss for the accounting period	0	0	0	0	0	0	0	9,717	0	9,717
20. Dividends										
21. Deferred income tax of revaluation	0	0	0	59	0	0	0	-59	0	0
22. Reserves allocated										
23. Reserves used	0	0	0	0	0	0	-87	87	0	0
24. Increase / decrease in authorised capital										
25. Balance at the end of financial year	7,000	0	0	5,264	0	700	4,638	21,319	-47	38,874

General Director

Darius Zubas

Company code: 147328026  
Registered address: Smėlynės 2c, Panevėžys

Approved by 31-001-2007  
Minutes No. KJ

## Consolidated cash flow statement

(thousand Litas)

Row No.	Items	Note No.	Financial year	Previous financial year
<b>I.</b>	<b>Cash flow from operating activities</b>			
I.1	Net profit (loss)		9,717	4,442
I.2	Minority share		388	199
I.3	Depreciation and amortization (and impairment losses)		4,967	5,694
I.4	Depreciation of subsidies		-1,806	0
I.5	(Increase) decrease in amounts receivable after one year		-9,201	1,606
I.6	(Increase) decrease in inventories		-25,227	238
I.7	(Increase) decrease in prepayments		-8,733	1,322
I.8	(Increase) decrease in contracts in progress		0	-401
I.9	(Increase) decrease in trade receivables		-2,953	-1,274
I.10	(Increase) decrease in other amounts receivable		0	-2,717
I.11	(Increase) decrease in other short-term assets		1,934	-458
I.12	Increase (decrease) in short-term trade payables and received prepayments		26,029	-10,360
I.13.	Increase (decrease) in profit tax liabilities		3,142	-28
I.14	Increase (decrease) in employment liabilities		-76	218
I.15	Increase (decrease) in provisions		0	1,226
I.16	Increase (decrease) in other amounts payable and liabilities		-680	1,817
I.17	Elimination of results of financial and investing activities		5,168	6,681
I.18	Non-current asset transfer profit (loss)			
	<b>Net cash flow from operating activities</b>		<b>2,669</b>	<b>8,205</b>
<b>II.</b>	<b>Cash flow from investing activities</b>			
II.1.	Acquisition of non-current assets (except for investments)		-253	-1289
II.2.	Transfer of non-current assets (except for investments)		323	276
II.3.	Acquisition of long-term investments		-2	-278
II.4.	Transfer of long-term investments		12,818	15
II.5.	Loans issued		-12,970	-5,320
II.6.	Loans recovered		1,988	2,577
II.7.	Dividends, interest received		178	56
II.8.	Other increase in cash flow from investing activities		0	14
II.9.	Other decrease in cash flow from investing activities		0	-75
	<b>Net cash flow from investing activities</b>		<b>2,082</b>	<b>-4,024</b>

## Explanatory notes

### 1. Background information

As at 30 June 2007, AB Linas Agro group of companies (The Group) consisted of:

Company name, code	Address	Share owned by the Group companies (%)	Amount of investment (at cost) (tLitas)	Profit/loss of the accounting period (tLitas)
AB Linas Agro	Smėlynės g.2c, Panevėžys, Lithuania	Parent		12,576
UAB Linas Agro Grūdų Centras, KŪB	Smėlynės g.2c, Panevėžys, Lithuania	74,8	8,899	1,149
SIA Linas Agro	Bauskas 2, Jelgava, LV-3001, Latvia	100	2,531	-800
UAB Gerera	Smėlynės g.2c, Panevėžys, Lithuania	100	1,640	-47
UAB Linas Agro Grūdų Centras	Smėlynės g.2c, Panevėžys, Lithuania	100	10	-17
OOO Linas Agro Zernovoj Centr	Krasnooktiabrskaja ul. 9, Kaliningrad, 236309, Russia	100	1	-
UAB Consonus	Verkių g. 47-15, LT-09128 Vilnius, Lithuania	70	70	-26
UAB Sinrena	Konstitucijos pr. 7, LT-09308 Vilnius, Lithuania	70	70	-38

Changes in the Group during 2006-2007:

As at 17 September 2006, UAB Linas Agro Grūdų Centras established subsidiary OOO Linas Agro Zernovoj Centr, currently the company is not operating.

As at 23 February 2007, UAB Gerera established subsidiary UAB Sinrena.

As at 28 February 2007, UAB Linas Agro Grūdų Centras established subsidiary Consonus.

As at 15 March 2007, AB Linas Agro sold 90% of UAB Linas Agro Veterinarijos Centras shares.

