



KLAIPĖDOS NAFTA
A K C I N Ė B E N D R O V Ė

ANNUAL REPORT
for 2009

Klaipėda
March 2010

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1. ACCOUNTING PERIOD IN RESPECT OF WHICH THE ANNUAL REPORT WAS PREPARED

The Annual Report is prepared for the period of January – December 2009. All figures are presented as at 31 December 2009, if not indicated otherwise. In this Annual Report SC Klaipėdos Nafta may also be referred to as the Company, the Terminal or the Issuer.

2. DETAILS ABOUT THE COMPANY

Name of the Issuer:	SC Klaipėdos Nafta
Legal status:	Stock company
Authorised capital:	LTL 342,000,000
Date and place of registration:	27 September 1994, State Enterprise Register Centre
Company code:	1106 48893
Address:	Burių g. 19, 91003 Klaipėda
Issuer's register:	State Enterprise Register Centre
Telephone numbers:	+370 46 391772
Fax numbers:	+370 46 311399
E-mail address:	info@oil.lt
Internet site:	www.oil.lt

3. THE CORE ACTIVITY OF THE COMPANY

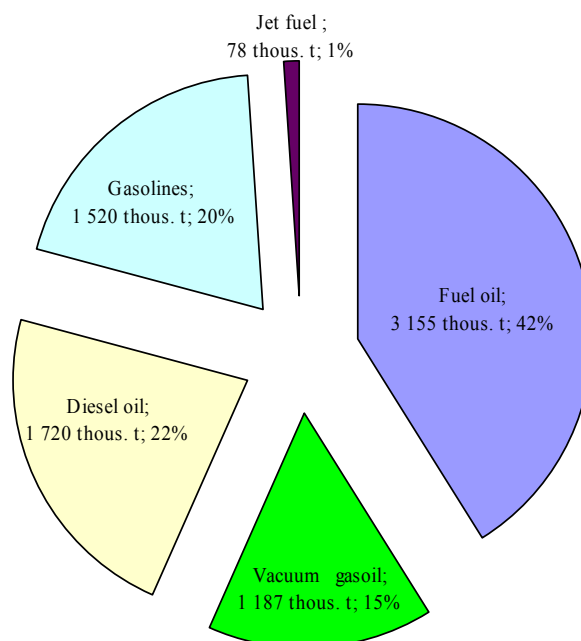
The Company's core activity is reloading of oil products and other related services.

The Company renders the following services: transships oil products from rail tank-cars into tankers as well as from tankers into rail tank-cars, temporary stores (accumulates) oil products, accepts water polluted with oil products from ships, moors tankers, supplies ships with fuel and water, determines quality parameters of oil products, injects chemical additives into oil products.

The Terminal has road tanker loading facilities giving a possibility to reload gasoline and diesel oil, delivered by tankers, into road tankers and supply the local market with the said fuels.

The Company has customs and excise warehouses allowing the clients to perform sales/purchase procedures of oil products.

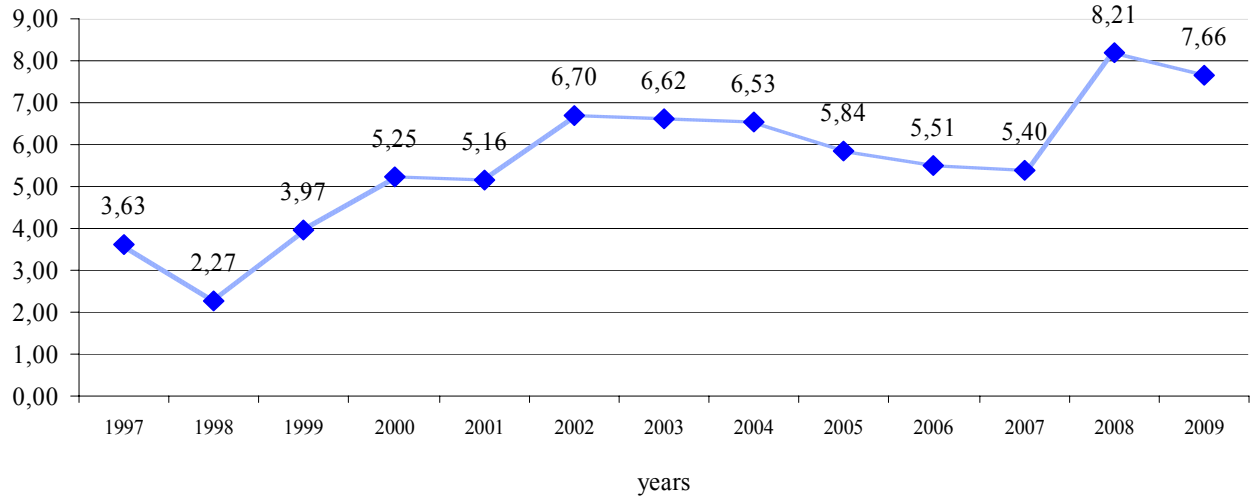
In 2009 the Company transshipped **7 660 thousand tons** of oil products:



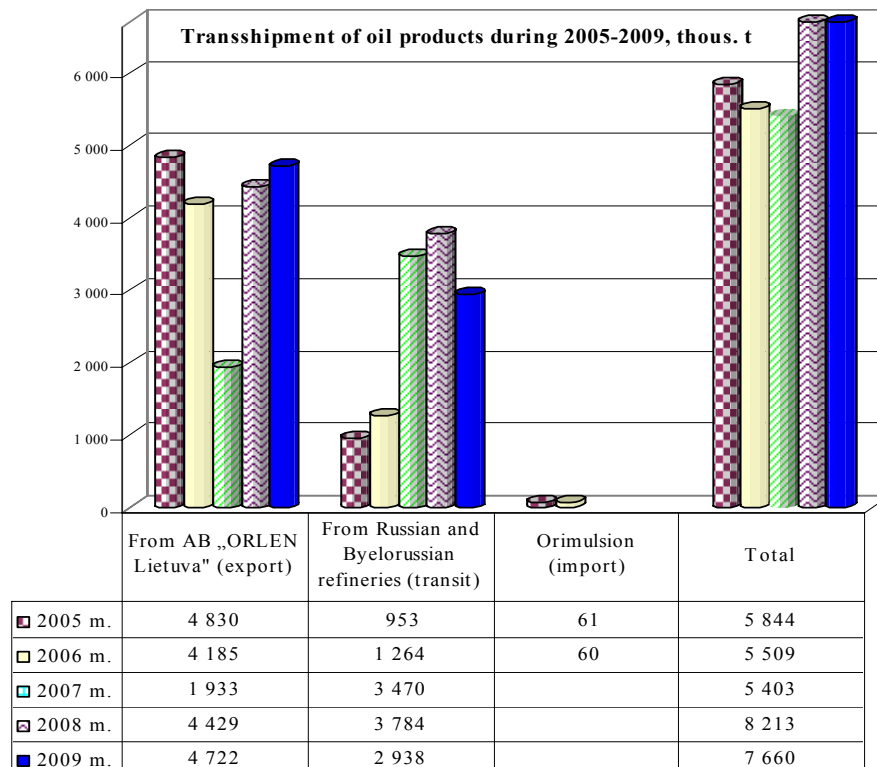
During the year 2009 the Company reloaded oil products by 7 % less than during 2008, however it is one of the best transshipment results since 1997 when SC Klaipėdos Nafta, primarily established as the Customer of Terminal's reconstruction, overtook transshipment functions of oil products.

