

AGROWILL GROUP AB

To: Lithuanian Securities Exchange Commission  
Konstitucijos Ave. 23

2008-05-30

#### CONFIRMATION OF RESPONSIBLE PERSONS

Following the law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Valentas Šulskis, General Director of Agrowill Group AB, and Domantas Savičius, Chief Financial Officer of Agrowill Group AB, hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated financial statements of Agrowill Group AB for the 3 month period ended 31 March 2008, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of consolidated Agrowill Group AB.

ENCLOSURE: unaudited interim consolidated financial statements of Agrowill Group AB for the 3 month period ended 31 March 2008

General Director

Valentas Šulskis

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Chief Financial Officer

Domantas Savičius

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**Agrowill Group AB**  
**Consolidated interim financial statements**  
**for the 3 month period ended 31 March 2008**

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## GENERAL INFORMATION

### *Key data on the issuer*

Name of the company:	Agrowill Group AB (hereinafter – AGW or the Company)
Share capital:	LTL 20.000.000
Address of headquarters:	Smolensko st. 10, LT-03201 Vilnius, Lietuva
Telephone:	(8~5) 233 53 40
Fax:	(8~5) 233 53 45
E-mail address:	<a href="mailto:info@agrowill.lt">info@agrowill.lt</a>
Website:	<a href="http://www.agrowill.lt">www.agrowill.lt</a>
Legal-organizational form:	Legal body, joint stock company
Place and date of registration:	25 June 2003, Vilnius
Register code:	1262 64360
Register number:	AB2003-926
Registrant of the Register of legal bodies:	State Enterprise Centre of registers

### *Information on where and when the Report and the documents, on which the Report is based, are publicly available and the name of the mass media means*

The report is available during working days from 8.30 a.m. to 17.30 at the headquarters of Agrowill Group AB at the address: Smolensko st. 10, Vilnius, or at the Company's internet website: [www.agrowill.lt](http://www.agrowill.lt).

Announcements of the Company are placed on the Vilnius stock exchange CNS system and the news agencies.

## FINANCIAL SITUATION

*Financial statements, prepared in accordance with International Financial Reporting Standards (IFRS)*

All figures in Groups financial statements and explanatory notes are in LTL thousand, unless otherwise stated.

### **Consolidated income statement**

	<b>3 months ended 31 March</b>	
	<b>2008</b>	<b>2007</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Sales	11 122	8 026
Cost of sales	(10 049)	(7 784)
<b>Gross profit</b>	<b>1 073</b>	<b>242</b>
Administrative expenses	(2 292)	(1 096)
<b>Operating profit</b>	<b>(1 219)</b>	<b>(854)</b>
Financial and investing revenues	101	22
Revaluation of investment property	-	22 444
Realease of negative goodwill to earnings	-	3 733
Other activity, net	(139)	112
Financing expenses	(1 968)	(782)
<b>Profit before tax</b>	<b>(3 225)</b>	<b>24 675</b>
Profit tax	-	-
<b>Net profit</b>	<b>(3 225)</b>	<b>24 675</b>
<b>Attributable to:</b>		
Equity holders of the Company	(3 177)	24 813
Minority	(48)	(138)
<b>Total net profit</b>	<b>(3 225)</b>	<b>24 675</b>