Operating purpose of the Group companies: to generate income from the activity performed by the companies of the Group, ensure effective use of the asset, create and maintain good image. Current and planned branches of the operation of the company are related to the type of activity that is presented in the table 1.

Table 1. Type of activity of the Group

Name of the company	Type of activity
AB Linas Agro	Wholesale of agricultural products, forage supplements, mediation services, lease of asset, management of financial asset, plant cultivation projects
UAB Linas Agro Grūdų Centras, KŪB	Grain elevator services, production of fully fledged combined forage, forage raw materials, oil and grain
SIA Linas Agro	Wholesale of agricultural products, plant cultivation projects
UAB Gerera	Lease of asset
UAB Linas Agro Grūdų Centras	Lease of equipment, trademark
UAB Consonus	Real estate projects
UAB Sinrena	Real estate projects

As at 30 June 2007, the Group has no registered branches.

Financial year of the AB Linas Agro Group of companies starts on 1 July and ends on 30 June.

The development of the Group companies can be affected by:

- Air conditions have direct influence on supply and demand of agricultural production and prices
- Realisation of bio-fuel investment projects in Lithuania
- Emigration of qualified staff
- Stiffening ecological requirements of the European Union
- Increase of prices of energy resources

At the beginning of the financial year the Group employed 225 employees, at the end of the financial year - 170 employees.

Table 2. Number of employees at the beginning and at the end of the financial year in the Group:

Name of the company	Number of employees at the beginning/end of the financial year
AB Linas Agro	116/82
UAB Linas Agro Grūdų Centras, KŪB	59/71
SIA Linas Agro	12/11
UAB Linas Agro Veterinarijos Centras	33/0
UAB Gerera	2/2
UAB Linas Agro Grūdų Centras	3/2
UAB Consonus	0/1
UAB Sinrena	0/1

## **2. Accounting policies**

The summary of accounting principles applied by the Group for the preparation of the statutory financial statements is presented below.

### **Basis of preparation and currency**

The Group's statutory financial statements have been prepared in accordance with the Law on Accounting, Lithuanian Business Accounting Standards and other Lithuanian legal acts regulating statutory financial statements and accounting. All amounts in the statutory financial statements are presented in national currency Litas. As of 2 February 2002, Litas is pegged to Euro at the exchanged rate 3.4528 Litas equal to 1 EUR.

### **Foreign currency transactions**

Transactions in foreign currencies are recorded at the foreign currency exchange rates ruling at the date of transaction. Foreign exchange gain and loss arising from these transactions are recorded in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Litas at the official foreign currency exchange rates ruling at the date of the balance sheet.

### **Balance sheet**

#### **Goodwill and negative goodwill**

Subsidiary's assets and liabilities upon its acquisition are measured at fair value. Difference between the acquisition cost of investment and the subsidiary's net assets attributable to parent company is recognized as goodwill (negative goodwill).

Goodwill is stated less accumulated amortization and impairment. Goodwill is amortized during 5 years on a straight line basis. Amount of negative goodwill, which exceeds the fair value of acquired non-current assets and which is not related to losses and costs in future, is recognized as income. The remaining amount of negative goodwill is recognized as income during the useful lifetime of acquired non-current assets or in the period when the expected losses and costs are incurred.

#### **Intangible non-current assets**

Intangible non-current assets are stated at acquisition cost less accumulated amortization and impairment. Intangible non-current assets are recognized when it is expected that the Company will earn economic benefit related to the assets in future and when the value of assets can be reliably estimated. Intangible non-current assets are amortized during the useful lifetime of the assets on a straight line basis.

### **Tangible non-current assets**

Tangible non-current assets are stated at acquisition cost or cost of production, except of buildings that are accounted at revaluation value, less accumulated depreciation and impairment. Assets with the useful lifetime more than one year are recognised as non-current assets. Tangible non-current assets are depreciated during the useful lifetime of the assets on a straight line basis.

### **Investments**

Investments classified as being available-for-sale are stated at fair value. When fair value can not be measured reliably, the investment is valued at their acquisition cost less impairment.

### **Inventories**

Raw materials and consumables and goods for resale are recorded at acquisition cost including transport costs. Work in progress and finished goods are recorded at production cost consisting of raw materials and consumables, depreciation and labour costs with the addition of indirect production overheads related to produced goods. Write-down to the net realizable value is made for items where net realizable value is lower than acquisition or production cost. Inventories are accounted based on the FIFO method.