The path chosen by the Company – to modernize the Terminal and obtain new potential – was a true one. Currently the Terminal actively operates on the market of cargo transit services of the Baltic states.

Transshipment of oil products by SC Klaipėdos nafta during 1997-2009, million t

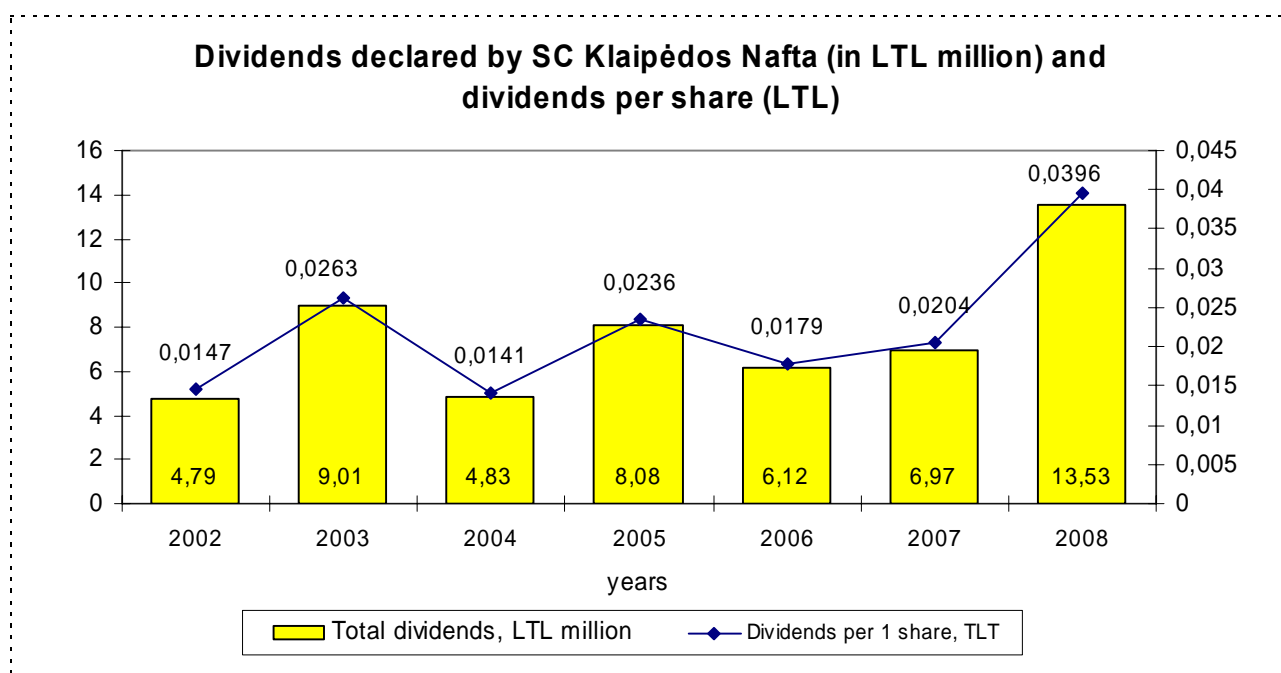


Successful operation of the Company in 2009 was determined by an on-going flow of cargo throughout the year due to the long-term contracts concluded with the clients (transshipment of cargoes from SC ORLEN Lietuva increased by 7 % from 4 429 thousand tones in 2008 up to 4 722 thousand tones in 2009) as well as to a flexible tariff policy applied by the Terminal. The Terminal's experience of many years standing, highly skilled specialists, effective management, the most up-to-date technologies implemented in the Terminal guarantee the quality of the services, satisfy business needs and expectations of the clients.



4. SIGNIFICANT EVENTS OF THE ACCOUNTING PERIOD

The General Shareholders' Meeting, held on 23 April 2009, approved the financial statements and profit appropriation for the year 2008. Dividends in the amount of LTL 13,53 million were allotted to the shareholders for the year 2008.



During 2009 the Company by 8 % exceeded the targeted transshipment volume of 7,1 million tones, corresponding to the designed annual capacity of the Terminal; by 17 % exceeded the planned sales income (LTL 99,6 million) and by three times exceeded the targeted index of pre-tax profit (LTL 11,9 million).

On 30 January 2009 the Company repaid the last portion - LTL 15,6 million - of the long-term loan, granted by Lithuanian banks - SEB, Swedbank and DnB Nord and guaranteed by the State. At present the Company has no liabilities to banks.

In 2009 the Confederation of Lithuanian Industrialists nominated the Company as "Successfully Operating Company 2009".

5. SIGNIFICANT EVENTS AFTER THE YEAR END

Following the instruction by the Ministry of Energy of the Republic of Lithuania the Company managed during less than half a year to implement technical means allowing provision of reloading services of oil products not only into rail tank-cars but also into road tankers for those businessmen who intend to import gasoline and diesel oil for the Lithuanian market. On 28 January 2010 a new client UAB Lukoil Baltija delivered a trial batch of gasoline E-95 from Sweden by tanker OLYMPUS. The gasoline was reloaded into storage tanks and later was shipped by rail tank-cars to the base of the said Client in Lithuania and from which it will be delivered to the petrol stations.

On 18 February 2010 the Commission For Accepting Constructions As Usable gave permission to operate the object "Reconstruction of the system for LFO loading into mobile tanks".

6. RISK FACTORS RELATED TO THE ISSUER'S ACTIVITIES

Competitive environment factors. The main competitors of the Company are the terminals of the other Baltic Sea ports, reloading crude oil and oil products exported from Russia: Ventspils Nafta (Latvia), Ventbunkers (Latvia), Pakterminal (Estonia), Eurodek Tallin (Estonia), Peterburg Oil

Terminal (Russia). The most significant factors influencing the competitiveness of the Company in the market are as follows: loading and storing capacity of the terminal, technical parameters of the logistics chain starting with railway lines and ending with depth and number of quays, possibility to apply a flexible price policy, long-term supply contracts as well as good relationships with suppliers.

The Company constantly looks for new potential clients by participating in international transport and logistics exhibitions. On 21-24 April 2009 the Company represented its services in an exhibition „TransRussia 2009“ in Moscow, on 6-9 October 2009 participated in an exhibition „Transport and Logistics“ in Minsk.

Economic, market factors. Workload as well as earnings and profitability of the Terminal greatly depend on the situation on the oil market.