General Director  
Valentas Šulskis

Chief Financial Officer  
Domantas Savičius

## Consolidated balance sheet

	31 March 2008	31 March 2007
<i>Assets</i>		
<b>Fixed assets</b>		
Property, plant and equipment	77 909	77 320
Investment property	59 862	57 646
Intangible assets	2 655	2 652
Long-term receivables	486	271
Investments held for sale	70	70
	<u>140 982</u>	<u>137 959</u>
<b>Biological assets</b>		
Animals	28 151	25 811
Crops	9 044	5 907
	<u>37 195</u>	<u>31 718</u>
<b>Current assets</b>		
Inventory	14 850	12 796
Receivables, prepayments and deferred charges	18 912	15 549
Cash and cash equivalents	5 553	4 421
	<u>39 315</u>	<u>32 766</u>
<b>Total assets</b>	<u>217 492</u>	<u>202 443</u>
<i>Shareholders equity</i>		
Share capital	20 000	20 000
Revaluation reserve	27 790	26 498
Legal reserve	1 000	1 000
Retained earnings	30 303	30 303
Current year result	(3 177)	-
Equity attributable to the equityholders of the company	<u>74 639</u>	<u>77 801</u>
Minority interest	1 313	1 376
<b>Total shareholders equity</b>	<u>75 952</u>	<u>79 177</u>
<i>Liabilities</i>		
<b>Long-term liabilities</b>		
Long-term loans	69 249	58 250
Finance lease liabilities	4 355	3 308
Capital grants	5 642	5 218
Deferred tax liability	6 741	6 741
	<u>85 987</u>	<u>73 517</u>
<b>Current liabilities</b>		
Current portion of long-term loans	3 426	5 814
Current portion of finance lease liabilities	778	1 392
Short-term loans	27 192	27 694
Trade payables	18 563	11 132
Other payables and short-term liabilities	5 594	3 717
	<u>55 551</u>	<u>49 749</u>
<b>Total liabilities</b>	<u>141 540</u>	<u>123 266</u>
<b>Total equity and liabilities</b>	<u>217 492</u>	<u>202 443</u>

General Director  
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Chief Financial Officer  
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**Consolidated statement on changes in equity**

	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Equity attributable to equity holders of the parent	Minority interest	Total
Balance as of 31 December 2006	200	16 657	15	17 362	34 234	6 627	40 861
Contribution to share capital	6	-	-	-	6	-	6
Revaluation of property, plant and equipment, net of tax	-	10 523	-	-	10 523	-	10 523
Decrease in revaluation reserve related to revalued assets depreciation	-	(2 020)	-	2 283	263	(263)	-
Decrease in revaluation reserve related to disposal of revalued assets	-	(138)	-	149	11	(11)	-
Minority interest (acquisition of subsidiaries)	-	1 476	-	-	1 476	(5 671)	(4 195)
Transfer to legal reserve	-	-	985	(985)	-	-	-
Increase in share capital	19 794	-	-	(19 794)	-	-	-
Net profit	-	-	-	31 288	31 288	694	31 982
Balance as of 31 December 2007	20 000	26 498	1 000	30 303	77 801	1 376	79 177
Decrease in revaluation reserve related to revalued assets depreciation	-	(565)	-	580	15	(15)	-
Net profit	-	-	-	(3 177)	(3 177)	(48)	(3 225)
Balance as of 31 March 2008	20 000	25 933	1 000	27 706	74 639	1 313	75 952

General Director  
Valentas Šulskis

Chief Financial Officer  
Domantas Savičius

## Consolidated cash flow statement

	3 months ended 31 March	
	2008	2007
<b>Cash flows from / (to) operating activities</b>		
Net profit	(3 177)	24 813
Minority interest	(48)	(138)
Net profit before minority interest	(3 225)	24 675
Adjustments for non-cash expenses (income) items:		
– Depreciation	1 744	681
– Amortisation	17	69
– Investment property fair value gain	-	(22 844)
– Interest expenses, net	1 856	782
– Realease of negative goodwill to earnings	-	(3 760)
– Grants, related to assets, recognised as income	(423)	(77)
Changes in working capital:		
– Biological assets	(5 210)	(1 652)
– Accounts receivable and prepayments	(3 363)	2 420
– Inventory	(2 231)	(1 741)
– Accounts payable	8 843	5 858
Interest paid	(1 992)	4 549
Net cash flows from / (to) operating activities	(1 356)	(195)
	(3 348)	4 354
<b>Cash flows from / (to) investing activities</b>		
Acquisition of subsidiaries	-	(2 610)
Purchase of non-current tangible assets	(5 981)	(5 343)
Purchase of non-current intangible assets	(19)	8
Other loans (granted) received	(215)	850
Grants related to income	-	1 862
Net cash flows from / (to) investing activities	(6 256)	(5 233)
<b>Cash flows from / (to) financing activities</b>		
Disposals (acquisitions) of investments held for sale	-	3
Proceeds from bank borrowings	8 541	1 062
Proceeds from other borrowings	(502)	(713)
Increase (repayments) in finance lease liabilities	433	1 504
Net cash flows from / (to) financing activities	8 472	1 850
<b>Net (decrease) / increase in cash and cash equivalents</b>	1 132	971
Cash and cash equivalents at the beginning of the period	4 421	2 124
Cash and cash equivalents at the end of the period	5 553	3 095

General Director  
Valentas Šulskis

Chief Financial Officer  
Domantas Savičius



## Comments to the financial statements

### General information

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

The consolidated Group (hereinafter the Group) consists of the Company and thirtyseven subsidiaries (31 December 2007: thirty five subsidiaries).