### **Receivables**

Receivables are carried at the recoverable value, i.e. the balance of receivables is reduced by the estimated loss from bad and doubtful receivables.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at bank, including call deposits.

### **Impairment**

The carrying amounts of the Company's assets, other than inventories, are reviewed at each balance sheet date to determine, whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## **Dividends**

Dividends are recorded as a liability in the year in which they are declared.

## **Subsidies**

Subsidies related to assets are recognised as income to the extent of the depreciation of assets for which these subsidies are granted. Subsidies related to income are recognised as income to the extent of the incurred expenses for compensation of which these subsidies are granted.

## **Provisions**

Provisions are recorded in the balance when there are legal or constructive obligations resulting from past events and it is probable that an outflow of economic benefits will be required to settle these obligations in the future.

## **Related parties**

Parties related to AB Linas Agro company Group as at 30 June 2007 are the following:

### Shareholders:

- Shareholders of AB Linas Agro

### Heads of the companies:

- Heads of AB Linas Agro
- Board members of AB Linas Agro
- Heads of UAB Gerera
- Heads of UAB Linas Agro Grūdų Centras
- UAB Linas Agro Grūdų Centras KŪB
- Heads of SIA Linas Agro
- UAB Consonus
- UAB Sinrena

### Subsidiaries:

- OOO Linas Agro Zernovoj Centr

### Associated companies:

- Panevėžys region Ėriškių ŽŪB
- ŽŪB Lanvesta 4

### Other related parties:

#### Related through the shareholders of AB Linas Agro:

- Akola ApS (parent)
- Rosenkrantz A/S
- Agrotrade ApS
- ZAO UkrAgro NPK
- OOO s II Ukrkalyj (under liquidation)
- OOO Akola
- OAO Vinnickoje paj.predp. Rajagrohim
- UAB Agriveta (parent company of the sub-group)
- UAB Linas Agro Konsultacijos (parent company of the sub-group)

- Panevėžys region Aukštadvario ŽŪB
- Šakiai region Lukšių ŽŪB
- Biržai region Medeikių ŽŪB
- Sidabravo ŽŪB
- Pakruojis region Žvirblonių ŽŪB
- ŽŪK Kupiškio Grūdai
- UAB Dotnuvos Projektai
- UAB Dotnuvos Technika
- ŽŪB Dotnuvos Agroservisas
- UAB Kustodija
- UAB Invisco
- UAB Jungtinė Ekspedicija
- ŽŪB Lanvesta 1
- ŽŪB Lanvesta 2
- ŽŪB Lanvesta 3
- UAB Mestilla
- Close family members of AB Linas Agro

## **Profit and loss account**

### **Sales**

Income from sales are recognised only when it is probable that the Company gets economic benefits related to the sale transactions and the amount can be reliably estimated. Sales are recorded net of refundable value added tax and discounts.

### **Cost of sales**

Cost of sales comprises cost of goods sold and services rendered during the year.

### **Operating expenses**

Operating expenses include sales, general and administration expenses, including depreciation and amortization. Operating expenses are recognised on an accrual basis. Expenses are estimated by the paid or payable amount excluding refundable value added tax.

### **Other income and expenses**

Other activities comprise the activities secondary in relation to the primary activities. Activity is related to the Group asset (lease, sale or other transfer).

### **Financial and investing income and expenses**

Financial income and expenses comprise interest receivable and payable, realised and unrealised foreign currency exchange gains and losses regarding debtors and creditors denominated in foreign currencies. Investing income and expenses comprise the result of investments classified as being available-for-sale.

### **Tax charge**

Tax charge for the year comprises current and deferred tax. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax asset should only be recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### **Cash flow statement**

The cash flow statement shows the Company's inflows and outflows of cash during the year as well as the financial position at year-end. The cash flow is prepared based on indirect method.

