

To Sanitas AB
Veiveriu str. 134 B, Kaunas

21 September 2010

Sanitas AB Audit Committee activity report for activities performed from 28 April 2010 until 21 September 2010

Introductory part

Sanitas AB (hereinafter – „Sanitas“ or „Company“) Audit Committee (hereinafter – „Committee“) for the term of office of 2010 – 2014 was elected by Sanitas Ordinary General Shareholders Meeting held on 28 April 2010. Internal rules of the Committee defining the rights and duties, the size, period of membership of the Committee, requirements for education, professional experience of the members of the Committee, principles of independence applied to the independent member of the Committee, and other issues related to composition of the Committee and work organization thereof were approved on the same day (hereinafter – „Rules“).

General Shareholders Meeting held on 28 April 2010 elected 4 (four) members of the Committee, one of them independent:

1. Alina Naujokaitiene;
2. Kustaa Aima;
3. Mindaugas Lankas;
4. Algirdas Valancius (independent member).

Member of the Committee Mindaugas Lankas resigned on 14 June 2010. On 22 July 2010 Sanitas Management Board decided to leave Mindaugas Lankas position in the Committee vacant until General Shareholders Meeting elects new member. Alina Naujokaitiene was elected as the chairman of the Committee in the meeting of the Committee held on 23 June 2010.

The main functions of the Committee are:

1. to provide the Management Board of the Company with recommendations related to selection, repeated appointment and cancellation of an external audit company as well as the terms and conditions of the agreement with the audit company;
2. to observe the process of carrying out an external audit;
3. to observe how the external auditor and audit company follow the principles of independence and objectivity;
4. to observe the process of preparation of financial reports of the Company;
5. to observe the efficiency of systems of internal control, risk management and internal audit, if such functions exist in the Company. Should there be no internal audit authority in the Company, the need for one should be reviewed at least annually;
6. to review efficiency of external audit process and responsiveness of management of the Company to recommendations and remarks made in the external auditor's management letter;
7. to fulfil other functions specified in the legal acts of the Republic of Lithuania and the recommendations of the Code of management of companies listed with NASDAQ OMX Vilnius, AB.

Issues related to work organization of the Committee

Issues related to activity and members of the Committee were discussed during Committee meeting held on 23 June 2010 – chairman of Committee was elected, it was decided to convoke meetings of the Committee quarterly or more often if such demand emerges.

Review of conformity of the Committee members to the requirements of the Rules

Following article 25 of the Rules, members of the Committee performed review of their conformity to requirements of the Rules on 23 June 2010. Evaluation of independence of the independent Committee member Algirdas Valancius was performed, after this evaluation the conclusion was made that he satisfies all independence requirements. Algirdas Valancius signed confirmation on his independence.

The key criteria for establishing whether member of the Committee can be considered independent are the following:

1. he cannot be the head of the Company and an associated company and could not have occupied such a position within the last 5 (five) years;
2. he cannot be an employee of the Company and an associated company and could not have occupied such a position within the last 3 (three) years;
3. he should not receive and could not have received significant additional remuneration from the Company and an associated company, except for remuneration for the post of the member of the Audit Committee;
4. he should not be a controlling shareholder, he should not represent any such a shareholder;
5. he should not have and has not had important business relations with the Company and an associated company within the last year neither directly nor as a partner, shareholder, head or employee of the administration of a subject with such relationships. A subject that is considered an important supplier of goods or services (including financial, legal, advisory and consultation services), a significant client or organization, which receives significant contributions from the Company or its group, shall be considered as a subject having business relations;
6. he cannot be and could not have been within the last 3 (three) years a partner or employee of the current or former audit company of the Company and an associated company;
7. he could not have occupied the position of a member of the Audit Committee of the Company for over 12 (twelve) years;
8. he should not be a close family member of the head of the Company or the persons specified in paragraphs 1 through 6. The spouse (cohabitant), children and parents shall be considered close family members.

A company associated with the Company is the one which:

1. directly or indirectly controls the Company or is controlled by it;
2. has a significant influence on the Company;
3. jointly controls the Company under a joint activity agreement;
4. is controlled by the same legal or natural person (their group) as the Company;
5. is an associated company;
6. is a company controlled under a joint activity agreement;
7. is a company accumulating and at the end of the service paying pensions and other benefits.

During conformity to requirement review it was also established that qualification and work experience of all 3 (three) members of the Committee satisfy requirements of the Rules (persons with appropriate qualification are persons with university degree in economics, finances or law; persons with appropriate experience are persons with at least 3 (three) years of work experience in

the sphere of finances, accounting or law. Independent member must have at least 5 (five) years of work experience in the sphere of accounting or finances).

Recommendation for Company Management Board on selection of an external audit company

While performing its duty to provide the Management Board with recommendation on selection of external audit company the Committee issued its recommendation to the Management Board on 6 September 2010 on selection of audit company for performance of audit of financial statements for 2010. The Committee recommended to choose Deloitte Lietuva UAB (hereinafter - „Deloitte“) for performance of audit of Sanitas and Sanitas group financial statements for 2010 and to submit this candidacy for the shareholders approval.

Before presenting recommendation to the Management Board the Committee analysed information about audit companies which performed audit of the companies of public interest, became familiar with all proposals of audit companies presented to Sanitas, analysed prices for the audit services, took into account information presented by Sanitas CFO Nerijus Drobavicius on course of negotiations with audit companies. The Committee received confirmation of Deloitte that this audit company complies with the independence principles and requirements, its civil liability is indemnified under laws and it can perform audit of the companies of public interest.

Activities to be performed in the future

In the near future the Committee plans to perform activities attributed to its competence: to present recommendations on conditions of agreement with audit company after Sanitas General Shareholders Meeting elects it; while audit is performed to observe the process of carrying out an external audit, to observe how the external auditor and audit company follow the principles of independence and objectivity; to observe the process of preparation of financial reports of the Company; to observe the efficiency of systems of internal control, risk management, to present recommendations on need of internal audit authority in the Company; to review efficiency of external audit process and responsiveness of management of the Company to recommendations and remarks made in the external auditor's management letter.

Chairman of the Committee:

Alina Naujokaitiene (signature)

Members of the Committee:

Algirdas Valancius (signature)

Kustaa Aima (signature)