The Terminal is a part of the logistic chain that starts in the oil-fields and oil refineries of the former Soviet Union (mostly Russia) and ends in the Western countries. Export flow of oil products is closely related with the prices of oil products on the global market. Usually product flow via the Baltic ports increases when high world market prices and increasing demand prevail, however if the prices go down, the export flow can decline.

Political factors. Historically the Russian and Byelorussian Governments strictly regulated export of crude oil and oil products by establishing strict export quota. Decisions regarding quota issue and exportation via specific state ports are often taken based on political motives.

Commercial factors. After signing a contract with SC ORLEN Lietuva, the future perspectives of the Terminal depend on the production output of Mažeikiai Refinery. Stable functioning of the Refinery guarantees constant product flow to the Terminal.

At present invoices for the transshipment services rendered are paid within 15 days, it is a short time period in the sector of transshipment services.

Tariffs. Tariff fluctuation risk decreases with growing part of the products supplied by SC ORLEN Lietuva which the Terminal has to reload according to the predetermined and currently profitable tariffs. Fluctuations of the tariffs applied to other customers in future will be mostly related to the competitive situation on the market.

Technological factors. Technological characteristics of the Terminal are of major importance for quick and effective satisfaction of potential customers' needs and at the same time for generation of additional income. At present the deepened bottom at the jetties and the increased storage volume allow to service vessels of much greater tonnage.

Social factors. The Company and the functioning Trade union committee have concluded a Collective Agreement valid for all the employees up to 23 September 2010.

Ecological factors. Automated management systems for fire detection and extinguishing as well as a computerised management system of the loading process, technologies against pollution of air, earth and underground waters conforming to the European Standards were established in the Terminal. Management of emergency situations, fire protection and security systems meet the requirements of Firefighting, Labour Safety, Civil Safety, Environment Protection, Port Authority institutions of the Republic of Lithuania. The Terminal's safety has been positively evaluated according to HSSE analysis and assessment carried out by British Petroleum and Shell.

7. ENVIRONMENT PROTECTION

During 2009 the Company did not experience any accidents or malfunctioning. The Company performs constant environmental monitoring of:

- *underground water* (it has been measured that underground pollution with oil products, which accumulated over the period of activities of the old terminal, is getting less);
- *discharged waste water* (biological treatment facilities of the Company guarantee less pollution of open water basins than has been determined in the Integrated Permit of Pollution Prevention and Control);
- *impact on ambient air* (limits of volatile organic compounds and nitrogen oxides defined by the EU and national limit values were not exceeded outside the boundaries of the sanitary zone of the

Company. The equipment for burning volatile organic compounds arising from gasoline loading tankers collected and burned 1103 tons of gasoline vapours during the year);

- *stationary sources of air pollution* (the amount of pollutants defined in the Environment Protection Permit was not exceeded).

During 2009 running intramural expenditures for environment protection total to LTL 2,5 million. Additionally LTL 124 thousand were allotted for different environmental analyses (analysis of pollutant materials, etc.), LTL 61 thousand of pollution tax were paid.

8. OPERATING RESULTS, KEY FINANCIAL FIGURES

During 2009 the Company earned net profit of LTL 37,60 million, by 31 % more than in 2008 (LTL 28,60 million).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of 2009 increased by 15 % and amounted to LTL 61,19 million (LTL 53,37 million in 2008).

Sales income of 2009, if compared to the year 2008, decreased by 3 % from LTL 119,61 million down to 116,35 million because of the decreased transshipment of oil products by 7 % in 2009 (95 % of the Company's income is comprised of the income for reloading of oil products).

During the accounting period the Company did not accept any new financial obligations.

Key financial figures

	Measure unit	2009	2008
Sales income	LTL mln.	116,35	119,61
Profit from typical activity	LTL mln.	40,91	33,50
Profit before interest, depreciation and amortisation (EBITDA)	LTL mln.	61,19	53,37
Profit before taxation	LTL mln.	42,63	33,04
Net profit	LTL mln.	37,60	28,60
Non-current assets at the end of the year	LTL mln.	410,29	413,81
Current assets	LTL mln.	55,68	41,70
Total assets	LTL mln.	465,97	455,51
Authorised capital	LTL mln.	342,00	342,00
Profitability ratios:			
Typical activity margin (typical activity profit / sales income x 100)	%	35	28
EBITDA margin (EBITDA / sales income x 100)	%	53	45
Net profit margin (net profit/sales income x 100)	%	32	24
Average asset margin (net profit/non-current assets x 100)	%	9	7
Financial structure ratios:			
Debt and equity coefficient (total liabilities / authorised capital)	-	0,06	0,10
Debt coefficient (total liabilities / assets)	-	0,04	0,07

9. PERSONNEL

SC Klaipėdos Nafta constantly instructs and trains all its employees methods of safe labour. Employees who perform hazardous works and work with potentially hazardous equipment undergo training at specialist licenced centres, re-testing takes place every 5 years. Training drills and exercises are periodically arranged to train practical skills of personnel for emergency response. Personnel of other companies performing contractual works on the Terminal's territory receive instructions regarding labour safety, fire-fighting requirements set at the Oil Terminal (746 persons from other companies underwent instructions in 2009).

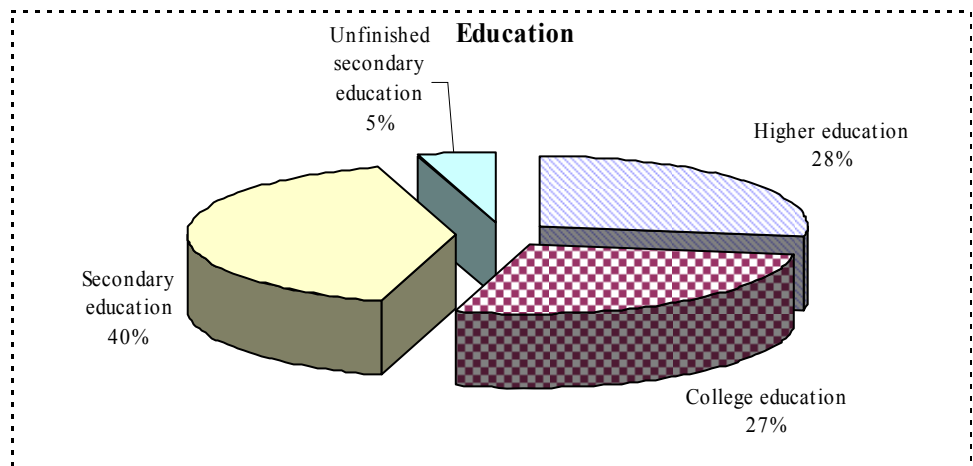
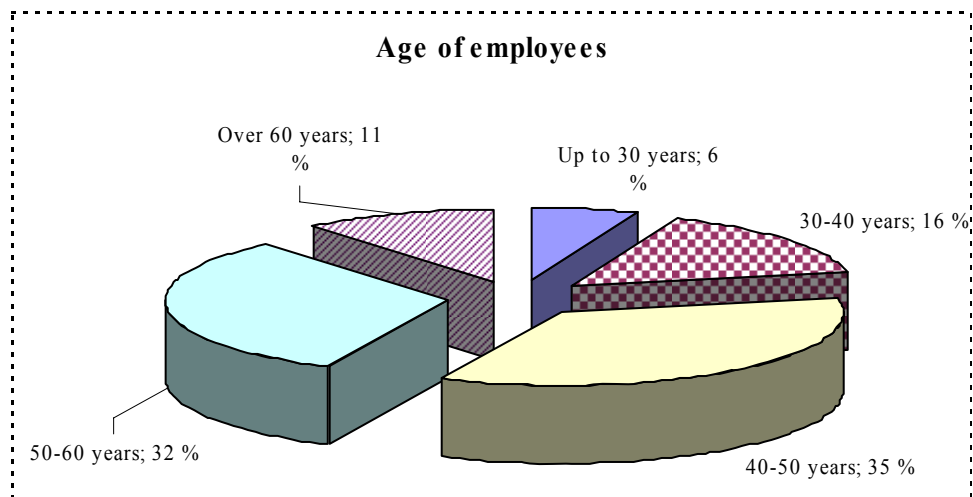
During 2009 two trivial accidents occurred: one – at work and the other - on the way to work.