### 3. Explanatory notes

**Note 1. The state of intangible non-current asset and its change during 2006/2007  
(thousand Lit)**

	Items	Develop- ment	Goodwill	Patents and licenses	Software	Other intangible assets	Total
	<b>Balance at the end of the previous financial year</b>	41		1	244	130	416
<b>a)</b>	<b>Acquisition value</b>						
	At the end of the previous financial year	103	269	2	1,194	481	2,049
	Financial year changes:						
	- acquisition of assets	14			-3		11
	- cessions to other persons and written-off assets (-)				-20		-20
	- transfers from one heading to another +/-(-)						
	-acquisition cost of subsidiaries (-)				-25		-25
	<b>At the end of the financial year</b>	117	269	2	1,146	481	2,015
<b>b)</b>	<b>Amortisation</b>						
	At the end of the previous financial year	62	259	1	950	351	1,623
	Financial year changes:						
	- amortisation in financial year	19		0	205	120	344
	- written back (-)				-19		-19
	- amortisation of cessions to other persons and written-off assets (-)				-5		-5
	- transfers from one heading to another +/-(-)						
	- amortisation accrued by the subsidiary sold (-)				-13		-13
	<b>At the end of the financial year</b>	81	259	1	1,118	471	1,930
<b>d)</b>	<b>Decrease in value</b>						
	At the end of the previous financial year		10				10
	Financial year changes:						
	- decrease in value in financial year						
	- written back (-)						
	- of cessions to other persons and written-off assets(-)						
	- transfers from one heading to another +/-(-)						
	- decrease in value of the subsidiary sold (-)						
	<b>At the end of the financial year</b>		10				10
	<b>Balance at the end of the financial year</b>						
<b>d)</b>	<b>(a)-(b)-(c)</b>	36	0	1	28	10	75

**Note 2. Amortisation and depreciation rates for non-current assets**

Groups of non-current assets	Average useful life time (in years)
Software	3
Development	
Other intangible assets	4
Buildings and constructions	15-20
Machinery and equipment	4-15
Vehicles	up to 10
Other fixtures, fittings, tools and equipment	3-8
Other tangible assets	4

**Note 3. Depreciated intangible non-current assets in use**

Row No.	Group of non-current assets	Acquisition cost (tLitas)
1.	Software	58
2.	Other intangible assets	1,037
	<b>Total</b>	<b>1,095</b>

**Note 4. Depreciated tangible non-current assets in use**

Row No.	Group of non-current assets	Acquisition cost (tLitas)
1.	Vehicles	298
2.	Other fixtures, fittings, tools and equipment	1,222
	<b>Total</b>	<b>1,520</b>

**Note 5. The state of tangible non-current asset and its change during 2006/2007  
(thousand Litass)**

Items	Land	Buildings and construction	Machinery and equipment	Vehicles	Other fixtures, fittings, tools and equipment	Construction in progress	Other tangible assets	Total
<b>Balance at the end of the previous financial year</b>	<b>58</b>	<b>29,644</b>	<b>12,999</b>	<b>2,331</b>	<b>2,473</b>	<b>30</b>	<b>622</b>	<b>48,157</b>
<b>a) Acquisition value</b>								
At the end of the previous financial year	58	26,816	19,134	4,304	5,235	30	443	56,020
Financial year changes:								
- acquisition of assets	0	80	62	220	136	0	13	511
- cessions to other persons and written-off assets (-)	0	0	0	-1,002	-227	-30	0	-1,259
- transfers from one heading to another +/-(-)	0	17	0	0	370	0	-387	0
-acquisition cost of subsidiaries (-)	-58	0	0	-304	-435	0	0	-797
<b>At the end of the financial year</b>	<b>0</b>	<b>26,913</b>	<b>19,196</b>	<b>3,218</b>	<b>5,079</b>	<b>0</b>	<b>69</b>	<b>54,475</b>
<b>b) Revaluation</b>								
At the end of the previous financial year	0	8,336	0	0	0	0	304	8,640
Financial year changes:								
- increase (decrease) in value +/-(-)	0	-1	0	0	0	0	0	-1
- of cessions to other persons and written-off assets (-)								
- transfers from one heading to another +/-(-)	0	81	0	0	0	0	-81	0
- revaluation of the subsidiary sold (-)								
<b>At the end of the financial year</b>	<b>0</b>	<b>8,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>223</b>	<b>8,639</b>
<b>c) Depreciation</b>								
At the end of the previous financial year	0	5,287	6,135	1,973	2,762	0	125	16,282
Financial year changes:								
- depreciation in financial year	0	1,499	1,499	494	697	0	0	4,189
- written back (-)	0	-1	0	0	0	0	0	-1
- depreciation of cessions to other persons and written-off assets (-)	0	0	0	-821	-187	0	0	-1,008
- transfers from one heading to another +/-(-)	0	0	0	0	126	0	-125	1
- depreciation accrued by the subsidiary sold	0	0	0	-120	-141	0	0	-261
<b>At the end of the financial year</b>	<b>0</b>	<b>6,785</b>	<b>7,634</b>	<b>1,526</b>	<b>3,257</b>	<b>0</b>	<b>0</b>	<b>19,202</b>
<b>d) Decrease in value</b>								
At the end of the previous financial year	0	221	0	0	0	0	0	221
Financial year changes:								
- decrease in value in the financial year	0	434	0	0	0	0	0	434
- written back (-)	0	1	0	0	0	0	0	1
- of cessions to other persons and written-off assets (-)								
- transfers from one heading to another +/-(-)								
- decrease in value of the subsidiary sold								
<b>At the end of the financial year</b>	<b>0</b>	<b>656</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>656</b>
<b>Balance at the end of the financial year</b>	<b>0</b>	<b>27,888</b>	<b>11,562</b>	<b>1,692</b>	<b>1,822</b>	<b>0</b>	<b>292</b>	<b>43,256</b>
<b>e) (a)+(b)-(c)-(d)</b>	<b>0</b>	<b>27,888</b>	<b>11,562</b>	<b>1,692</b>	<b>1,822</b>	<b>0</b>	<b>292</b>	<b>43,256</b>