As of 31 December the Group consisted of the Company and the following subsidiaries:

Subsidiary company	Country	Ownership interest, %		Main activity
		31 March 2008	31 December 2007	
AVG Investment UAB	Lithuania	100,00%	100,00%	Acquisitions of agricultural companies
Žemės vystymo fondas UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 1 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 2 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 3 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 4 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 5 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 6 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 7 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 8 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 9 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 10 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 11 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 12 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 14 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 15 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 16 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 17 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 18 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 19 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 20 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 21 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Žemės vystymo fondas 22 UAB	Lithuania	100,00%	-	Acquisition and rent of land
Agricultural company Spindulys Panevėžys district Smilgių	Lithuania	99,96%	99,96 %	Production of agricultural produce
agricultural company	Lithuania	99,95%	99,95 %	Production of agricultural produce
Skėmių agricultural company	Lithuania	99,87%	99,87%	Production of agricultural produce
Anykščiai district Nausodės agricultural company	Lithuania	99,81%	99,81 %	Production of agricultural produce
Raseiniai district Dumšiškių agricultural company	Lithuania	99,36%	99,36 %	Production of agricultural produce
Žadžiūnų agricultural company	Lithuania	99,02%	99,02 %	Production of agricultural produce
Kėdainiai district Mantviliškio agricultural company	Lithuania	98,79%	98,79 %	Production of agricultural produce
Molėtai district agricultural company	Lithuania	98,56%	98,56 %	Production of agricultural produce
Alanta	Lithuania	98,41%	98,41 %	Production of agricultural produce
Eimučių agricultural company	Lithuania	98,41%	98,41 %	Production of agricultural produce
Agricultural company Vėriškės	Lithuania	97,17%	97,17 %	Production of agricultural produce
Želsvelės agricultural company	Lithuania	95,93%	95,93 %	Production of agricultural produce
Agricultural cooperative AVG	Lithuania	94,82%	94,82 %	Production of agricultural produce
Lankesa	Lithuania	87,78%	87,78 %	Production of agricultural produce
Agricultural company Kairėnai	Lithuania			Production of agricultural produce
Jurbarko district agricultural company Jurbarkai	Lithuania			Production of agricultural produce

(Continued)

**Revenues and expenses**

During the 1st quarter of 2008, the Group earned LTL 11,1 million in agricultural activity revenues (2007 – LTL 8,0 million). The significant increase as compared to previous year is due to directed investments into subsidiary companies milk production facilities and, as compared to 2007, increased raw milk sale price.

The Groups gross margin increased from 3 percent in 1st quarter of 2007 to 9,6 due to increase in raw milk sale price.

The operating expenses increased by LTL 1 196 thousand as compared to 1st quarter of 2007. The main reason for increase were various costs associated with IPO of Agrowill Group AB, which totalled around LTL 564 thousand.

Over the 3 month period ended 31 March 2007, a LTL 22,4 million profit from revaluation of investment property was received. According to the International Financial Reporting Standards, after the acquisition of Žemės vystymo fondas group, all the investment property, i.e. agricultural land owned, had to be reevaluated. In 1st quarter of 2008 similar valuation was not done, as the management plans to carry out such valuation at the financial year end.

During 1st quarter of 2007, the negative goodwill written off amounted to LTL 3,7 million due to acquisition of Žemės vystymo fondas group.

Financing costs increased in 2008 as compared to 2007 by more than double, as the rapid expansion of the Group (land acquisitions, investment projects, modernisation) are being financed by borrowings.

**Balance sheet**

Fixed assets and investment property of the Group did not change much over 1st quarter of 2008. The Group bought 464 Ha of agricultural land over the period.

The biological assets of the Group over 3 month period increased by 17 per cent due to investments to increase the milking cows herd were made.

Groups financial liabilities increased up to LTL 100 million from LTL 92 million as the loan agreement regarding land acquisitions was signed.

Accounts and other payables amount increased almost by 60 per cent, as the Groups agricultural entities started commencing investments into farm modernisation and equipment renewal. Additionally, the acquisitions of fertilisers and pesticides were made.