The average number of personnel (301 employees) of 2009, if compared to that (301) of 2008, did not change.



Blue-collar workers make 70 % of all employees, administration staff and specialists – 30 %. The Company’s personnel consisted of 71 % of men (in 2008 - 70 %) and 29 % of women (in 2008 - 30 %). The average age of employees was 47 years

Detailed information on personnel’s age and education is presented in the schemes below.



The average monthly salary of the Company's personnel of the year 2009 amounted to LTL 4009 and it decreased by 3 % or LTL 136, if compared to that of 2008 (LTL 4 145).

Personnel group	Average listed number of personnel		Average salary per month in LTL	
	2009	2008	2009	2008
Managers	5	5	19 478	20 857
Specialists	86	86	5 141	5 404
Workers	210	210	3 543	3 624
In total:	301	301	4 009	4 145

The Company has a functioning trade union committee with which a Collective Agreement has been signed and is valid until 23 September 2010. The Employer and the workers' collective have agreed regarding work, work payment, working and rest time, qualification improvement, safety and health protection, other social and economic conditions valid for all the personnel of the Company. The Company's administration and representatives of the professional union closely cooperate regarding social, cultural, healthcare and other issues, hold meetings on a regular basis, twice per year perform follow-up on execution of the Collective Agreement and present conclusions thereon to the Workers' Conference.

The Company's Management consists of Director General, Production Director, Technical Director, Director of Commerce and Chief Financier. The Board of the Company approved the remuneration procedure of the Directors on 29 January 2009 (Minutes No. J3-1) and established coefficients of the official salary as well as extra pay procedure to the officers in the mentioned positions taking into account provisions of Resolution No. 1341 of the Government of LR dated 23 August 2002 "Regarding remuneration of Chief Executive Officers, their Deputies and Chief Financiers of state enterprises, state controlled stock companies, closed stock companies".

10. ACTIVITY PLANS AND FORECASTS

In 2010 the Company intends to operate at its maximum capacity – to reload 7,1 million tons of oil products and generate LTL 103,0 million of income, by 3 % more than it was forecasted for 2009.

The Company intends to continue dividend payment policy in 2010.

In 2010 the Company plans to continue modernization works of the Terminal using its own funds in order to maintain effective control of the transshipment process, efficiently use energy resources and implement environmental protection measures.

11. INFORMATION ON THE COMPANY'S BRANCHES AND REPRESENTATIVE OFFICES

The Company has neither branches nor representative offices.

12. STRUCTURE OF THE AUTHORISED CAPITAL

As of 31 December 2009 the Company's authorised capital amounted to LTL 342,000,000 and is divided into 342,000,000 ordinary shares at par value of 1 LTL each. All the shares are fully paid in. During 2009 there were no changes in the authorised capital.

SC Klaipėdos Nafta is a strategic enterprise according to the Law on the Enterprises having strategic importance for the national security of the Republic of Lithuania. More than ½ of the Company's shares carrying the right to vote shall belong to the State in these (strategic) enterprises. The major shareholder – the State, having control over 70,63 % of the total share capital of the Company, is represented by the Ministry of Energy of the Republic of Lithuania.

13. INFORMATION ON AGREEMENTS WITH SECURITIES PUBLIC TURNOVER MEDIATORS

The Company has signed an agreement with AB SEB Bankas ((code: 112021238, address: Gedimino pr. 12, LT-01103 Vilnius) for servicing securities public turnover.

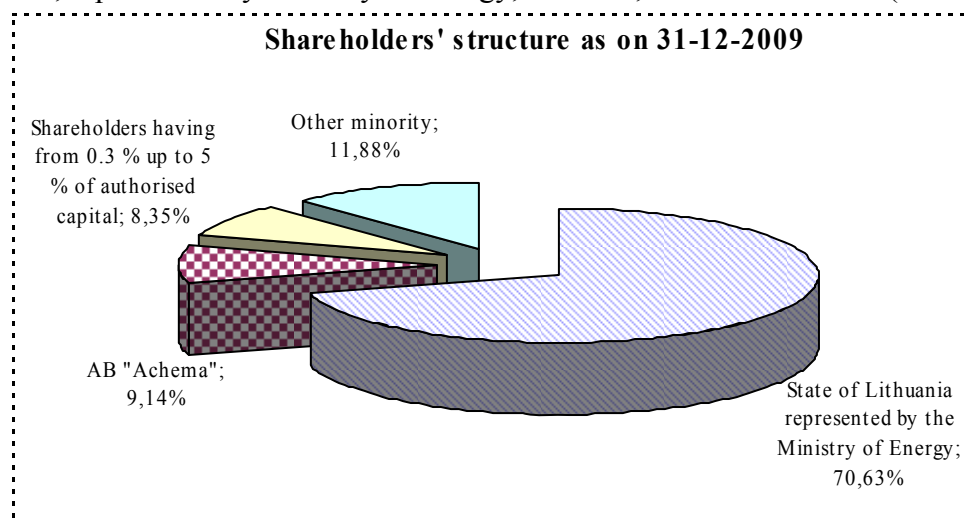
14. INFORMATION ON PURCHASED OR DISPOSED OWN SHARES

During the accounting period the Company did not possess or acquire any own shares.

15. SHAREHOLDERS AND SHARES

The Company's shares are traded and listed in the Baltic Secondary list (under abbreviation KNF1L) of the Stock Exchange of AB NASDAQ OMX Vilnius.

As on 31 December 2009 the shares of the Company were owned by 1 415 shareholders. The State of LR, represented by Ministry of Energy, owns 70,63 % of the shares (241 544 426 shares).