**Note 6. Pledge of intangible non-current assets (thousand Lit)**

	Group of non-current assets	Creditor	Book value	Expiry of pledge
1.	Software	AB SEB Vilniaus Bankas	11	2010-03-01
	<b>Total</b>		<b>11</b>	

**Note 7. Pledge of tangible non-current assets (thousand Lit)**

Row No.	Group of non-current assets	Creditor	Book value	Expiry of pledge
1.	Building	AB SEB Vilniaus Bankas	541	2007-06-30
3.	Building	AB DnB NORD Bankas	444	2009-04-04
4.	Building	AB SEB Vilniaus Bankas	14,982	2010-03-01
5.	Building	AB SEB Vilniaus Bankas	1,621	2009-01-01
6.	Building	AB SEB Vilniaus Bankas	9,595	2010-02-01
7.	Machinery and equipment	AB SEB Vilniaus Bankas	3,995	2010-02-01
8.	Machinery and equipment	AB SEB Vilniaus Bankas	5,760	2010-03-01
9.	Vehicles	AB SEB Vilniaus Bankas	192	2007-06-30
10.	Other fixtures, fittings, tools and equipment	AB SEB Vilniaus Bankas	1	2009-01-01
11.	Other fixtures, fittings, tools and equipment	AB DnB NORD Bankas	132	2009-04-04
12.	Other fixtures, fittings, tools and equipment	AB SEB Vilniaus Bankas	1,317	2010-03-01
	<b>Total</b>		<b>38,580</b>	

**Note 8. Subsidiaries and associated companies (thousand Lit)**

Name	Acquisition cost	Equity method value
Ēriškių ŽŪB	149	257
OOO Linas Agro Zernovoj Centr	1	1
Landvesta 4 ŽŪB	1	0
<b>Total</b>	<b>151</b>	<b>258</b>

Associated company Panevėžys region Ēriškių ŽŪB, 23,04% of share value. Acquisition cost is 150 thousand Lit, if the investment in the financial statements is evaluated applying equity method, the value would be 407 thousand Lit, the difference of the separate evaluations amounts to 257 thousand Lit.

OOO Linas Agro Zernovoj Centr acquisition cost amounts to 1 tLit, the company is not consolidated since it did not perform any activity after its establishment on 11 September 2006. Own capital of the subsidiary as at 30 June 2007 amounts to 10,000 Russian roubles, 1 tLit.

Associated company Landvesta 4, ŽŪB, 50% of share value. Acquisition cost is 1 thousand Lit, if the investment in the financial statements is evaluated applying equity method, the balance value would be 0 thousand Lit. Reason: equity of Landvesta 4, ŽŪB as at 30 June 2007 is minus 3 thousand Lit.

**Note 9. Amounts receivable after one year (thousand Lit)**

	Description	Amount
1.	Akola Aps, loan	8,694
2.	4 shareholders-natural persons of AB Linas Agro, loans	4,397
3.	Associated company Landvesta 4, ŽŪB	340
4.	Related party ŽŪK Kupiškio Grūdai	723
5.	European social foundation support for the basic training of Linas Agro employees	704
6.	4 employees of AB Linas Agro	511
7.	SIA Linas Agro trade debtors	1,706
	<b>Total</b>	<b>17,075</b>