## THE NEWEST AND ESSENTIAL EVENTS IN THE ACTIVITY OF THE ISSUER

### *The newest events in the activity of the Issuer*

During the 1st quarter of 2008, the Group established the following Companies:

- Žemės vystymo fondas 10 UAB,
- Žemės vystymo fondas 22 UAB.

Also in March 2008, the Company registered the Share prospectus with the State Securities Commission of Lithuania and successfully issued the new 6.100.000 shares. Notification about the issue of shares and trading on the Vilnius Stock Exchange were started in April 2008.

#### Material events over January 2008 – March 2008:

The Company announces all material events over the CNDS system of Vilnius Stock Exchange.

#### **28.03.2008 Notice of the Annual General Meeting of Agrowill Group AB shareholders**

The Annual General Meeting of Agrowill Group AB shareholders (company code 126264360, registered address: Smolensko st. 10, Vilnius) will take place on April 30, 2008 at 15.00 a.m. on the initiative and decision of the Board. The meeting will be held at the "Eta" conference room, in Reval Hotel Lietuva, Konstitucijos ave. 20, Vilnius. The registration begins at 14.30 a.m.

The shareholders must have an identification document, the representatives must have an identification document and a letter of authorization approved according to the law. The accounting day of the General Meeting is April 23, 2008.

Agenda of the Meeting:

1. Annual report of the Company for the year 2007.
2. Approval of Financial Statements of the Company for 2007.
3. Approval of the profit (loss) appropriation of the Company for the year 2007.
4. Approval of changes to the Articles of Association of the Company.

The documents possessed by the Company related to the agenda of the Meeting, including draft resolutions, will be available at the headquarters of Agrowill Group AB, Smolensko st. 10, Vilnius, Lithuania from April 16, 2008.

#### **17.03.2008 Regarding the conditional admission of Agrowill Group AB shares in the VSE Main list**

On 17th of March 2008, the Management Board of the Vilnius Stock Exchange (VSE) has decided to admit shares of Agrowill Group AB to the VSE Main List provided that by April 1, 2008, the company fulfils the conditions set by the Board of the VSE, to ensure full compliance with the requirements stipulated in the VSE Rules.

The Company's shares must be distributed to the public to the extent of at least 25% of the authorized capital represented by that class of shares. Provided the conditions set by the Board of the VSE are fulfilled, shares of Agrowill Group AB will be listed on April 2, 2008, which will be the first trading day.

#### **15.03.2008 Regarding the admission of Agrowill Group AB shares to the Main List**

Agrowill Group submitted an application to Vilniaus vertybinių popierių birža AB for the conditional listing of its shares on the Main List of Vilnius Stock Exchange.

#### **15.03.2008 Securities Commission of Lithuania approved the shares prospectus of Agrowill Group AB**

Yesterday, on the 14th of March, the Securities Commission of Lithuania approved the share issue prospectus of agricultural investment and management company Agrowill Group AB.

Consolidated interim financial statements for the 3 month period ended 31 March 2008

**13.03.2008 Resolutions of Extraordinary general meeting**

The resolutions for the General Shareholders Meeting of 26 February 2008 of Agrowill Group AB (hereinafter - the Company)

Agenda:

1. Regarding the cancellation of some resolutions of General Shareholders Meeting.
2. Regarding the increase in Company's share capital and listing of the shares on the Vilnius Stock Exchange.
3. Regarding the recall of priority to acquire the new issue of the shares.
4. Regarding the approval of the Articles of the Company.
5. Regarding the commission of Company's Director.
6. Regarding the appointment of auditors of the Company.

Draft decisions:

1. To recall the decisions of the 26 November 2007 General Shareholders meeting regarding the increase of the share capital and recall of priority to acquire the new issue of the shares.
2. To increase the Companies share capital from LTL 20.000.000 (EUR 5.792.400) to LTL 26.777.777 (EUR 7.755.380) by issuing 6.777.777 units of new ordinary shares with nominal value LTL 1 (EUR 0,29) each.

The minimum value of the new issue of 6.777.777 units of shares is LTL 30.499.996,50 (EUR 8.833.409). The minimum value of 1 share: LTL 4,50 (EUR 1,30).

To apply for listing of the Companies shares in the official list of the Vilnius Stock Exchange.

