

AB LINAS AGRO GROUP



**CONSOLIDATED ANNUAL REPORT
FOR THE FINANCIAL YEAR 2009/2010**

PREPARED ACCORDING TO THE INSTRUCTIONS
FOR THE PREPARATION AND PRESENTATION
OF PERIODICAL AND ADDITIONAL INFORMATION
ISSUED BY THE SECURITIES COMMISSION
OF THE REPUBLIC OF LITHUANIA



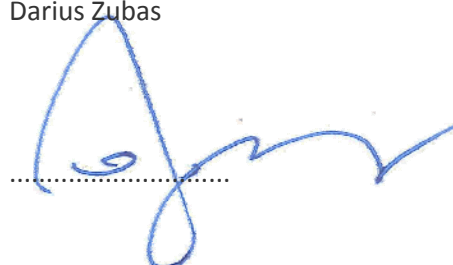
CONFIRMATION OF RESPONSIBLE PERSONS

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and submission of Periodical and Additional Information of the Lithuanian Securities Commission, we, Darius Zubas, General Director of AB Linas Agro Group and Tomas Tumėnas, Finance Director of AB Linas Agro Group, hereby confirm that, to the best of our knowledge, AB Linas Agro Group Audited consolidated and parent company's Financial Statements for the financial year ended 30 June 2010, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of assets, liabilities, financial position, profit or losses and cash flow of AB Linas Agro Group and the Group as well. We also confirm that review of the business development and activities, together with the description of the major risks and indeterminations incurred, are correctly revealed in the consolidated annual report for the 2009/2010 financial year.

AB Linas Agro Group Managing Director

Darius Zubas

30 September 2010



AB Linas Agro Group Finance Director

Tomas Tumėnas

30 September 2010



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1. MANAGING DIRECTOR'S ADDRESS



Dear shareholders,

On behalf of the Company management, I would like to express my pleasure of having the opportunity to present to you the results of AB Linas Agro Group for 2009/2010 financial year.

This financial year was a special one for us: we completed an initial public offering and were included in the main list of NASDAQ OMX Vilnius Stock Exchange. Less than six months later, already during the first review of OMX Baltic Benchmark index, shares of Linas Agro Group complied with the requirements of the index by the criteria of trade turnover and floating shares capitalisation. On 1 July, right after the end of the financial year, the company was included in the composition of OMX Baltic Benchmark comparative index. This is positive news both for investors and us, the company.

Even during a crisis period, before markets started to recover, we had managed to succeed in competing in the markets of Europe and other countries of the world. In 2009/2010, our turnover reached LTL 834 million. The group earned a net profit of LTL 33.5 million, i.e. 5 % more compared to the previous year (LTL 31.8 million). We are proud that we managed to achieve these results during a difficult period, when prices of agricultural products dropped and a global credit market crisis combusted.

As a result of the fall in prices of grains and shrinking demand for certain raw materials for feedstuffs, the sales of our companies decreased by 25 % (LTL 834 million) from the previous year (LTL 1,114 million). Profits grew owing to successful trade in grains, oilseeds and fertilisers as well as profitable operation of the joint ventures (UAB Dotnuvos Projektai and UAB Kustodija).

Exports remained to be a strategic area of the activities of our company and accounted for 71 % of all sales. Our business connections stretch out to more than 40 countries of the world. Our key business partners are based in Europe; however, we also export products to Asian and African countries. Usually, we export a major part of our products to our traditional “home” market – Scandinavian countries; however, in 2009/2010 exports to African and Asian countries amounted to similar volumes. Major part of products was shipped through Baltic Sea and Black Sea ports. Overall, we loaded our cargoes in six Baltic Sea ports, five Black Sea ports, three North Sea ports, and one Mediterranean Sea port as well as in one port on the Volga River. In order to strengthen our positions in the seaport of Klaipėda, we signed a long-term cooperation agreement regarding the expansion of the bulk grain terminal with the AB Klaipėdos Jūrų Krovinių Kompanija (SC Klaipėda Stevedoring Company (KLASCO)).

Activities of agricultural companies was one of the areas that were affected by the global prices most of all because low price of grains and milk, especially in the first half-year operating period, had a direct impact on the profitability of agricultural businesses. However, even these activities were profit-making and generated LTL 3.9 million in net profit for the Company.

We made a significant increase in sales of fertilisers in the Baltic countries. We sold 95 thousand tonnes of fertilisers, i.e. 2.9 times more as compared to the previous financial year. A successful initial public offering of shares and the funds received for acquisition of Farmer Service Centres with fertiliser warehouses allowed us to develop these activities.

We are making a good progress in the planned investment programme: by acquiring farmer servicing centres with warehouses, we strengthened the resource base for the trade in fertilisers in Lithuania and Latvia. We acquired a biofuel feedstock operator and plan to sell 50 thousand tons of lignin biofuel every year. After the end of the financial year we acquired a controlling stake in the Ukrainian fertiliser trading and manufacturing company CJSC UKRAGRO NPK and increased the number of controlled shares in ŽŪK Kupiškio Grūdai.

What has already been accomplished allows us to face the future of the Company and its Group companies with confidence. Our business is diversified and, therefore, sustainable. We will develop all areas of our activities, will launch new products, and will consistently approach our main goal – to become the leader of the agribusiness in the Baltic countries.

Sincerely yours,

Managing Director
Darius Zubas



2. REPORTING PERIOD OF THE ANNUAL REPORT

Financial year of AB Linas Agro Group starts on 1 July of each calendar year and ends on 30 June of the next year; therefore, this Report has been prepared for 2009/2010 financial year, and all the figures are stated as of 30 June 2010 unless it is indicated otherwise.

3. REFERENCES AND ADDITIONAL EXPLANATORY NOTES ON THE INFORMATION DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS

All the financial data disclosed in this Annual Report have been calculated in accordance with the International Accounting Standards and have been audited unless it is indicated otherwise.

The auditor of the Company is UAB Ernst & Young Baltic.

In this Annual Report, AB Linas Agro Group is referred to as the Company or the Group as the context may require.

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4. ABOUT THE COMPANY

4. 1. AB LINAS AGRO GROUP AND ITS GROUP OF COMPANIES

AB Linas Agro Group together with its subsidiaries and joint ventures is an integrated agribusiness developing Group of companies engaged in the production of and trade in agricultural produce, feed raw materials and other agriculture-related products. The Group is the leading exporter of grains and secondary products of food industry in the Baltic countries and the leader in supplies of agricultural inputs (such as certified seeds, fertilisers and agricultural machinery) in Lithuania. The Group carries out its trading operations mostly through its Denmark-registered subsidiary Rosenkrantz A/S. The latter company enhances the international reputation of the Group and ensures its position among the key players of the European market. The Group is a major grains and milk producer in Lithuania. In order to improve its operations, the Group has formed an extensive network of grain storages and logistics network for road, railway, and seaborne transportation.

The Group's activities are subdivided into five basic operating segments: Grains and Oilseeds, Feedstuffs, Farming, Agricultural Inputs, and Other Activities. Division into separate segments is dictated by different types of products and character of related activities; however, activities of the segments are often interconnected. The holding company performs only the management function and is not involved in any trading or production activities.

The total headcount of the Group, including its joint ventures and associates, amounts to 761 employees performing their functions in three countries. The financial year of most of the companies of the Group begin on 1 July.

4. 2. HISTORY AND DEVELOPMENT OF LINAS AGRO GROUP

The Group's history dates back to 8 July 1991, when several Lithuanian individuals lead by Darius Zubas established UAB Linas ir Viza (currently named AB Linas Agro) in Lithuania. Darius Zubas remains to be actively involved in business development and currently shares the positions of the Board Chairman of the Company and the Head of the Company. During the initial years of operations, UAB Linas ir Viza was engaged in international trade in agricultural produce, mostly rapeseed. UAB Linas ir Viza, renamed as AB Linas Agro in 2006, is the Group's oldest enterprise.

With a view to ensuring supplies of grains and rapeseed, in 1993 the Group started concluding cooperation agreements with Lithuanian farmers, which later on developed into the Rapeseed and Grains Cultivation Programme. The Programme was aimed at developing the relationships with farmers by consulting them on yield improvement issues as well as at expanding the Group's activities in the area of

agricultural inputs covering such products as certified seeds, fertilisers, agricultural machinery etc. In 1998, by acquiring a 50 % stake in UAB Dotnuvos Projektai, the Group started its operations in the agri-supplies market. The initial business model of UAB Dotnuvos Projektai was based on the distribution of agricultural machinery and agricultural produce of other producers to Lithuanian farmers; however, in 2001 the company put into operation its own seed processing factory and started trade in certified seeds of own processing.

In 2002, the Group continued the expansion in the area of agricultural produce by starting trade in plant protection products and microelement fertilisers through another joint venture, UAB Kustodija. The same year, the Group constructed its first brand new grain elevator and started to provide grain processing and storage services.

In 2003, the Group entered the market of primary agricultural production and for the purpose acquired several Lithuania farms engaged in dairy farming, crop production, and cultivation of rape and sugar beet.

In 2006, the Group started trading in solid biofuel. The same year, the legal form of UAB Linas ir Viza was changed, and the company was renamed as AB Linas Agro. The new name provided a better reflection of the direction and activities of the Group.