**Note 10. Inventories (thousand Lit)**

	Items	Raw materials and consumables	Work in progress	Finished goods	Goods for resale	Total
a)	<b>Cost of inventories</b>					
	At the end of previous year	86		22	13,084	13,192
	At the end of financial year	161		63	32,671	32,895
b)	<b>Write-down to net realisable value (reversal)</b>					
	At the end of previous year					
	At the end of financial year					
c)	<b>Net realisable value at the end of financial year (a)-(b)</b>	<b>161</b>		<b>63</b>	<b>32,671</b>	<b>32,895</b>
	Differences if LIFO used					
	Value of inventories pledged				29,320	29,320
	Inventories at third parties				23,750	23,750

**Note 11. Specification of the amounts receivable in one year per debtors and prescription (thousand Lit)**

	Purchaser group	Term unexpired	>3 month	>6 month	>9 month	12 month and more	Balance as at 30/06/2007
1.	Purchasers of goods – subjects in Lithuania	78,310	4,124	125	239		82,798
2.	Purchasers of goods – foreign agricultural subjects	5,472	2,766		68	320	8,626
3.	Subsidiaries	3					3
4.	Associated companies						
5.	Other amounts receivable from Lithuanian agricultural subjects	7,358	29				7,387
6.	Other amounts receivable from foreign subjects						
7.	Budget – VAT, income tax overpayment	1,945					1,945
8.	European social fund	255					255
9.	Debts for the assets sold						
10.	Other	11					11
	<b>Total</b>	<b>93,354</b>	<b>6,919</b>	<b>125</b>	<b>307</b>	<b>320</b>	<b>101,025</b>

**Note 12. Structure of authorised capital (thousand Litas)**

	Items	Number of shares	Amount
	Structure of the share capital at the end of the financial year		
1.	As to type of shares:		
1.1.	Common shares	3,500	7,000
1.2.	Preferred shares		
1.3.	Employees' shares		
1.4.	Special shares		
1.5.	Other shares		
	<b>Total</b>	<b>3,500</b>	<b>7,000</b>
2.	Capital owned by the state or municipalities		
	Shares owned by the Company		

In the period of 2006/2007, 500 privileged shares were converted to ordinary registered shares without changing the nominal or owner. In 2006/2007 accumulated dividends were paid to privileged shares for 200 thousand Litas.

**Note 13. Draft appropriation account (thousand Litas)**

Items	Amount
Retained earnings (accumulated losses) at the end of the previous financial year	11,176
Net result - profit (loss) - for the financial year	9,717
Profit (loss) to be distributed at the end of the financial year	
Shareholders' contributions against losses	
Transfers from reserves	426
Profit for distribution	21,319
Profit distribution:	
– to legal reserves	
– to other reserves	
– dividends	
– other	
Retained earnings (accumulated losses) at the end of the financial year	21,319

**Note 14. Subsidies and grants (thousand Litas)**

	Project title	
	Background training of Linas Agro Group employees	Creation of infrastructure for the procurement, preparation and supply of crop that meets ES standards. Crop processing.
<b>Project start – end</b>	<b>07/03/2005 – 31/05/2008</b>	<b>15/01/2003 – 28/05/2004</b>
Amount of grant	2,065	12,997
Balance as at 01/07/2006	1,422	9,315
Received in 2006/2007		
Used in 2006/2007	914	892
<b>Balance as at 30/06/2007</b>	<b>508</b>	<b>8,423</b>

**Note 15. State of liabilities (thousand Lit)**

	Specification of liabilities per type and their payable terms	During the financial year	After one year but not more than five years	After five years
1.	Financial liabilities:	54,987	12,864	
2.	Deferred taxes		322	799
3.	Current year portion of long-term debts	5,135		
4.	Trade creditors	55,424		
5.	Prepayments received	17,102		
6.	Corporate income tax liabilities	3,129		
7.	Liabilities related to labour relations	817		
8.	Provisions	1,241		
9.	Other liabilities	2,017		
	<b>Total</b>	<b>139,852</b>	<b>13,186</b>	<b>799</b>