All the shares issued by the Company are ordinary registered shares granting its owners (shareholders) equal rights.

An ordinary registered share of the Company shall grant the following property rights to its owner (shareholder):

1. to receive a part of the Company's profit (dividend);
2. to receive funds of the Company in the event the Authorized Capital of the Company is being reduced in order to pay funds of the Company to the shareholders;
3. to receive a part of the assets of the Company in liquidation;
4. to receive shares free of charge if the Authorized Capital is increased out of the funds of the Company (except in the cases specified by the imperative norms of the valid laws);
5. to have the preferential right in acquiring shares or convertible debentures issued by the Company except in cases when the General Shareholders' Meeting by a qualified majority of votes that shall not be less than 3/4 of the participating and voting shares for solution of this matter, resolves to withdraw the preferential right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
6. to lend to the Company in the manner prescribed by law, however, when borrowing from its shareholders the Company has no right to pledge its assets to the shareholders. When the Company borrows from its 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 conclusion the Loan Agreement. In such a case the Company and its shareholders shall be prohibited from negotiating a higher interest rate;
7. other property rights established by the laws.

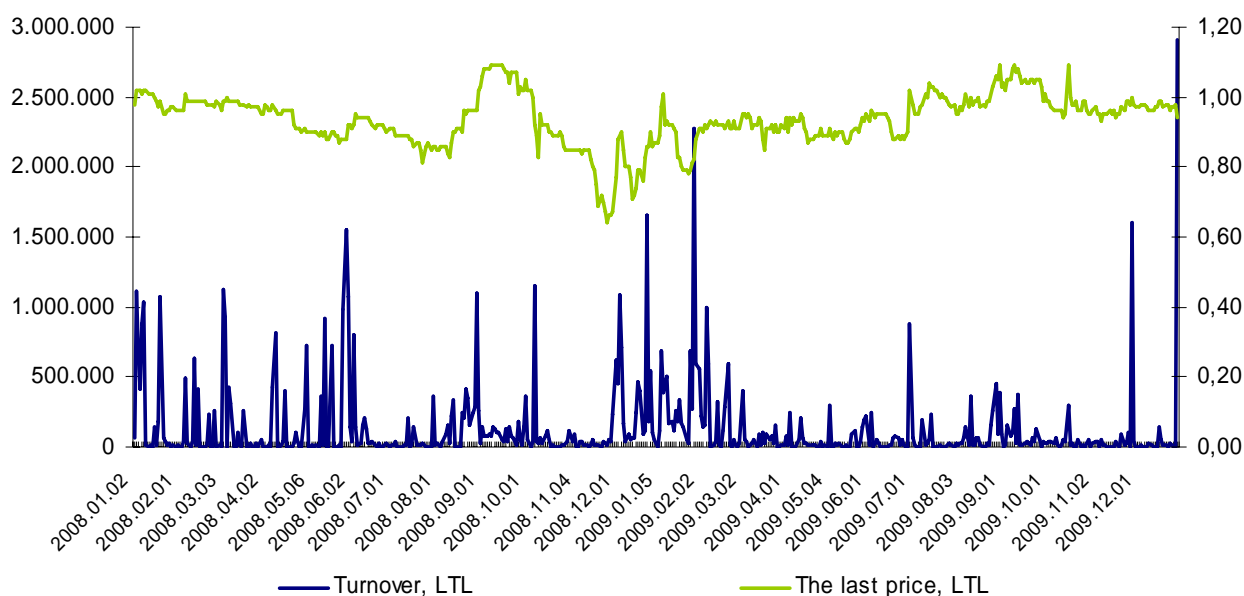
An ordinary registered share of the Company shall grant the following non-property rights to its owner (shareholder):

1. to attend the General Shareholders' Meetings and to vote according to voting rights carried by their shares (unless otherwise provided for by the laws);
2. to submit requests in advance to the Company related to the agenda of General Shareholders' Meetings;
3. to receive information on the Company to the extent allowed by the imperative norms of the valid laws;
4. to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Manager of the Company and Board members of their obligations prescribed by the laws and the Articles of Association of the Company as well as in other cases laid down by laws.
5. the right to vote at General Shareholders' Meetings may be withdrawn or restricted in cases established by laws, also in case share ownership is contested;
6. other non-property rights established by the laws and the Articles of Association of the Company.

Development of the share price of SC Klaipėdos Nafta during the year 2009

Price per 1 share on 2 January 2009	LTL 0,87
Highest price per 1 share during the year 2009	LTL 1,09
Lowest price per 1 share during the year 2009	LTL 0,78
Price per 1 share on 30 December 2009	LTL 0,94

Price and turnover of SC Klaipėdos Nafta shares during 2008-2009



16. INFORMATION ON ADHERENCE TO GOVERNANCE CODE

The Company discloses its adherence to the Governance Code approved by AB NASDAQ OMX Vilnius for the companies listed on the regulated market in Appendix 1 to the Annual Report.

17. MANAGEMENT OF THE COMPANY

The management structure of the Company:

- The General Shareholders' Meeting;
- The Supervisory Board (elected for a four year term of 3 members);

- The Board (elected for not more than a four year term of 5 members);
- The Management of the Company.

The Supervisory Board is the Company's collegial supervising body which elects members of the Board, supervises activities of the Board and the Chief Executive Officer, makes decisions on other issues regarding Company's activities prescribed to the competence of the Supervisory Board. On 19 April 2007 the General Shareholders' Meeting of SC Klaipėdos Nafta elected the Supervisory Board for a four year term of office.

THE SUPERVISORY BOARD (as on 31 December 2009)

DOMINIKAS PEČIULIS – Chairman of the Supervisory Board. Chief specialist of Company Law Division of Company Law and Public Procurement Policy Department of the Ministry of Economy. He does not participate in the management and capital of any other enterprise.

VANDA KRENIENĖ - a member of the Supervisory Board. A former employee of the Ministry of Economy. She does not participate in the management and capital of any other enterprise.

During the year 2009 the Company's Supervisory Board did not receive any loans, guarantees, no any other payments or property transfers were made or accrued.

The Management Bodies of the Company: the Board and the Chief Executive Officer - Director General. The Supervisory Board elects the Board for a four year term of office. There are no restrictions for re-election of the members. The Board of the Company is responsible for the adequate strategic management of the Company. The Company's Board adopts the main strategic decisions influencing increase of the Shareholders' ownership.

THE BOARD ((as on 31 December 2009)

ARNOLDAS BURKOVSKIS – Chairman of the Board. Vice-Minister of the Ministry of Economy. He was elected the Chairman of the Board on 13 October 2009.

GEDIMINAS VAIČIŪNAS – a member of the Board. The former Adviser on the matters related to energy of the Division of Transport and Economic Affairs of the Department of Finance and Economic Affairs of the Lithuanian Government. He was elected a member of the Board on 6 June 2008.