In 2007, the Group strengthened its positions in the area of rapeseed processing by launching UAB Mestilla, the operator of the biggest rapeseed processing and bio-diesel production facility in the Baltic countries (the company operates in Klaipėda). Shareholders of UAB Mestilla include Akola ApS (the majority holder in AB Linas Agro Group) and Statoil. UAB Mestilla is not a part of the Group although remains an important trading partner and client.

In 2008, the Group acquired a grain elevator in Šiauliai, which is currently the biggest grain storage facility of the Group. The same year, the Company was reorganised by changing its legal form and was renamed from UAB Agriveta into AB Linas Agro Group. In September 2008, all shares of AB Linas Agro were contributed to the authorised capital as an asset contribution. Finally, in 2008, the Group acquired 60 % of its long-term trading partner Rosenkrantz A/S. From then on, Rosenkrantz A/S is the main trading representative of the Group for West Europe and North Africa.

In 2010, AB Linas Agro Group completed initial public offering of shares and attracted LTL 98 million. Starting from 17 February 2010, the Company has been listed on NASDAQ OMX Vilnius Stock Exchange.

In 2010, the Company acquired UAB Lignineko, a lignin biofuel feedstock operator and Farmer Service centres in Joniškis and Kėdainiai.

4.3. STRATEGY AND GOALS

The long-term goal of Linas Agro Group is to develop in the markets of the Baltic countries and neighbouring markets, becoming the leader of the agribusiness in the Baltic countries. The development is implemented by expanding the available market shares and acquiring promising companies and recruiting best specialists in their respective fields. In the subsidiaries and other controlled companies, the Company implements its management model based on decentralised management, advanced internal culture, and professionalism. The main emphasis is placed on the quality of services in order to ensure that our key customers will wish to cooperate with us and that such cooperation would be carried out on a long-term and win-win basis.

The goal of the Group of companies AB Linas Agro Group is to achieve the trade turnover of agricultural raw materials amounting to 1.6 million tons and to carry out activities in four countries: Lithuania, Latvia, Denmark, and Ukraine in 2012/2013.

4.4. MISSION AND VISION

The mission of the Group covers the following three aspects important to the company management: creation of value for the clients, creation of value for the Company, and creation of a valuable workplace. All components of the mission are mutually related, and each of them is no less important than the others.

The mission of the Group:

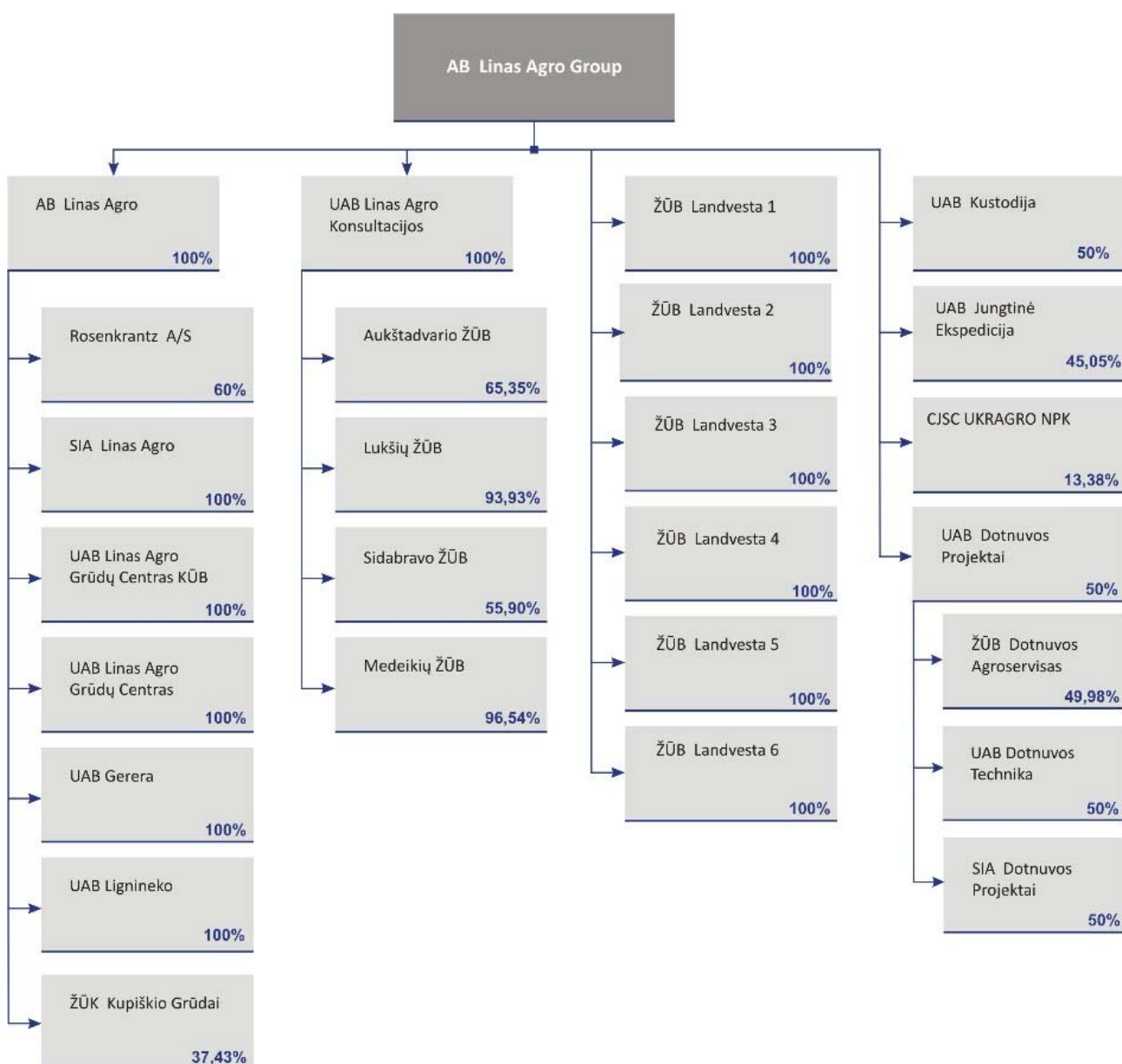
- to create value for clients along the chain of production, processing, and trading of agricultural produce;
- to seek constant growth of the company's value while ensuring maximum return on investments for shareholders and investors;
- to seek opportunities for professional development for employees in the organisation maintaining a high level of internal culture.

The latter part of the mission, i.e. the creation of an organisation with a high level of culture, is inseparable from the values which are cherished and implemented by the holding Company in its subsidiaries with the purpose to ensure that the values, which have been fostered during the nineteen years of the existence of the Group, are of importance for each employee of the Group in each country where the Group operates. No matter how the Group may develop and grow, the values fostered within the Group will never change. They include striving for progress, teamwork, long-term partnership, attention, tolerance, and respect to every person and the society.

The Company's vision is the ambitious dream to become the leader of the agribusiness in the Baltic countries not only in terms of size or turnover, but also in terms of the number of satisfied customers and employees as well as constant innovation.

4.5. STRUCTURE OF THE GROUP OF COMPANIES

Structure of AB Linas Agro Group (as of 30 June 2010):



4.6. KEY EVENTS

On 17 February 2010, AB Linas Agro Group was included in the main list of companies whose securities are traded on NASDAQ OMX Vilnius Stock Exchange.

On 30 March 2010, AB Klaipėdos Jūrų Krovinių Kompanija (SC Klaipėda Stevedoring Company (KLASCO)) and AB Linas Agro, a company controlled by AB Linas Agro Group, signed a long-term cooperation agreement regarding the expansion of the bulk grain terminal. The agreement provides that AB Linas Agro shall participate in the co-financing of the expansion of KLASCO bulk grain terminal, and will have an exclusive right to use silos warehouses with a capacity of approximately 40 thousand tons of grain and to ship grains through the terminal.

On 9 April 2010, AB Linas Agro, a company controlled by AB Linas Agro Group, acquired for LTL 1.95 million a 100 % interest of UAB Lignineko (total acquisitions costs including additional expense amounted to LTL 2.05 million). The acquired enterprise is the owner of lignin deposit in Zabieliškis village of Kėdainiai district.

On 26 April 2010, the joint venture UAB Dotnuvos Projektai set up a subsidiary in Latvia, SIA Dotnuvos Projektai, which will consolidate Latvian operations that were started five years ago.

On 11 May 2010, UAB Linas Agro Grūdų Centras KŪB, a company controlled by AB Linas Agro Group, signed an agreement of purchase and sale with UAB Arvi Fertis, under which purchased Joniškis Farmer Service Centre and Kėdainiai Farmer Service Centre for LTL 6,4 million.

On 12 May 2010, AB Linas Agro Group and UAB Arvi ir ko signed a preliminary agreement, under which AB Linas Agro Group was expected to purchase 50 % of shares of the Ukrainian company CJSC UKRAGRO NPK from UAB Arvi.

Most Recent Events

On 29 June 2010, AB Linas Agro Group and UAB Arvi ir ko signed a shares sale and purchase agreement, under which AB Linas Agro Group on July 1st, 2010 purchased 50 % of shares of the Ukrainian company CJSC UKRAGRO NPK from UAB Arvi for EUR 3,694,800 (LTL 12,757,405).