3. To cancel the priority of all the shareholders to acquire the newly issued shares of the Company, based on the law of public companies of the Republic of Lithuania article No.20, part I, p. 12, and article No.57, p.5.

Reason for the cancellation is the planned initial public offering of the newly issued shares of the company.

To grant priority to acquire all the new share issue of 6.777.777 units to FMĮ Finasta UAB (company code 1225 70630, address: Konstitucijos ave. 23, Vilnius, Lithuania).

4. To approve the new articles of association of the Company, with regard to increase of the share capital.
5. To authorize and commission Mr. Valentas Šulskis, the Director of the Company to submit the General Shareholders meeting resolution to register with the Republic of Lithuania state registrar, to sign share issue agreement and to take all the necessary actions needed for appropriate realization of the decisions of this shareholders meeting.
6. To elect Deloitte Lietuva UAB to conduct the audit of the Financial Statements for the year ended 31 December 2007.

**12.03.2008 Consolidated unaudited results for the year ended 31 December 2007**

Unaudited consolidated financial statements for the year ended 31 December 2007 are attached.

Consolidated net profit of Agrowill Group AB for the year ended 31 December 2007 according to the International Financial Reporting Standards (IFRS) amounted to LTL 31.9 million (EUR 9.2 million). The revenues in 2007 totalled LTL 69 million (EUR 20 million).

Without taking into account the effect of the revaluated Investment property, the net profit for the year amounted to LTL 9.8 million (EUR 2.8 million). The revenues from the agricultural activities over the same period totalled LTL 43 million (EUR 12.5 million).

Over the year ended 31 December 2006, the consolidated net result of the Group amounted to LTL 3.5 million (EUR 1 million), while revenues from agricultural activities over the same period totalled LTL 27.4 million (EUR 7.9 million).

Consolidated interim financial statements for the 3 month period ended 31 March 2008

**06.03.2008 Agrowill Group AB plans to increase its sales by 36%**

Fastest growing agricultural investment and development company Agrowill Group AB expects to keep the rapid growth pace this year as well. It is planned that the consolidated sales from the core activities will grow by 36% to LTL 58 million (EUR 16.8 million), while net profit is estimated to grow by 20% to LTL 11.5 million (EUR 3.3 million).

This year almost LTL 8 million (EUR 2.3 million) will be invested into renewal of three milk farms. Another LTL 12.7 million (EUR 3.7 million) will be dedicated to the purchase of milking cows. It is planned that during the year number of milking cows will approach 5000 heads, therefore Agrowill Group AB will remain the largest cows herd owner in Lithuania. This year the company also plans to expand own grain storehouses and implement new feed preparation and storage technologies.

**29.01.2008 Correction: Revised audited consolidated financial statements for years 2006, 2005 and 2004**

On the 24th of January 2008, Agrowill Group AB announced the revised Consolidated Financial Statements according to IFRS for years 2006, 2005 and 2004.

The Company is responsibly preparing for the IPO process. In order for Consolidated Financial Statements to be more accurate and explicit, and present investors, Companies shareholders and other persons with reliable assessment of the Group's financial situation additional audit was carried out. The Company chose an international and experienced company: Deloitte Lietuva UAB.

There are no material differences in the newly audited accounts with regards to those presented earlier in 2006-2007.

Audited Consolidated Financial Statements of Agrowill Group AB for the years 2006, 2005 and 2004 are enclosed. This document is also available at the Companies website: <http://www.agrowill.lt>

**24.01.2008 Agrowill Group AB submitted share issue prospectus to the State Securities commission (VPK)**

Today Agrowill Group AB submitted share issue prospectus to the State Securities Commission. After the approval of prospectus by the Securities commission, the Company will apply for the listing on the Vilnius Stock Exchange Official list.

**21.01.2008 Agrowill Group AB, signed a liquidity provider agreement with FMI Orion Securities AB**

Agrowill Group AB, signed a liquidity provider agreement with FMI Orion Securities UAB.

According to the agreement, FMI Orion Securities UAB will start market making activity from the first trading date of Agrowill Group AB shares in the Vilnius Stock Exchange.

**17.01.2008 Establishment of subsidiary entities**

On 16 of January 2008 Agrowill Group AB established two new subsidiary companies: Žemės vystymo fondas 10 UAB and Žemės vystymo fondas 22 UAB.