KĘSTUTIS STRAIGIS – a member of the Board. Director of Industry, Service and Trade department of the Ministry of Economy. He was elected a member of the Board on 30 September 2009.

KĘSTUTIS JONAS MURAUSKAS – a member of the Board. Head of Industry Policy Division of Industry, Service and Trade department of the Ministry of Economy. He was elected a member of the Board on 30 September 2009.

LAURENTINA GARBAUSKIENĖ – a member of the Board. Chief specialist of Investment and State Property Management Policy Division of Investment and Export Department of the Ministry of Economy. She does not participate in the management and capital of any other enterprise. She was elected a member of the Board on 4 April 2008.

During the year 2009 the members of the Board did not receive any loans, guarantees, no any other payments or property transfers were made or accrued.

During 2009 there were 8 sittings of the Board. The Board members discussed and made decisions regarding enforcement and increase of the transshipment volume of oil products, policy of transshipment tariffs, issues related to financial results and other important issues of the Company.

On 19 February 2010 the Supervisory Board of SC Klaipėdos Nafta elected the new Board members: Romas Švedas, Arvydas Darulis, Vytautas Vazalinskas, Virgilijus Poderys, Arnoldas Burkovskis (Minutes No. J2-1 of the Supervisory Board meeting).

The Company is managed by Director General. Director General is not a member of the Board.

JURGIS AUŠRA – Director General, appointed on 11 February 2002. Higher education. He graduated from Kaunas Politechnical Institute and acquired speciality of power engineer. On 31 December 2009 he owned 111 100 shares of the Company. He does not participate in the management of any other enterprise.

JOHANA BUČIENĖ - Chief Financier. Higher education. She graduated from Lithuanian Academy of Agriculture. She has been working as Chief Financier of SC Klaipedos Nafta since 1994. On 31 December 2009 she owned 20 000 shares of the Company.

The members of the Company's management bodies have never been convicted of crimes against property, against management practice, of financial crimes.

18. OTHER INFORMATION

18.1. Procedure of changing Articles of Association

The activity of the Company is based on the Articles of Association, Civil Code and other laws and sub legislative acts of the Republic of Lithuania. Changes in the Articles of Association shall be made by the General Shareholders' Meeting.

18.2. Transactions with related parties

The Company did not have any transactions or agreements with the members of its Supervisory Board and the Board. Information regarding transactions with related Parties is presented in "The Company's financial statements for the year 2009, prepared in accordance with International Accounting Standards as adopted by the European Union presented together with the Independent Auditor's Report".

19. DETAILS ON PUBLICLY AVAILABLE INFORMATION

Pursuant to Lithuanian legislation, all material events related to the Company's activity and information on time and place of the General Shareholders' Meetings are announced on the Company's internet site www.oil.lt, the daily "Respublika", are presented to the news agency BNS, Stock Exchange AB NASDAQ OMX Vilnius and Securities Commission of the Republic of Lithuania.

In 2009 the Company made 22 official announcements on material events and presented other information on the internet site of AB NASDAQ OMX Vilnius - www.nasdaqomxbaltic.com.

Director General

Jurgis Aušra

APPENDIX 1 to the Annual Report of SC KLAIPĖDOS NAFTA for 2009

Disclosure concerning the compliance of SC KLAIPĖDOS NAFTA, listed on the regulated market, with the Governance Code

SC KLAIPĖDOS NAFTA, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of AB NASDAQ OMX Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions.

Principles/Recommendations	Yes/No/Not applicable	Commentary
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Principle I: Basic Provisions

The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.

1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The development strategy and objectives of SC KLAIPĖDOS NAFTA have been set up in its internal documents (Annual Report placed publicly on the website of Vilnius Stock Exchange) according to the separate directions and objectives of its activities. The Company updates its development plans subject to the situation on the market as well as to the changes in the regulatory environment.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Board of the Company adopts the main strategic resolutions, influencing optimization of the shareholder value (separation of the functions of Company's operation, establishment of subsidiaries, other actions optimizing effectiveness of the Company's operation and its profit).
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Supervisory Board, the Board of the Company and the Chief Executive Officer implement this recommendation.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company's bodies respect the rights and interests of the persons participating in or connected with the Company's operation: 1. employees – since its establishment the Company has been cooperating and performing social partnership with the representatives of its employees (the Board of the Company by its resolutions assigns additional means for the execution of the Collective Agreement and extra stimulation of the employees, etc.). 2. creditors - the Company takes on and fulfills its financial and other obligations in accordance with the borrowing program approved by the Board of the Company. 3. other persons – by the resolution of the shareholders' meeting part of the Company's profit is dedicated to support (social, art, cultural, sports activities, etc.).

Principle II: The corporate governance framework

The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.

<p>2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders’ meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.</p>	<p>Yes</p>	<p>The Company has set up a collegial supervisory body - the Supervisory Board and a collegial management body - the Board of the Company.</p>
<p>2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company’s management bodies.</p>	<p>Yes</p>	<p>The Supervisory Board of the Company is responsible for the effective supervision of the activities of the Company’s management bodies (it elects and recalls members of the Board; should the Company operate in the red it should discuss fitness of the members for the position; it supervises the activities of the Board and the Chief Executive Officer; submits proposals and comments to the general shareholders’ meeting regarding the strategy of the Company’s operation, the activities of the Board and the Chief Executive Officer; performs other activities attributed to it by the laws and other legal acts).</p> <p>The Board of the Company is responsible for the effective strategic management of the Company (approves the strategy of its operation; adopts the most relevant resolutions provided for by the legal acts regarding corporate governance framework, transactions, different commitments, etc.).</p>
<p>2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company’s chief executive officer.</p>	<p>Not applicable</p>	<p>The Company has set up a collegial supervisory body - the Supervisory Board and a collegial management body - the Board of the Company.</p>
<p>2.4. The collegial supervisory body to be elected by the general shareholders’ meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.¹</p>	<p>Yes</p>	<p>Taking into account the specific character of the Company’s operation, it is strictly regulated by the legal acts and supervised by the respective state institutions. Therefore in the process of decision-making by the bodies of the Company the transparency of the decision-making, their effectiveness is ensured; the principles of non-discrimination of the Company’s clients, of costs-reduction and other principles are realized.</p> <p>The Company does not follow the provisions set up in Principle III, IV regarding formation of committees.</p>
<p>2.5. Company’s management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.</p>	<p>Yes</p>	<p>The Board of the Company is comprised of five members. The Supervisory Board is elected of three members.</p>

<p>2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.</p>	<p>Yes</p>	<p>The members of the Supervisory Board are elected for the maximum term of four years provided for in the Law on Companies of the Republic of Lithuania. There are no limitations for reelection of the members.</p>
<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	<p>Yes</p>	<p>The Chief Executive Officer of the Company is not a member of its Board. The Chairman of the Supervisory Board and the members have neither been the members of the Board of the Company nor the Chief Executive Officer.</p>
<p>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</p> <p>The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.</p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	<p>Yes</p>	<p>The collegial body of the Company is elected following the order established by the Law on Companies of the Republic of Lithuania and the Articles of Association of the Company.</p>
<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	<p>Yes</p>	<p>Information about the candidates to become members of a collegial body is presented before the general shareholders' meeting except the data about their independence.</p>