**Note 16. Rights and commitments not disclosed in the balance sheet (thousand Lit)**

Lease and use

Lessor	Object	Amount	Valid until
The State Seed and Grain Service under the Ministry of Agriculture	Laboratory device INFRATEC-2 units	151	01/07/2008
The State Seed and Grain Service under the Ministry of Agriculture	Laboratory device INFRATEC	160	01/07/2008
The Republic of Lithuania	1,8101 ha land plot in Žibuoklių g. 1a, Kėdainiai	297	28/12/2009
The Republic of Lithuania	1,8634 ha land plot in Giedrių village, Klausučių township, Vilkaviškis region	147	12/07/2009
The Republic of Lithuania	3,3503 ha land plot in Vilniaus g.62, Joniškis	670	13/05/2009
Employees of the company	5 cars (Joniškis)	100	29/06/2004
Employees of the company	3 cars (Vilkaviškis)	52	29/06/2004
Employees of the company	5 cars (Kėdainiai)	48	29/06/2004
Employees of the company	2 cars (Panevėžys)	39	29/06/2004
AB Panevėžio Projektas	Administration premises	4	30/03/2005
UAB Agriveta, UAB Panevėžio Projektas, land lease	Agreements of premise lease	51	01/07/2007
UAB Agriveta	Car rent	212	01/07/2007
Employees of the company	Car rent according to use agreement	325	30/06/2007

Warranties granted

Creditor	Name of the company	Amount	Valid until
Sydbank A/S	Rosenkranz A/S	7,190	01/03/2010

Guarantees

Creditor	Name of the company	Amount	Valid until
Alfred C. Toepfer International Gmbh	Rosenkranz A/S	5,179	Until commitments are fulfilled

Note 17. Income, expenses, results and other information about business segments (thousand Litass)

Items	Segments													
	Trade in grains		Trade in oil seeds		Trade in oil		Trade in raw albumen materials		Trade in forage, plant protection means		Trade in forage, forage additives, concentrates		Trade in the secondary products of the sugar industry	
	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007
<b>Income, expenses and results</b>														
I. Sale income	91,550	64,043	57,309	31,483	0	0	28,811	74,081	39,257	39,001	1,429	2,951	0	0
II. Cost of sales	87,168	59,831	52,240	31,176	0	0	27,768	68,418	35,043	35,537	1,322	2,554	0	0
III. Gross profit	4,382	4,212	5,069	307	0	0	1,043	5,663	4,214	3,464	107	397	0	0
IV. Operating expenses	182	38	0	0	0	0	444	1,343	0	0	148	140	0	0
V. Operating profit (loss)	4,200	4,174	5,069	307	0	0	599	4,320	4,214	3,464	-41	257	0	0
VI. Other activity	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VII. Financial and investment activity	-5	-10	0	0	0	0	-4	107	0	0	-11	-6	0	0
VIII. Ordinary activity profit (loss)	4,195	4,164	5,069	307	0	0	595	4,427	4,214	3,464	-52	251	0	0
IX. Extraordinary gain	0	0	0	0	0	0	0	0	0	0	0	0	0	0
X. Extraordinary loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XI. Profit (loss) before taxes	4,195	4,164	5,069	307	0	0	595	4,427	4,214	3,464	-52	251	0	0
XII. Profit tax	26	89	0	0	0	0	-35	-36	0	0	-14	55	0	0
XIII. Net income (loss) before minority share	4,169	4,075	5,069	307	0	0	630	4,463	4,214	3,464	-38	196	0	0
<b>Other information</b>														
Assets assigned to segments	6,055	520	66	0	0	0	50,861	55,731	6,885	12,886	0	0	0	0
Acquisitions of tangible and intangible non-current assets assigned to segments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tangible and intangible non-current asset depreciation (amortisation) assigned to segments	0	0	0	0	0	0	84	73	0	0	292	280	0	0
Liabilities assigned to segments	1,787	4,638	4,867	0	0	0	27,298	39,180	5,359	5,075	0	0	0	0