On 27 July 2010, Biržai district Medeikių ŽŪB acquired 36.36 % of shares of ŽŪK Kupiškio Grūdai for LTL 920,000 thus increasing the Group's shareholding to 72.53 %.

On 9 August 2010, SEB Bank increased the credit limit to AB Linas Agro, a subsidiary of Linas Agro Group engaged in international trade in agricultural products, owing to which the financing available for the

company's business development and working capital went up from LTL 80 million to LTL 132 million, i.e. by more than fifty per cent.

5. THE COMPANY'S ACTIVITY RESULTS

In 2009/2010 financial year, the Group's activities were affected by fluctuating product prices of the agricultural sector both on the international markets and in the Baltic region. The beginning of the season was marked by extremely low purchasing prices of grains and milk, which recovered slightly, especially those of milk, in the course of the year. This factor became one of the main causes of a decrease in the Group's sales in terms of litas: over 12 months, the Group's sales totalled to LTL 834 million, a slump of 25 % compared to 2008/2009 season (LTL 1,114 million). The Group's sales in terms of tons dropped by 13 % to 1.21 million (as compared to 1.39 million tons in 2008/2009). The Group virtually managed to maintain pre-crisis sales in terms of tonnage despite of an overall weakening of the purchasing power in the agricultural sector, shrinking financing from banks and actually complete disappearance of debtor insurance for Baltic companies.

The specifics of the trading season formed a major factor of influence on the decrease in trade volumes: although each season differs from the previous one, the trading season of 2009/2010 distinguished by the prevailing downward trend in prices. This is why most of trade transactions were made on the spot basis. Besides, customers purchased goods in especially small lots in order to secure themselves against price fluctuations or due to the lack of financing.

Farming was one of the areas that were affected by the global prices most of all because low price of grains and milk, especially in the first half-year operating period, had a direct impact on the profitability of agricultural businesses.

The Group managed to increase the gross profitability from 6.8 % last year to 8.4 % this year and significantly surpassed the sector's currently prevailing gross profitability level of 5.5-6.5 %. However, lower sales caused the gross profit to drop by 7 % from LTL 75.7 million last year to LTL 70.3 million this year.

In response to tough economic conditions, the Group sought effective management solutions and cut its operating expenses by 8 %. The reduction in the Group's operating expenses, even despite the cost related to the initial public offering (IPO), down to LTL 32 million (LTL 35 million in 2008/2009 financial year) testify the efficiency of the cost-cutting policy.

With the gross profit having plunged, the Group's EBITDA fell respectively to LTL 49.7 million, an 11 % drop from 2008/2009. However, despite of the economic downturn and a fall in the purchasing power of the agricultural sector, the Group managed to earn a net profit of LTL 33.5 million. The profitability was

also positively influenced by the successful initial public offering completed in February since the attracted funds enabled the Group to implement the investment programme, whose positive outcomes, especially in the fertilisers trade sector, showed up as soon as in the results of 2009/2010 financial year.

Lithuania was the Group's biggest supply market, providing 530 thousand tons of products, mostly wheat (284 thousand tons) and rapeseed (105 thousand tons). The second largest supplier was represented by the CIS member countries, where 354 thousand tons of various products were sourced, with protein raw materials for feedstuffs accounting for 40 % of the volume. European countries (other than Scandinavian countries and Lithuania) were the third largest supply market with a purchase volume of 291 tons of products, mostly maize, soybean meal and wheat.

Highest export volumes were taken by Scandinavian and African countries (196 thousand tons each), while most of cargoes were shipped through Baltic Sea and Black Sea ports. Major part of products was shipped through Baltic Sea and Black Sea ports. Cargoes dispatched through Baltic Sea ports amounted to 660 thousand tons, with the biggest volumes transhipped by the ports of Ventspils, Klaipėda, and Liepāja. Black Sea ports handled goods from Ukraine, Russia, and Romania totalling to 198 thousand tons. Overall, the Group loaded cargoes in six Baltic Sea ports, five Black Sea ports, three North Sea ports, and one Mediterranean Sea port as well as in one port on the Volga River.

Key performance indicators

	12 months of 2009/2010	12 months of 2008/2009
Turnover (in tons)	1,211,865	1,386,721
Sales (LTL)	834,116,000	1,113,880,000
Turnover (in tons) by segments:		
Grains and oilseeds	770,618	868,486
Feedstuffs	284,072	412,688
Agricultural inputs	95,595	33,971
Farming	42,335	49,332
Other products and services	19,245	22,244
Net profit (LTL)	33,510,000	31,771,000

The Group's activities are subdivided into five basic operating segments: Grains and Oilseeds, Feedstuffs, Farming; Agricultural Inputs; and Other Products and Services. Division into separate segments is dictated by different types of products and character of related activities. Activities of the segments are often interconnected. For example, activities of the Crop production programmes in Lithuania and Latvia involve the sectors of Agricultural Inputs, Farming, and Other Activities. The final product of the crops production programmes – the agricultural produce of farmers – already form a part of the supply chain of another segment, Grains and Oilseeds.

5.1. GRAINS AND OILSEEDS

The segment of grains and oilseeds is formed by supplies of and international marketing of various grains and oilseeds. Grains mean wheat, barley, maize, and some other types of grains. Oilseeds mean rapeseed, sunflower seed, and linseed. The Company has been operating in this sector since 1991, and this activity generates its biggest incomes.

The Group's activities in this segment were profitable and generated LTL 26.9 million of gross profit; however, this figure is 20 % smaller than that of the previous year. Although profitability went up from 5.1 to 5.97 %, lower amounts in tons and turnover generated lower gross profit. The Group's sales in this segment of activities amounted to LTL 451 million (LTL 662 in 2008/2009). 771 thousand tons of various grains were sold. The biggest contributors to this volume included wheat (394 thousand tons), rapeseed (171 thousand tons) and maize (119 thousand tons). The sale volumes of the two former products grew by 6 %, and the Group remained the leader in sales of rapeseeds in Lithuania. In the meanwhile, sale volumes of feed grains decreased: trade in terms of tons in maize dropped 34 %, and that in barley slashed 53 % down to 52 thousand tons. Such a decrease in trade volumes was caused by a sharp shrinkage of trade in feed grains in the markets since prices of feed grains were very low due to unusually low international prices of food grains. For example, prices of barley fell to the intervention level and, therefore, exports of barley became economically unreasonable. Imports of maize into the EU member states were limited by changing import duties, which resulted in a decrease in the volume of maize sold by the Group compared to the record 2008/2009 year.

A considerable part of export products was purchased in Lithuania. An amount of 380 tons of grain and oilseeds of the 2009 harvest was purchased from Lithuanian farmers, i.e. 36 % more than a year before. The growth in the purchase volumes was achieved owing to bigger contracted areas of crops, subsidies to producers of energy rapeseed and wheat, and implementation of new effective logistics solutions.

A major part of products purchased in Lithuania was cultivated on a contractual basis with advance payments for the future harvest. These activities, called the Crop production or Rapeseed and Grain

Cultivation Programmes, have been carried out in the Company since 1993. At that time, the Company was the first in Lithuania to start provision of credits to rape producers and, several years later, to cereals producers. Every year, more than one thousand agricultural companies and farmers participate in the Rape and Grain Cultivation Programmes, and in 2009/2010 the Company had 1,330 contracted agricultural producers. For 2010 harvest the Company signed contracts for a 102 thousand ha or 3 % more as year ago. Most of the contracts were signed for the cultivation of winter wheat – for an area of 37 thousand ha, winter oilseed rape – for an area of 22 thousand ha, and spring oilseed rape – for an area of 23 thousand ha.

5.2. FEEDSTUFFS

This segment of activities includes international supply of and trade in and secondary products of the food industry (such as sunflower cake and sunflower meal, sugar beet pulp, rapeseed cake etc). Such feed-related products as soya beans, soybean cake and vegetable oil also fall within the scope of this segment. The Group purchases various secondary products of the food industry and consolidates them into bigger lots suitable for export.

The gross profit of this activity dropped 34 % from the level of the previous period to LTL 12 million. The repercussions of the world crisis continued to affect buyers in this segment – with limited or no financing in hand, buyers purchased products in especially small lots. Trading in feedstuffs in the Baltic countries started to recover only in late autumn.

Sale volumes of feedstuffs amounted to 284 thousand tons, or 31 % less than in the corresponding period of the previous year (413 thousand tons). The biggest drop was recorded in the trade in sugar beet pulp pellets where just over 2 thousand tons of the products were sold (36 thousand tons in 2008/2009). Low international grain prices significantly reduced the demand for this alternative intended for feed production since cheap grain allowed feed producers to abandon the use of any grain substitutes.

As a result of unfavourable market condition, sugar factories suspended the production of sugar beet pulp pellets, and no trade in this product was actually carried out during January – June. Trade in soybean meal dropped by 14 % – as a measure of risk management, the Company itself reduced sale amounts due to sharp fluctuation in prices.

As a result of low market prices, trade volumes of rapeseed cake plunged by 81 % to 17 thousand tons. In the meantime, trade in sunflower cake and sunflower meal increased by 15 % to a record 163 thousand tons.