<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	<p>No</p>	<p>We will seek to realize it in future.</p>
<p>3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.</p>	<p>No</p>	<p>The collegial body ensures that its members are competent however periodic evaluation is not performed.</p>
<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>	<p>No</p>	<p>The members of the collegial body are regularly informed at its meetings and individually if required about the Company's operation and its changes, about the essential changes of the legal acts, regulating the Company's operation, and of other circumstances influencing its operation. Up to now there has been neither need nor practice in the Company to offer a tailored program focused on introducing all new members of the Supervisory Board with their duties, corporate organization and activities.</p>
<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.</p>	<p>No</p>	<p>Up to now the independence of the elective members of the collegial body has not been evaluated and the content of the notion sufficiency of independent members has not been discussed. Since over 70 per cent of the Company's shares are owned by the State represented by the Ministry of Energy of the Republic of Lithuania, the major part of the members of the Supervisory Board are elected by the general shareholders' meeting taking into account interests of the controlling shareholder in one or another way.</p>

<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization 	<p>Yes</p>	<p>The criteria of independence of the collegial bodies have not been determined in the documents of the operation of the Company's collegial bodies.</p> <p>However taking into consideration the presented criteria it is possible to state that the members of the Company's Supervisory Board meet all the criteria of independence evaluation except item 4.</p>
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<p>receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p> <p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>	<p>Not applicable</p>	
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	<p>No</p>	<p>The Company has not yet applied in practice disclosure of the criteria of independence set out in the Code (See item 3.6).</p>

<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	<p>No</p>	<p>Up to now the Company has not applied practice of evaluation and disclosure of independence of the members of the collegial body.</p>
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<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.². The general shareholders' meeting should approve the amount of such remuneration.</p>	<p>Not applicable</p>	<p>The members of the collegial body are not remunerated from the Company's funds for their participation in the meetings.</p>
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Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.

<p>4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.³</p>	<p>Yes</p>	<p>According to the information available to the Company all the members of the collegial body act in good faith for the benefit and in the interests of the Company but not in their own or third parties' interests seeking to maintain their independence in decision-making.</p>
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<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).</p>	<p>Yes</p>	<p>According to the information available to the Company all the members of the collegial body act in good faith for the benefit and in the interests of the Company but not in their own or third parties' interests seeking to maintain their independence in decision-making.</p>
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<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half⁴ of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	<p>Yes</p>	<p>The members of the collegial body duly perform their functions: they actively attend the meetings and devote sufficient time to perform their duties as members of the collegial body.</p>
<p>4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.</p>	<p>Yes</p>	<p>The Company follows the stated recommendations. The members of the collegial body before making decisions, the criteria of which have been determined in the Articles of Association of the Company, discuss their possible effect on the shareholders. The information of the shareholders is only in accordance with the legal acts.</p>
<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	<p>No</p>	<p>The Company's Articles of Association as well as the Rules and Regulations of the Company's Board do not provide for the approval of such transactions by the Supervisory Board. Following the Law on Companies of the Republic of Lithuania and the Articles of Association of the Company major transactions shall be approved by the Company's Board.</p>
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies⁵. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.</p>	<p>No</p>	<p>The Company's collegial bodies are provided with all the necessary financial conditions for their work and are independent of the Company's Management.</p>

<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	<p>No</p>	<p>The committees are not established, except audit committee, however the Board performs their separate functions: it regularly evaluates skills, knowledge and experience of separate directors; discusses general application policy of remuneration (including stimulation) systems; observes the integrity of the financial information provided by the Company, paying special attention to the relevance and transparency of the accounting methods used by the Company and its group.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	<p>No</p>	<p>The committees are not established, except audit committee, however the Board performs their separate functions: it regularly evaluates skills, knowledge and experience of separate directors; discusses general application policy of remuneration (including stimulation) systems; observes the integrity of the financial information provided by the Company, paying special attention to the relevance and transparency of the accounting methods used by the Company and its group.</p>
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance</p>	<p>No</p>	<p>The committees are not established, except audit committee, however the Board performs their separate functions: regularly evaluates skills, knowledge and experience of separate directors; discusses general application policy of remuneration (including stimulation) systems; observes the integrity of the financial information provided by the Company, paying special attention to the relevance and transparency of the accounting methods used by the Company and its group.</p>

is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	No	The committees are not established, except audit committee, however the Board performs their separate functions: regularly evaluates skills, knowledge and experience of separate directors; discusses general application policy of remuneration (including stimulation) systems; observes the integrity of the financial information provided by the Company, paying special attention to the relevance and transparency of the accounting methods used by the Company and its group.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	No	The committees are not established, except audit committee, however the Board performs their separate functions: regularly evaluates skills, knowledge and experience of separate directors; discusses general application policy of remuneration (including stimulation) systems; observes the integrity of the financial information provided by the Company, paying special attention to the relevance and transparency of the accounting methods used by the Company and its group.

<p>4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following:</p> <ul style="list-style-type: none"> • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>	No	The committees are not established, except audit committee, however the Board performs their separate functions: regularly evaluates skills, knowledge and experience of separate directors; discusses general application policy of remuneration (including stimulation) systems; observes the integrity of the financial information provided by the Company, paying special attention to the relevance and transparency of the accounting methods used by the Company and its group.
<p>4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following:</p> <ul style="list-style-type: none"> • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors 	No	The committees are not established, except audit committee, however the Board performs their separate functions: regularly evaluates skills, knowledge and experience of separate directors; discusses general application policy of remuneration (including stimulation) systems; observes the integrity of the financial information provided by the Company, paying special attention to the relevance and transparency of the accounting methods used by the Company and its group.

<p>and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) 	<p>Yes</p>	<p>The committee will be established when the General Shareholders' meeting elects a new Supervisory Board. , however the Board performs their separate functions: regularly evaluates skills, knowledge and experience of separate directors; discusses general application policy of remuneration (including stimulation) systems; observes the integrity of the financial information provided by the Company, paying special attention to the relevance and transparency of the accounting methods used by the Company and its group.</p>

<p>excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</p> <ul style="list-style-type: none"> • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor’s management letter. <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company’s management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company’s operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor’s work program, and should be furnished with internal audit’s reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
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<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	<p>No</p>	<p>The internal documents of the Company do not provide for a separate assessment of the collegial body's activities because it was not required by the legal acts of the Republic of Lithuania. Decisions on the Company's activities are made by the Board of the Company which reports to the shareholders' meeting.</p>
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Principle V: The working procedure of the company's collegial bodies

The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.