**Note 17. Income, expenses, results and other information about business segments (continued)**

Items	Segments											
	Elevation services		Vet medicine, equipment, services		Mediation services		Lease of asset		Retained		Total	
	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007
<b>Income, expenses and results</b>												
I. Sale income	7,656	6,272	19,735	11,783	4,520	5,134	0	0	54,578	47,492	304,845	282,240
II. Cost of sales	5,346	4,266	13,514	8,229	0	0	0	0	51,495	43,661	273,896	253,672
III. Gross profit	2,310	2,006	6,221	3,554	4,520	5,134	0	0	3,083	3,831	30,949	28,568
IV. Operating expenses	880	884	4,579	2,262	0	0	0	0	14,485	15,191	20,718	19,858
V. Operating profit (loss)	1,431	1,122	1,642	1,292	4,520	5,134	0	0	-11,402	-11,360	10,231	8,710
VI. Other activity	0	0	8	14	0	0	0	0	63	121	71	135
VII. Financial and investment activity	-749	-869	-98	-44	0	0	0	0	-3,915	5,437	-4,782	4,615
VIII. Ordinary activity profit (loss)	681	253	1,552	1,262	4,520	5,134	0	0	-15,254	-5,802	5,520	13,460
IX. Extraordinary gain	0	0	0	0	0	0	0	0	0	0	0	0
X. Extraordinary loss	0	0	0	0	0	0	0	0	0	0	0	0
XI. Profit (loss) before taxes	681	253	1,552	1,262	4,520	5,134	0	0	-15,254	-5,802	5,520	13,460
XII. Profit tax	128	55	309	266	0	0	0	0	418	2,927	832	3,356
XIII. Net income (loss) before minority share	553	198	1,243	996	4,520	5,134	0	0	-15,672	-8,729	4,688	10,104
<b>Other information</b>												
Assets assigned to segments	0	0	0	0	0	0	0	0	112,213	149,583	176,080	218,720
Acquisitions of tangible and intangible non-current assets assigned to segments	0	0	0	0	0	0	0	0	1,730	480	1,730	480
Tangible and intangible non-current asset depreciation (amortisation) assigned to segments	3,599	2,539	0	0	0	0	0	0	1,067	950	5,042	3,842
Liabilities assigned to segments	0	0	0	0	0	0	0	0	82,260	103,416	121,571	152,309

Note 18. Sale income per geographical markets (thousand Litass)

Row No.	Business segments	Lithuania		Latvia		Denmark		Russia	
		2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007
1.	Trade in grain	9,850	19,592	14,821	229	6,772	0	1,242	0
2.	Trade in oil seeds	137	23,728	2,080	0	6,396	0	0	0
3.	Trade in raw albumen materials for the production of forage	8,552	18,785	2,834	7,798	0	1,336	10,796	18,890
4.	Trade in pesticide	13,020	8,762	0	59	0	0	0	0
5.	Trade in fertilisers	25,877	28,839	360	1,184	0	0	0	0
6.	Trade in forage, forage additives, concentrates	1,293	1,815	0	0	0	0	0	0
7.	Elevation services	7,656	6,272	0	0	0	0	0	0
8.	Vet medicine, equipment, services	17,829	0	784	0	0	0	0	0
9.	Other income	5,730	7,920	13,025	26,897	0	2,936	0	0
	<b>Total:</b>	<b>89,944</b>	<b>115,713</b>	<b>33,904</b>	<b>36,167</b>	<b>13,168</b>	<b>4,272</b>	<b>12,038</b>	<b>18,890</b>

Row No.	Business segments	Saudi Arabia		Belarus		Morocco		Norway	
		2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007
1.	Trade in grain	0	13,226	0	0	0	10,437	0	1,600
2.	Trade in oil seeds	0	0	0	0	0	0	0	0
3.	Trade in raw albumen materials for the production of forage	0	0	0	13,948	0	0	0	7,856
4.	Trade in pesticide	0	0	0	0	0	0	0	0
5.	Trade in fertilisers	0	0	0	0	0	0	0	0
6.	Trade in forage, forage additives, concentrates	0	0	0	827	0	0	0	0
8.	Vet medicine, equipment, services	0	0	976	0	0	0	0	0
9.	Other income	0	0	0	0	0	0	0	0
	<b>Total:</b>	<b>0</b>	<b>13,226</b>	<b>976</b>	<b>14,775</b>	<b>0</b>	<b>10,437</b>	<b>0</b>	<b>9,456</b>

Row No.	Business segments	Spain		Retained		Total:	
		2005/2006	2006/2007	2005/2006	2006/2007	2005/2006	2006/2007
1.	Trade in grain	50,320	12,879	8,545	6,080	91,550	64,043
2.	Trade in oil seeds	12,637	0	36,059	7,755	57,309	31,483
3.	Trade in raw albumen materials for the production of forage	0	0	6,629	5,468	28,811	74,081
4.	Trade in pesticide	0	0	0	0	13,020	8,821
5.	Trade in fertilisers	0	0	0	157	26,237	30,180
6.	Trade in forage, forage additives, concentrates	0	0	136	309	1,429	2,951
7.	Elevation services	0	0	0	0	7,656	6,272
8.	Vet medicine, equipment, services	0	0	146	11,783	19,735	11,783
9.	Mediation, agent services	0	0	4,520	5,134	4,520	5,134
10.	Other income	0	0	35,823	9,738	54,578	47,491
	<b>Total:</b>	<b>62,957</b>	<b>12,879</b>	<b>91,858</b>	<b>46,424</b>	<b>304,845</b>	<b>282,239</b>