5.3. AGRICULTURAL INPUTS

This segment covers supplies of such important products for crop production as certified seeds, fertilisers, plant protection products, and agricultural machinery to farmers. The Group provides consultancy on the latest trends in agriculture and, in cooperation with scientists, prepares and improves crop production technology for those farmers with whom the Group concluded Crop production contracts. This activity was started back in 1993 by crediting rapeseed producers.

A major part of agricultural inputs are sold through the joint ventures UAB Dotnuvos Projektai and UAB Kustodija. The operating results of these companies are not shown on the segment reports because they are not consolidated in the Group (their results are accounted by the equity method).

This year, agricultural inputs were one of the most successful business segments in terms of turnover and profitability: sales rocketed by 75 % to LTL 102 million as compared to LTL 58 million in 2008/2009 financial year. Such growth in turnover was achieved owing to higher sales of fertilisers: nearly 3 times more fertilisers were sold in Lithuania and Latvia than during the same period than a year before, i.e. 95 thousand tons. Sale volumes of fertilisers grew as a result of expansion of wholesaling and effective solutions in sales promotion and logistics.

Sales of plant protection products amounted to LTL 17 million as compared to the corresponding number of more than LTL 10 million a year before. Sales of seeds generated LTL 4 million as compared to LTL 1.6 million in the previous year. The increase in sales of these products was achieved owing to the development of crop production programmes and higher demand preconditioned by meteorological conditions – for reseeding of seeds of winter crops damaged by frosts and for pesticides for fighting an outbreak of weedage and plant diseases.

Gross Profit earned in this segment totalled to LTL 12.6 million, i.e. 3.3 times more than a year before. The Group continues expanding its activities and market share in this business segment. In May, the Group acquired farmer servicing centres and fertiliser warehouses in Joniškis and Kėdainiai from UAB Arvi Fertis in order to strengthen its positions in fertiliser imports and retailing in fertilisers in supplying them to farmers involved in crop production programmes. The newly acquired warehouses, which can accommodate 13 thousand tons of fertilisers, increased the total capacity of Linas Agro fertiliser warehouses to 35 thousand tons. Currently, fertilisers are stored in the Grain centres of Linas Agro in Joniškis, Kėdainiai, Šiauliai, and Vilkaviškis as well as in the elevator of Kupiškio Grūdai. The investment in the farmer servicing centres with fertiliser warehouses allows the Group to consolidate its positions on the fertiliser trade market not only in Lithuania, but also in Latvia. In 2010/2011, it is planned to start packaging of fertilisers into big-bag in Joniškis farmer servicing centre for shipping them to Latvia. The Company plans to increase its sales of fertilisers to 160 thousand tons over the two upcoming seasons.

UAB Dotnuvos Projektai, one of the biggest Lithuanian sellers of agricultural machinery, seeds and elevator equipment operated by the Group jointly with its partners, set up its subsidiary SIA Dotnuvos Projektai in Jelgava (Latvia) which will strengthen the activities started in Latvia five years ago. It is planned that the Company's sales will increase by 25-30 %.

At the end of 2009/2010 financial year, the Group has signed a share purchase agreement regarding acquisition of 50 % of shares of the Ukrainian fertiliser producer and trader CJSC UKRAGRO NPK, and AB Linas Agro Group directly controls 63.38 % in the company from 1 July 2010. CJSC UKRAGRO NPK is engaged in production of blended NPK fertilizers as well as wholesale and retail trade of various fertilizers. Thirteen fertilizer distribution warehouses run by CJSC UKRAGRO NPK are located in the most important Ukraine's agricultural regions. NPK fertilizers blends are being produced in production units located in West, Central and East Ukraine. The acquisition of a controlling stake in the company will allow AB Linas Agro Group to increase volumes of trade in fertilisers and consolidate its foothold in Ukraine.

5.4. FARMING

This segment covers primary production of agricultural produce: dairy production as well as cultivation of grains, rape, and sugar beet. The Group controls four agricultural companies which are based in the most yielding Lithuanian areas – Panevėžys district Aukštadvario ŽŪB, Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB and Sidabravo ŽŪB (Radviliškis district). These enterprises provide a part of resources required by the Grains and Oilseed Segment. They also produce various types of feedstuffs which are mostly used for feeding the Company's own livestock.

Agricultural companies controlled by UAB Linas Agro Konsultacijos faced a high market price fluctuations: fertilisers, which were purchased at high market prices a year earlier, increased the cost of the cultivated produce, while purchase price of agricultural produce went down significantly. For example, purchase prices of grains dropped by 28 %, and rapeseed purchase prices fell by 34 %.

Milk purchase prices in July – August were of the lowest during the recent three years down at LTL 0.58/l; therefore, each litre of sold milk brought a loss of 10 – 12 cents. In October, milk price increased to LTL 0.68/l, and the upward trend continued into November and December with prices reaching LTL 0.75/l and LTL 0.83/l, correspondingly. In the second half-year period, milk prices stabilised, and the average base-indicator milk price was LTL 0.83/l. Growing prices of grain in spring had no impact on the results because grain had been sold earlier at lower prices. In the winter of 2010, 450 ha of winter wheat and 600 ha of winter oilseed rape froze, and they had to be reseeded with spring wheat and oilseed rape.

The total turnover of the group of companies of UAB Linas Agro Konsultacijos over the year amounted to LTL 31 million, i.e. 16 % lower than in the corresponding period of 2008/2009 (LTL 37 million). The companies together produced more than 31 thousand tons of grains, mostly wheat (over 15 thousand tons), barley (8.6 thousand tons), and rapeseed (6.1 thousand tons). Winter and spring wheat matched best of all, with yields reaching 6.5 t/ha and 5.5 t/ha, correspondingly (while the average yield in Lithuania was 4.6 t/ha). The overall yield of spring and winter oilseed rape reached 3.1 t/ha (as compared to the average Lithuanian yield of 2.5 t/ha).

The Group's output of milk amounted to 11.1 thousand tons or 12 % more than in 2008/2009 (9.9 thousand tons). A growth in milk production was achieved owing to a 6 % increase in the herd and improved average milk yield per cow (herd amounts to 1467).

In autumn 2009, the agricultural companies sowed more than 4.1 thousand ha, and largest areas of crops were covered with winter wheat (2.1 thousand ha). In spring 2010, almost 4.9 thousand ha were sowed for crops, with the largest areas being occupied by summer oilseed rape (1.7 thousand ha) and wheat (1.5 thousand ha). The Company sowed over than 9 thousand ha of various cultures, similar to previous year, and 502 ha left for the greenlands.

In the fourth quarter of the year, the companies received planned subsidies and ended the financial year with a total net profit of LTL 3.9 million.

5.5. OTHER PRODUCTS AND SERVICES

This segment includes all other activities which cannot be attributed to any of the aforementioned key segments. This segment covers sales of solid biofuel, services of grain storage facilities as well as other products and services.

The activities of this segment were less profitable than during the previous year, with the total profit decreasing 32 % to LTL 10 million over the year.

Already during a second year in succession, trading in solid biofuel has been affected by the global crisis. As a result of unfavourable market condition and zero demand, next to no trade was carried out in 2009/2010 financial year. Sales turnover in tons dropped by 16 %, and only one product, sunflower husk granules, was traded. The sales of this product, which amounted to 19 thousand tons, generated a gross profit of LTL 633 thousand.

However, trade in solid biofuel remains to be a promising business. The Group expects improvements in this area of activities in 2010/2011 financial years and thereafter; therefore, it invested in this promising business by acquiring Lignineko, the operator and owner of lignin biofuel feedstock. It is

planned to annually supply 50 thousand tons to the markets of Lithuania and neighbouring countries to an amount of LTL 7 million.

Another big portion of income in this segment is generated by providing value-added services such as cleaning, drying, storage, transportation and sales of grains and oilseeds, which form the link between the supply markets of the Group and its customers. These services are rendered by the elevators operated by the Group in Joniškis, Kėdainiai, Kupiškis, Šiauliai, and Vilkaviškis, which can store more than 148 thousand tons of grain at a time.

Income of the elevators from services amounted to LTL 18 million (including sales with related parties), a level similar to the previous year, while net profit reached LTL 5.3 million. A major part of the income was generated by grain processing services. Overall, during the reporting period, elevators handled 408 thousand tons of various products including grains, rapeseed, feedstuffs, and fertilisers, or by 9 % more than a year earlier. The quantity of wheat accepted and processed in the elevators amounted to 201 thousand tons, and it became the biggest contributor to the general volume. Operating results of the elevators located in different regions of Lithuania differed depending on the yields of grains in the relevant region and local competition between grain processing entities. The biggest amount of products, 116 thousand tons or 23 % up from the same period of the previous year, was handled by Kėdainiai elevator; Vilkaviškis elevator increased its volumes by 5 % from the previous year, to 100 thousand tons; the quantity of products processed by Joniškis elevator decreased by 5.6 % to 85 thousand tons; and Šiauliai elevator improved its results by 28 % to 69 thousand tons. The elevator of the agricultural cooperative Kupiškio Grūdai handled 38 thousand tons of products, or 10 % less than in the record previous year.