<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	<p>Yes</p>	<p>A collegial body of supervision - the Supervisory Board and a collegial body of management - the Board implement this provision in the Company.</p>
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month⁶.</p>	<p>Yes</p>	<p>The meetings of the Company's Supervisory Board are convened at least once in a quarter and the meetings of the Company's Board shall be carried out according to the schedule approved by the Board.</p>

5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	The Company observes provisions stated in this recommendation.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	The Company observes provisions stated in this recommendation.
<p>Principle VI: The equitable treatment of shareholders and shareholder rights</p> <p>The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</p>		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The Company's capital consists of ordinary registered shares that grant the same rights to all their holders.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company observes provisions stated in this recommendation.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. ⁷ All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	According to the Law on Companies of the Republic of Lithuania and Articles of Association important transactions are approved by the Board as well as the approval of the general shareholders' meeting shall be received in the cases determined by this Law.

<p>6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.</p>	<p>Yes</p>	<p>All the shareholders of the Company are informed about the venue, date and time of the general shareholders' meeting. Prior to the general shareholders' meeting all the shareholders of the Company are furnished with opportunity to receive information on the issues on the agenda of the general shareholders' meeting.</p>
<p>6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance⁸. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>	<p>Yes</p>	<p>The Company discloses the documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, through the information disclosure system of the Vilnius Stock Exchange and places them on the website of the Company.</p>
<p>6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	<p>Yes</p>	<p>The shareholders of the Company can implement their right to participate at the shareholders' meeting both in person and through a representative should he be duly authorized. The Company also furnishes its shareholders with the opportunity to vote by completing the general voting ballot.</p>
<p>6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.</p>	<p>Not applicable</p>	<p>Taking into account the structure of the shareholders and the valid regulations for organization of the shareholders' meeting there is no necessity to additionally install costly system of IT.</p>

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

<p>7.1. Any member of the company’s supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company’s interests. In case such a situation did occur, a member of the company’s supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company’s body that has elected him/her, or to the company’s shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	<p>Yes</p>	<p>The members of the Company’s supervisory and management bodies have been acting in such a manner so as to avoid conflict of interests. Therefore such conflicts have never occurred in practice.</p> <p>The provision regarding notification will be implemented in a more detailed manner by specifying it in the local acts of the Company.</p>
<p>7.2. Any member of the company’s supervisory and management body may not mix the company’s assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders’ meeting or any other corporate body authorized by the meeting.</p>	<p>Yes</p>	<p>The members of the Company’s supervisory and management bodies have been acting in such a manner so as to avoid conflict of interests. Therefore such conflicts have never occurred in practice.</p>
<p>7.3. Any member of the company’s supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company’s shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>	<p>Not applicable</p>	
<p>7.4. Any member of the company’s supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>	<p>Yes</p>	<p>The members of the Company’s Board have been familiarized with these provisions and they must observe these recommendations.</p>

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition

8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The Company has not made any public statement of its remuneration policy during the year under review because it was not foreseen by the legal acts of the Republic of Lithuania. The Company's remuneration policy is being determined by analyzing situation on Lithuanian labour market.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	Refer to the comment in item 8.1 above.
8.3. Remuneration statement should leastwise include the following information: <ul style="list-style-type: none">• Explanation of the relative importance of the variable and non-variable components of directors' remuneration;• Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration;• Sufficient information on the linkage between the remuneration and performance;• The main parameters and rationale for any annual bonus scheme and any other non-cash benefits;• A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	Refer to the comment in item 8.1 above.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	Refer to the comment in item 8.1 above.
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	Refer to the comment in item 8.1 above.

<p>8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>	No	Refer to the comment in item 8.1 above.
<p>8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the</p>	No	Refer to the comment in item 8.1 above.

<p>company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
<p>8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	<p>Not applicable</p>	<p>8.8. – 8.12. During the year under review the Company has not applied any schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements. This has not been provided for by the existing remuneration procedure and employment contracts with directors and other employees.</p>
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ul style="list-style-type: none"> • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors. 	<p>Not applicable</p>	<p>Refer to the comment in item 8.8 above.</p>
<p>8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>		
<p>8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>		

<p>8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company’s website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company’s website.</p>		
<p>Principle IX: The role of stakeholders in corporate governance</p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept “stakeholders” includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	<p>The execution of this recommendation is ensured by the accurate supervision and control of the state institutions and organizations regulating the Company’s activities.</p>
<p>9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company’s share capital; creditor involvement in governance in the context of the company’s insolvency, etc.</p>		<p>The publicity of the Company’s activities creates conditions for the stakeholders to participate in corporate governance in the manner prescribed by law, by the Articles of Association and the Collective Agreement. The management bodies consult with the employees on corporate governance and other important issues, employee participation in the Company’s share capital is not limited.</p>
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>		

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

<p>10.1. The company should disclose information on:</p> <ul style="list-style-type: none">• The financial and operating results of the company;• Company objectives;• Persons holding by the right of ownership or in control of a block of shares in the company;• Members of the company’s supervisory and management bodies, chief executive officer of the company and their remuneration;• Material foreseeable risk factors;• Transactions between the company and connected persons, as well as transactions concluded outside the course of the company’s regular operations;• Material issues regarding employees and other stakeholders;• Governance structures and strategy. <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p> <p>10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p> <p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company’s supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company’s supervisory and management bodies and chief executive officer as per Principle VIII.</p> <p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company’s policy with regard to human resources, employee participation schemes in the company’s share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	<p>Yes</p>	<p>The information regarding the Company’s financial situation, performance and corporate governance is regularly disclosed by distributing press releases and notifying about material events, in presentations.</p> <p>The documents are published in Lithuanian and English on the publicly accessible website of the Vilnius Stock Exchange.</p> <p>The Company prepares financial statements according to the International Financial Accounting standards.</p>
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<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	<p>Yes</p>	<p>The Company discloses information in Lithuanian and English simultaneously through the information disclosure system of the Vilnius Stock Exchange so that the submitted information could simultaneously be announced thus guaranteeing its simultaneous dissemination to everybody.</p>
<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.</p>	<p>Yes</p>	<p>The Company discloses information in Lithuanian and English simultaneously through the information disclosure system of the Vilnius Stock Exchange so that the submitted information could simultaneously be announced thus guaranteeing its simultaneous dissemination to everybody and it is planned to constantly place the information on the Company's website.</p>
<p>10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.</p>	<p>Yes</p>	<p>The Company takes into account this recommendation and places the information on the Company's website.</p>
<p>Principle XI: The selection of the company's auditor</p> <p>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
<p>11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.</p>	<p>Yes</p>	<p>The Company observes this recommendation when an independent firm of auditors conducts an audit of the Company's annual financial statements and report.</p>
<p>11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.</p>	<p>No</p>	<p>The Company's Board proposes a candidate firm of auditors to the general shareholders' meeting.</p>
<p>11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.</p>	<p>Not applicable</p>	<p>The firm of auditors is not paid by the Company for consultations on tax and business issues.</p>