The growth in turnover of grains was furthered by the operations of grain acceptance sites that were commissioned in Lukšiai, Medeikiai, Sidabravas, and Kuršėnai at the beginning of the season. However, a low grain price level prevented from reaching even higher turnover, which prompted farmers to store grains in expectation of intervention purchases and higher prices rather than to sell them.

As well as every year, the modernisation of elevators continued: new platform truck scales were purchased in order to equip season grain acceptance sites in Sidabravas and Kuršėnai. Šiauliai elevator acquired a new laboratory furnace, which has facilitated the work of the laboratory, and a new telescopic loader. A similar telescopic loader was purchased by Vilkaviškis elevator. Renovation of Šiauliai elevator started; the facade of the administration building was renewed; and construction work of the administration building of ŽŪK Kupiškio Grūdai with a new spacious laboratory and modern personnel facilities were almost completed.

The project on the modernisation of the drier of Šiauliai elevator, the cost of which amounted to approximately LTL 1.98 million, was implemented. A new high-capacity grain drier was installed; a part of the transporting equipment was replaced; and an automation and control system was implemented.

After the acquisition of Joniškis and Kėdainiai farmer servicing centres and expansion of its own storage facilities, the Group's storage facilities increased by 20 thousand tons to 148.7 thousand tons by the end of the year.

As a part of the customer service improvement programme, Linas Agro continued the electronic communication project launched at the beginning of 2009, the first step of which was the creation of e-mail boxes of the crop production sector customers and abandonment of traditional paper documents by switching to electronic documentation. This effort allowed to save money, accelerated the speed of communication, and contributed to environmental protection. In 2009/2010, the improvement of electronic communications was continued, and publication of certain information intended for customers, for example, the Company's electronic product catalogue, was started in the internet site www.rapsai.lt.

A wide range of measures for the improvement of customer relations were implemented: in order to form conditions for farmers to insure themselves against market fluctuations, contracts for the advance purchase of a part of the harvest were offered and various trading campaigns were arranged. Farmers were offered the programme of accruing discounts on elevator services "Bring More Grains and Pay Less for Services".

Certain technological changes allowed improving customer service: for example, grain acceptance tracks were rearranged in Šiauliai elevator by redirecting barley to the wheat elevator, which allowed acceptance of rapeseed at two points while significantly improving their unloading and preventing queues. A new service, transshipment of buckwheat, was launched in Kėdainiai.

Alongside with traditional measures for the improvement of cooperation with crops cultivating farms (visiting of farms together with scientific consultants and trips to the field days to Latvia), customer relations were consolidated at the exhibitions *Agrovision 2009* and *As You Sow 2010*. The companies of the Group participated in the annual international grain trading conference *European Commodities Exchange*, where they established many useful contacts.

During years 2008–2010, the Company presented to Lithuanian farmers the cereal cultivation technologies applied in demonstration farms, which disclosed the advantages of separate varieties of winter rye, triticale, wheat and malting barley. Taking into consideration the farmers' interest in the solutions implemented in the demonstration farms, the Company plans to renew its demonstration farm in Aukštadvaris Agricultural Company in Panevėžys district. There, AB Linas Agro jointly with Aukštadvario ŽŪB and UAB Dotnuvos Projektai will implement intensive oilseed rape cultivation technologies and present

their results for the assessment of crops producers. Rapeseed producers will be able to assess the effect of agrotechnical solutions offered and agrochemical products sold by AB Linas Agro as well as the advantages of specific linear and hybrid varieties of oilseed rape.

In 2009, AB Linas Agro Group was elected the best production company of Panevėžys County, while AB Linas Agro became the best innovative company of Panevėžys in 2009. Rosenkrantz A/S became Denmark's Gazelle in 2009.

The next season for the Group will be full of challenges, which will be preconditioned by a sharp rise in grain prices and harsh natural conditions in the Baltics and other European countries as well as in Russia and Byelorussia. However, the Group plans further growth in trading volumes of fertilisers and grains and implementation of its investment programme which covers the trade in new products, grain storage facilities and geographic expansion.

6. FINANCIAL REVIEW

Main financial indicators	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	Change (09/10)/ (08/09)	Change (09/10)/ (08/09) (%)
Sales	661,371	907,006	1,113,880	834,116	(279,764)	-25
Gross profit	42,767	75,929	75,739	70,341	(5,398)	-7
EBITDA	32,826	66,331	56,001	49,740	(6,261)	-11
Profit from operations	26,469	52,201	44,531	39,684	(4,847)	-11
Earnings before taxes (EBT)	22,222	49,986	40,348	39,988	(360)	-1
Net profit	18,023	41,269	31,771	33,510	1,739	5
Margins						
Gross margin	6.5%	8.4%	6.8%	8.4%	1.6%	24
EBITDA margin	5.0%	7.3%	5.0%	6.0%	1.0%	19
Operating profit margin	4.0%	5.8%	4.0%	4.8%	0.8%	19
Earnings before taxes margin	3.4%	5.5%	3.6%	4.8%	1.2%	32
Net profit margin	2.7%	4.6%	2.9%	4.0%	1.1%	41
Solvency ratios						
Current ratio	1.0	1.2	1.2	1.95	0.74	61
Debt / Equity ratio	1.1	1.4	1.0	0.5	-0.5	-46
Net financial debt / EBITDA	3.0	2.7	2.6	2.1	-0.5	-18
ROE	18.7%	31.2%	20.4%	12.7%	-7.7%	-37
ROCE	14.8%	20.0%	16.0%	10.6%	-5.4%	-34
Basic and diluted earnings per share (LTL) (EPS)	0.41	0.94	0.69	0.30	-0.39	-57
Main financial indicators according to business segments						
Grains and oilseeds						
Volume (tons)	300,535	564,324	868,486	770,618	-97,868	-11

Main financial indicators	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	Change (09/10)/ (08/09)	Change (09/10)/ (08/09) (%)
Sales (LTL in thousands)	197,432	476,096	662,145	450,736	-211,409	-32
Gross margin (LTL in thousands)	8,600	17,679	33,513	26,925	-6,588	-20
Gross margin (%)	4.4%	3.7%	5.1%	6.0%	0.9%	18
Feedstuffs						
Volume (tons)	539,078	420,791	412,688	284,072	-128,616	-31
Sales (LTL in thousands)	382,592	329,983	349,382	254,745	-94,637	-27
Gross margin (LTL in thousands)	15,780	30,628	18,395	12,156	-6,239	-34
Gross margin (%)	4.1%	9.3%	5.3%	4.8%	-0.5%	-9
Agricultural inputs						
Volume (tons)	55,821	52,840	33,971	95,595	61,624	181
Sales (LTL in thousands)	52,326	73,314	58,176	101,644	43,468	75
Gross margin (LTL in thousands)	5,279	7,560	3,817	12,638	8,821	231
Gross margin (%)	10.1%	10.3%	6.6%	12.4%	5.8%	89
Farming						
Volume (tons)	28,069	36,628	49,332	42,335	-6,997	-14
Sales (LTL in thousands)	22,849	32,644	37,056	31,021	-6,035	-16
Gross margin (LTL in thousands)	6,869	11,978	5,368	8,694	3,326	62
Gross margin (%)	30.1%	36.7%	14.5%	28.0%	13.5%	93
Other products and services						
Volume (tons)	4,877	13,933	22,244	19,245	-2,999	-13
Sales (LTL in thousands)	25,566	32,172	43,216	33,039	-10,177	-24
Gross margin (LTL in thousands)	6,239	8,084	14,645	9,928	-4,717	-32
Gross margin (%)	24.4%	25.1%	33.9%	30.0%	-4%	-11
Total volume (in tons)	928,380	1,088,516	1,386,721	1,211,865	-174,856	-13

Review

In 2009/2010 financial year, the Group's activities were affected by fluctuating product prices of the agricultural sector both on the international markets and in the Baltic region. The beginning of the season was marked by extremely low purchasing prices of grains and milk, which recovered slightly, especially those of milk, in the course of the year. This factor became one of the main causes of a decrease in the Group's sales in terms of litas: over 12 months, the Group's sales totalled to LTL 834 million, a slump of 25 % compared to 2008/2009 season (LTL 1,114 million). Sales dropped almost in all sectors of activities except for Agricultural Inputs. The latter segment of activities was the most successful for sales in terms of revenue and tons in 2009/2010 operating season owing to a triple growth in trade in fertilisers. The overall downturn both in the Baltic region and on the international markets had an adverse impact on the demand for agricultural produce. Other factors that affected sales included weakening of the general purchasing power in the agricultural sector, shrinking financing from banks and actually complete abandonment of

insurance debtors for Baltic companies. As a result, the Group's sales in terms of tons dropped by 13 % to 1.21 million (as compared to 1.39 million tons in 2008/2009).

Alongside with lower sales, the cost of the Group's products and services also decreased to LTL 764 million (in 2008/2009, it reached LTL 1,038 million). The cost of inventory dropped from LTL 882 million to LTL 678 million, i.e. by 23 %. Logistics expenses, which normally account for up to 11 % of the total cost, amounted to LTL 72 million, i.e. 42 % down from the previous year (LTL 125.9 million) as a result of lower transportation rates and volumes. The Group earned LTL 70.3 in gross profit, or 7 % less than in 2008/2009 season (LTL 75.7 million). The Group managed to increase the gross profitability from 6.8 % last year to 8.4 % and surpassed the sector's currently prevailing gross profitability level of 5.5-6.5 %. The profit margin was of the highest in the operating history of Linas Agro Group.

Operating expenses decreased from LTL 35 million to LTL 32 million. The decrease is attributed to lower expenses on consulting, administration and rent of premises, telecommunications, stationary and office services. During the reporting period, these expenses dropped by 41 %, 16 %, 35 %, and 14 %, correspondingly. In response to tough economic conditions, the Group sought effective management solutions and cut its operating expenses by 8 %. The reduction in the Group's operating expenses, even despite the cost related to the initial public offering (IPO), testify the efficiency of the cost-cutting policy. Despite of this fact, the Groups operating profit amounted to LTL 39.7 million, i.e. 11 % less than in 2008/2009 season (LTL 44.5 million).

With the gross profit having plunged, the Group's EBITDA fell respectively to LTL 49.7 million, an 11 % drop from 2008/2009.

Operating profit from associates and joint ventures slumped to LTL 2.7 million, or by 34 %, from 2008/2009 season (LTL 4.1 million). The sales and profitability of the aforementioned companies were affected by the overall economic downturn.

As a result of falling prices of grains, the Group's demand for working capital decreased correspondingly. This became one of the main reasons that predetermined lower financial expenses. Interest expenses went down from LTL 11.3 million to LTL 5.1 million. Interest of banking loans decreased correspondingly (from 5.55 % to 3.35 %). The pre-tax operating profit of the Group amounted to LTL 40 million, i.e. stayed almost at the same level as the profit for the previous year (LTL 40.3 million).

The net profit of the whole Group reached LTL 33.5 million and was 5 % higher than that of 2008/2009 season (LTL 31.8 million). In addition to the aforementioned factors, the profitability was positively influenced by the successful initial public offering completed in February since the attracted funds enabled the Group to implement the investment programme, whose positive outcomes, especially in the fertilisers trade sector, showed up as soon as in the results of 2009/2010 financial year.

During the previous season, the Group did not implement any significant scientific research projects.

Cash flow and liquidity

The objective of the Group is to have sufficient financial resources, to maintain high liquidity and quality of the balance sheet, to have sufficient flexibility and space for borrowing and satisfying the Group's needs in working capital and investments.

As of the balance-sheet date, the Group had LTL 34 million in cash and money equivalents, and its current solvency ratio was 1.95 (compared to 1.2 in 2008/2009 season). The debt to equity ratio was 0.5 (in the previous year, it was equal to 1). The Group's relative net debt to EBITDA ratio was 2.1.

The Group's net cash flow was positive and amounted to LTL 25.8 million (LTL 0.36 million in 2008/2009). Cash flows from operating activities before the changes in the working capital amounted to LTL 38 million and minus LTL 21.9 million after the changes (LTL 64.5 million in 2008/2009 financial year). Such changes were mainly caused by in an increase in trade receivable and decrease in trade payable accounts. The increase in trade receivable amounts is related to the expansion of the fertilisers activities. Farmers are the main buyers of fertilisers, and this service is critical for them; however, they lack financial resources for making payments within a short period of time. Such form of providing credits to farmers enables the Group to expand its client base and to plan larger volumes of grain purchase in the future. The decrease in trade payables is related the changes in policies of credit insurance institutions and banks. After debtor insurance was virtually cancelled for companies of the Baltic countries, terms of payment for suppliers were shortened, which influenced the decrease in the Group's trade debts.

The Group's investment cash flow was negative and amounted to LTL 6.8 million, which was predetermined by the implementation of the Group's expansion programme. The Group acquired Farmer Servicing Centres (LTL 6.4 million) in order to strengthen its fertiliser activities in Lithuania and Latvia and concluded a preliminary agreement regarding the acquisition of the fertiliser producer and trader CJSC UKRAGRO NPK (Ukraine) (LTL 12.8 million). UAB Lignineko, a company which has biofuel raw materials, was also acquired (LTL 2.05 million).

The Group's cash flows from financial activities were positive and amounted to LTL 54.6 million. Such cash flows were determined by capital consolidation (successfully completed initial public offering of shares) and decreased demand for working capital. The Group finances its working capital in three banks: AB SEB Bankas, BNP Paribas, and ABN Amro Bank N.V, Bank of Netherlands. The credit limits in the aforementioned banks total to LTL 177 million. As a result of the fall in prices of grain crops, the Group

utilised approximately 48 % of the credit limits approved by it and redeemed a debenture issue worth LTL 15 million.

7. SCOPE OF RISK AND MANAGEMENT THEREOF

In 2009/2010 financial year, the Company succeeded in avoiding the risks declared by the Company.

7. 1. MARKET RISK

Market risk shall be understood as a risk to generate a profit lower than planned if the tone of market prices is unfavourable. This may happen if market price fell below the intervention prices (minimal purchase prices for grains established by state authorities) as it would prevent the Company from receiving surplus profit. In a market situation when grain purchase prices fall due to certain reasons, intervention prices are used as a leverage to uphold a certain price level and thus to ensure guaranteed income to farmers. When intervention prices are higher than or identical to market prices, the company of the Group sell the purchased grains to the agency and thus earn certain income which under regular market conditions would be lower than market prices. Starting from 2005, intervention prices are set by the EU and are calculated for two years in advance. The mechanism has not been applied so far; however, if intervention prices were applied, the Group would have been deprived of surplus profit. In 2009/2010 financial year, this risk did not manifest itself as regards the Company and its Group companies.

In order to manage the price risk related to certain products, the Group concludes forward contracts on NYSE Euronext Paris SA. The Group trades in forwards in order to manage the price risk arising from purchasing rapeseeds and wheat from farmers. The Group has approved an internal trade risk management system and established the credit risk management committee which analyses trade transactions entered into by the company as well as their amounts and limits. A part of buyers (buyers' solvency risk) are insured with international insurance companies.

7. 2. RISK RELATED TO ACTIVITIES OF CONTROLLED COMPANIES

The companies controlled by the Group are involved in trade in agricultural inputs, implementation of crop programmes, warehousing of agricultural products and other activities. Although operations of a majority of controlled companies are profitable, negative changes in the markets, where the parent company and controlled companies operate, may affect its profitability. Managers of in charge of corresponding activities constantly monitor and analyse the activities of companies controlled by the Group,

essential transactions, provide budgets of activities of the controlled companies to the Group management and, correspondingly, control their execution and material changes.

7. 3. POLITICAL RISK

Agriculture is a strictly regulated and supervised sector of economy in the European Union. Although this regulation and control are mostly aimed at ensuring sufficient income for entities engaged in agricultural activities, political changes may affect the situation in the market where the Group operates. For example, reduction of subsidies to agriculture may affect the activities of agricultural companies controlled by the Group.

7. 4. SOCIAL RISK

The experience and knowledge of the management determine the ability of the Group to retain its competitive status and implement its growth strategy. However, there are no guarantees that all key employees of the Group will stay with the Group in the future. Loss of such employees or the Group's failure to recruit new employees possessing appropriate knowledge may have a significant adverse impact on the business outlook and financial position of the Group. Non-competition agreements are signed with some executives.

8. EMPLOYEES

As of 30 June 2010 the number of employees of the Group was 532 or 10 employees less as of 30 June 2009 (at that time was 542). As of 30 June 2010 the number of employees of the Company was 9 (4 as of 30 June 2009).

Distribution of employees of the Group by positions and average monthly salary before taxes:

	The number of employees at the end of financial year		Average monthly salary before taxes in LTL	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Managers	36	32	7,639	8,184
Specialists	164	164	3,037	3,064
Workers	332	346	2,060	1,767
Total for the Group	532	542		

Distribution of employees of the Group by education degree held:

	Employee education	
	30 June 2010	30 June 2009
Graduate academic	151	149
Higher education	104	106
Secondary education	251	259
Primary	26	28
Total for the Group	532	542

Distribution of employees of the Group by business segments:

	Employees of the Group by business segments	
	30 June 2010	30 June 2009
Grains and oilseeds	20	20
Feedstuffs	25	23
Farming	349	371
Agricultural inputs	109	99
Other products and services	1	1
Administration not attributed to any specific segment	28	28
Total for the Group	532	542

Distribution of employees of the Group by geographical locations:

	Geographical distribution employees	
	30 June 2010	30 June 2009
Lithuania	515	525
Latvia	9	11
Denmark	8	6
Total for the Group	532	542

AB Linas Agro Group has no collective agreement.

All employment contracts concluded by AB Linas Agro Group with the Company's employees are entered into in accordance with the Labour Code of the Republic of Lithuania. Both hiring and dismissal of employees is carried out pursuant to the requirements of the Labour Code. No special rights or obligations of employees are provided for in employment contracts.

Employees have undertaken the obligation of non-disclosure of confidential information. Some Board members and key executives have signed confidentiality and non-competition agreements.

8.1. AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF ITS BODIES, MEMBERS OF ESTABLISHED COMMITTEES, OR EMPLOYEES THAT PROVIDE FOR COMPENSATIONS IN CASE OF RESIGNATION OR DISMISSAL OF THE AFOREMENTIONED PERSONS WITHOUT A JUSTIFIED REASON, OR IF THEIR EMPLOYMENT IS TERMINATED AS A RESULT OF THE CHANGE IN THE CONTROL OVER THE COMPANY

There are no separate agreements between the Company and either its Board members or employees that would provide for any compensations in case of their resignation or dismissal without a justified reason.

9. MANAGEMENT BODIES AND COMPANY MANAGEMENT

9.1. STRUCTURE OF THE BOARD

The Board of the Company consists of seven members to be elected for a period of four years.

Name	Position within the Company
Darius Zubas	Chairman of the Management Board, Managing Director
Vytautas Šidlauskas	Deputy Chairman of the Management Board
Arūnas Zubas	Member of the Management Board
Dainius Pilkauskas	Member of the Management Board
Arūnas Jarmolavičius	Member of the Management Board
Andrius Pranckevičius	Member of the Management Board, Deputy Managing Director
Tomas Tumėnas	Member of the Management Board, Finance Director

As of 30 June 2010 (as well as currently), the Board of the Company consisted of the following members:

Darius Zubas, born in 1965, is the main founder of the Group. Graduated from Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) in 1988 and obtained a diploma of Veterinarian. Darius Zubas has 20 years of experience in strategic management and business organization.



Since 1997, he is Managing Director of the Company. Managing Director of AB Linas Agro since 1991 and occupies the position of the Chairman of the Management Board of said company since 2006. In 1993–1999 he was the Deputy Managing Director of UAB Gerera. Chairman of the Management Boards of UAB Mestilla and Rosenkrantz A/S.

Responsible for the organization and strategy, development and expansion of the Group.



Vytautas Šidlauskas, Member of the Management Board, born in 1963, is a graduate of Faculty of Chemistry, Kaunas University of Technology (former Kaunas Polytechnic Institute), where in 1987 obtained a diploma in Public Nutrition Technology and Management. Vytautas Šidlauskas has nineteen years of experience in business management.

Since 1993 he acts as the Managing Director in UAB Gerera. Since 1999 he acts as the Trade Director of AB Linas Agro, and in addition since 2006 serves as the Member of the Management Board. He serves as a Member of the Management Board in UAB Mestilla and Rosenkrantz A/S.

Vytautas Šidlauskas is responsible for the international trading strategy of the Group and trade risk management.

Dainius Pilkauskas, Member of the Management Board, born in 1966, is a graduate of Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) where in 1991 he obtained a diploma of Zoo Engineer. He is highly experienced in business management and business organization.



Serving for the Group for 19 years, started as the Commerce Director in AB Linas Agro (former UAB Linas ir Viza) in 1991. Since 2006 he was promoted to and currently serves as the Trade Director for Baltic States and a Member of the Management Board in AB Linas Agro.

Responsible for the formation and implementation of plant cultivation programs' strategy in the Baltic States.



Arūnas Zubas, Member of the Management Board, born in 1962, graduated from Kaunas University of Technology (former Kaunas Polytechnic Institute) in 1985 and holds a diploma in Chemical Technology. Arūnas Zubas has over twenty years of experience in project, production and business management.

He worked as the Technologist in Panevėžys Meat Processing Factory (1985–1988), as well as the Project Manager of the factory (1989–1992), later, as the Director in AB Krekenavos agrofirmas (1992–1994).

He joined the Group in 1995 as the Commerce Director in AB Linas Agro (1996–2005). Since 2006 he serves as a Member of the Management Board in AB Linas Agro, and since 2005 he serves as Managing Director in biodiesel production company UAB Mestilla.

Responsible for the formation and implementation rapeseed processing strategy development.

Andrius Pranckevičius, Member of the Management Board, born in 1976, is a graduate of Kaunas Technological University where in 1998 he obtained a bachelor's degree in Business Administration and, in 2000, master's degree in Marketing Management. He also took executive education programs in Harvard Business School, Wharton Business School, Stanford and Berkeley Business School (2004–2007) and program of leadership development in Harvard Business School (2009).



Prior to joining the Group, he was the Customer Service Manager UAB DHL International Lietuva (1998-1999).

Joined the Group in 1999, he served as the Marketing Manager (1999–2000) in AB Linas Agro (former UAB Linas ir Viza), 2000-2003 as the Project Manager, and Business Development Manager (2003–2005). Since 2005 he serves as the Deputy Managing Director and since 2006 as a Member of the Management Board in AB Linas Agro. Andrius Pranckevičius also occupies the position of the Deputy Managing Director in AB Linas Agro Group and holds the position of the Board Member of the Lithuanian Agricultural Companies Association.

Responsible for the coordination and management of agricultural supply companies, organization of investment projects of the Group.



Tomas Tumėnas, Member of the Management Board, born in 1972, holds the diploma in Economics from Vilnius University (in 1995) and a certificate in International Business Economics from Aalborg University (in 1995). Since 2007 he studies at Manchester Business School and expects to obtain MBA in finance. Tomas Tumėnas works in the spheres of investments and finance management for more

than 15 years.

Prior to joining the Group he was the Financial Broker Analyst in AB Akcinis inovacinis bankas (1995-1996), Insurance Analyst in ADB Preventa (1996) and the Financial Analyst in the Representative Office of Baltic Management LLC (1996-2001). Since 2003 he was the Director in UAB Baltic Fund Investments.

Tomas Tumėnas started his carrier within the Group since 2001 by becoming Finance Director in AB Linas Agro and serves in this position since then. Since 2006 acts as a Member of the Management Board in AB Linas Agro, since 2009 serves as Finance Director in AB Linas Agro Group.

Responsible for the management of finance, formation of the Group's financial strategy.

Arūnas Jarmolavičius, Member of the Management Board, born in 1964, in 1991 graduated from Vilnius University and holds a diploma in Economics and Industry Planning. His experience in business, marketing and investments fields already counts for 17 years.



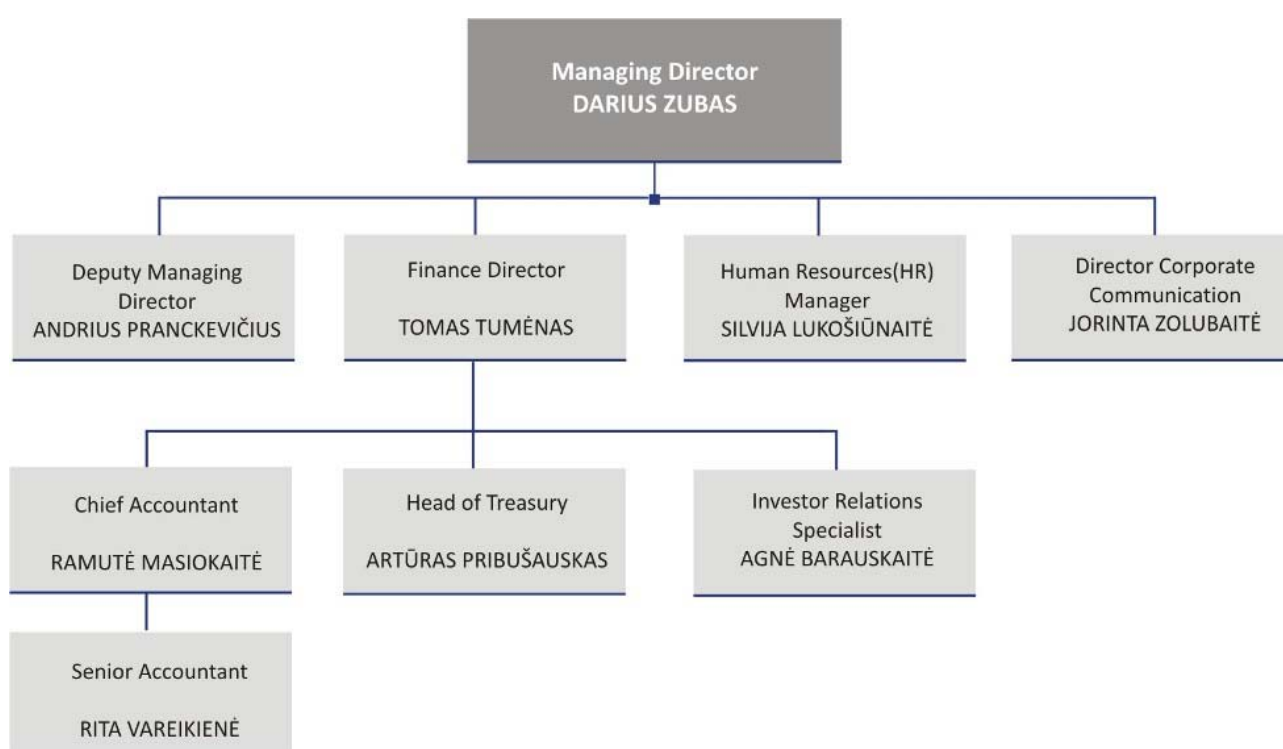
In 1991–1992 he was the Controller in the State Control Department, 1993–1994 – the Sales Manager in UAB Prieglius, 1994–1997 – the Sales and Marketing Director in AB Kalnapilis, 1997–1999 – the Sales and Marketing Director in AB Baltic Beverage Holding, 1999–2001 – Director in UAB Jungtinis Alaus Centras.

Arūnas Jarmolavičius joined the Group 9 years ago. In 2001 he started his carrier within the Group as the Project Director in AB Linas Agro. In 2008 he was elected as a Member of the Management Board.

Responsible for the production companies' strategy development and activity control, organization of investment projects of the Group.

9.2. COMPANY ADMINISTRATION

The Scheme of Administrative Management



Company Management

Name and surname	Position	Main areas of activities
Darius Zubas	Managing Director	Strategy, development and expansion of the Group of Companies; organisation of everyday activities; and representation of the Group.
Andrius Pranckevičius	Deputy Managing Director	Expansion and development of the Group of Companies; implementation and development of investment projects of the Group; coordination and management of the activities of the companies providing services and supplying goods to agriculture entities in the Baltic states.

Name and surname	Position	Main areas of activities
Tomas Tumėnas	Finance Director	Formation of the financial policy of the Group; management of financial resources; cooperation with financial and credit institutions.
Ramutė Masiokaitė	Chief Accountant	Accounting and financial control of the Group of Companies.

Information about Darius Zubas, Andrius Pranckevičius, and Tomas Tumėnas is provided in the chapter *BOARD STRUCTURE*.

Ramutė Masiokaitė, Chief Accountant, born in 1971, graduated from Vilnius University in 1994 and acquired the qualifications of an economics, financial and credit specialist.

Prior to starting her employment with the Group, she worked as the Deputy Chief Accountant in AB Lietuvos Taupomasis Bankas (AB Lithuanian Savings Bank, currently AB Swedbank). She started her employment with the Group in 1998 in the capacity of the Chief Accountant of AB Linas Agro. In 2001, she was appointed as the Finance Controller of AB Linas Agro and holds this position so far.

Information on the payments to the managers during the reporting period is provided in the following table:

	Group company	Position	Amount LTL in thousand	Type of payment
MANAGEMENT BOARD				
Darius Zubas	AB Linas Agro Group	Chairman of the Management Board, Managing Director	12	Salary
	AB Linas Agro	Chairman of the Management Board, Managing Director	311	Salary
			77	Other
	Rosenkrantz A/S	Chairman of the Management Board	53	Bonus
Total			453	
Vytautas Šidlauskas	AB Linas Agro	Deputy Chairman of the Management Board, Trade Director	220	Salary
			54	Other
	UAB Gerera	Managing director	12	Salary
	Rosenkrantz A/S	Member of the Management Board	53	Bonus

	Group company	Position	Amount LTL in thousand	Type of payment
Total			339	
Dainius Pilkauskas	AB Linas Agro	Member of the Management Board, Trade Director for Baltic States	179	Salary
			298	Bonus
			44	Other
Total			521	
Arūnas Zubas	–	–	–	–
Total			–	
Andrius Pranckevičius	AB Linas Agro Group	Member of the Management Board, Deputy Managing Director	0,7	Salary
	AB Linas Agro	Member of the Management Board, Deputy Managing Director	212	Salary
			169	Bonus
			53	Other
Total			434,7	
Tomas Tumėnas	AB Linas Agro Group	Member of the Management Board, Finance Director	0,7	Salary
	AB Linas Agro	Member of the Management Board, Finance Director	149	Salary
			92	Bonus
			37	Other
Total			278,7	
Arūnas Jarmolavičius	AB Linas Agro	Member of the Management Board, Project Director	123	Salary
			79	Bonus
			30	Other
Total			232	
ADMINISTRATION (CHIEF ACCOUNTANT)				
Ramutė Masiokaitė	AB Linas Agro Group	Chief Accountant	0,7	Salary
	AB Linas Agro	Finance Controller	130	Salary
			32	Other
Total			162,7	

Activities of the Board Members and Company Management in other companies

Person / Companies	Position	Since	Until	Held currently
Darius Zubas				
<i>Group companies:</i>				
AB Linas Agro	Managing Director	1991	-	Yes
	Chairman of the Management Board	2006	-	Yes
Rosenkrantz A/S	Chairman of the Management Board	2005	-	Yes
<i>Other companies:</i>				
UAB Mestilla	Chairman of the Management Board	2006	-	Yes
Vytautas Šidlauskas				
<i>Group companies:</i>				
AB Linas Agro	Trade Director	1999	-	Yes
	Deputy Chairman of the Management Board	2006	-	Yes
UAB Gerera	Managing Director	1993	-	Yes
Rosenkrantz A/S	Member of the Management Board	2004	-	Yes
<i>Other companies:</i>				
UAB Mestilla	Member of the Management Board	2006	-	Yes
Arūnas Zubas				
<i>Group companies:</i>				
AB Linas Agro	Member of the Management Board	2006	-	Yes
	Commerce Director	1995	2005	-
<i>Other companies:</i>				
UAB Mestilla	Managing Director	2005	-	Yes
Dainius Pilkauskas				
<i>Group companies:</i>				
AB Linas Agro	Trade Director for Baltic States	2006	-	Yes
	Member of the Management Board	2006	-	Yes
	Commerce Director	1991	2006	-
Arūnas Jarmolavičius				
<i>Group companies:</i>				
AB Linas Agro	Project Director	2001	-	Yes
	Member of the Management Board	2006	-	Yes
<i>Other companies:</i>				
UAB Mestilla	Member of the Management Board	2006	-	Yes
Akola ApS	Authorised Representative in Lithuania and Ukraine	2001	-	Yes
Andrius Pranckevičius				
<i>Group companies:</i>				
AB Linas Agro	Deputy Managing Director	2005	-	Yes
	Member of the Management Board	2006	-	Yes
	Business Development Manager	2003	2005	-
<i>Other companies:</i>				
Lithuanian agricultural companies association	Member of the Management Board	2008	-	Yes
Tomas Tumėnas				

Person / Companies	Position	Since	Until	Held currently
<i>Group companies:</i>				
AB Linas Agro	Finance Director	2001	-	Yes
	Member of the Management Board	2009	-	Yes
<i>Other companies:</i>				
UAB Baltic Fund Investments	Director	2003	-	Yes
Ramutė Masiokaitė				
<i>Group companies:</i>				
AB Linas Agro	Finance Controller	2001	-	Yes

10. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

10.1. SOCIAL RESPONSIBILITY

AB Linas Agro Group pays sufficient attention to public activities, sponsorship and charity. Projects related to sports, education, culture, healthcare, and social activities are of great importance to the Group.

For five successive years, the Group in cooperation with the 5th Secondary School of Panevėžys have been arranging the competition *the School's Citizen* for pupils. Within the framework of this project, school student leaders, who are capable of combining outstanding learning performance and active participation in social activities, are elected. Those pupils who appear to be the best citizens are granted scholarships established by the companies of the Group.

Also, there is a tradition of supporting companies' base city celebrations and various harvest festivals held in Joniškis, Akmenė, Radviliškis, Kaunas, and Panevėžys districts.

The Company and its Group companies contributed to the financing of the Lithuanian national environment cleaning campaign "We Do It 2010" and invited employees of the companies of the Group, partners and customers to take an active part in and contribute to the cleaning of Lithuania's environment.

Employees of the companies of the Group are granted social guarantees: allowance in case of death of a family member; allowance in case of birth of a child; benefit on the occasion of the 50th birthday of the employee; and benefit on the occasion of 20 years of uninterrupted employment with the Company.

Employees are provided with conditions for education, qualification improvement, participation in various seminars and various trainings.

Employees of the companies of the Group are granted the possibility of using medical services and they are insured with voluntary health insurance.

10.2. ENVIRONMENTAL RESPONSIBILITY

In the course of performing their activities, the companies of the Group follow various environmental regulations stipulating the marking, use, storage, and disposal of various hazardous substances used in the activities of a certain company (with application of the Procedure for the Classification and Marking of Hazardous Chemical Substances and Preparations approved in the Republic of Lithuania by Order No 532/742 of the Minister of Environment and the Minister of Health of 29 December 2000 with regard to Directives 67/548/EEC and 1999/45/EC and others).

Because of increasingly stringent environmental requirements in Lithuania, some companies of the Group need additional investments for modernisation in order to comply with the environmental requirements stipulated by Lithuanian authorities since failure to comply with such requirements may entail significant penalties on the companies.

Wherever necessary, the companies of the Group concluded agreements regarding the recycling of packaging. Relevant costs may increase depending on trade volumes and tasks for the use and recycling of packaging.

11. INFORMATION ABOUT TRADE IN THE COMPANY'S SECURITIES IN REGULATED MARKETS

All the shares of the Company are ordinary shares with the nominal value of LTL 1 as of 30 June 2010. The shares are subscribed and were fully paid as of 30 June 2010.

During the reporting period from 1 July 2009 to 30 June 2010, all 158,940,398 ordinary registered shares of the Company were included in the Official List of NASDAQ OMX Vilnius Stock Exchange (ISIN Code of the shares is LT0000128092). The ticker of the shares on NASDAQ OMX Vilnius Stock Exchange is LNA1L.

Trading in the Company's shares on NASDAQ OMX Vilnius Stock Exchange started on 17 February 2010.

11. 1. TRADE IN THE COMPANY'S SHARES

During the reporting period, the highest price of the Company's shares was LTL 2.30, the lowest one was LTL 1.76, and the average price was LTL 2.05.

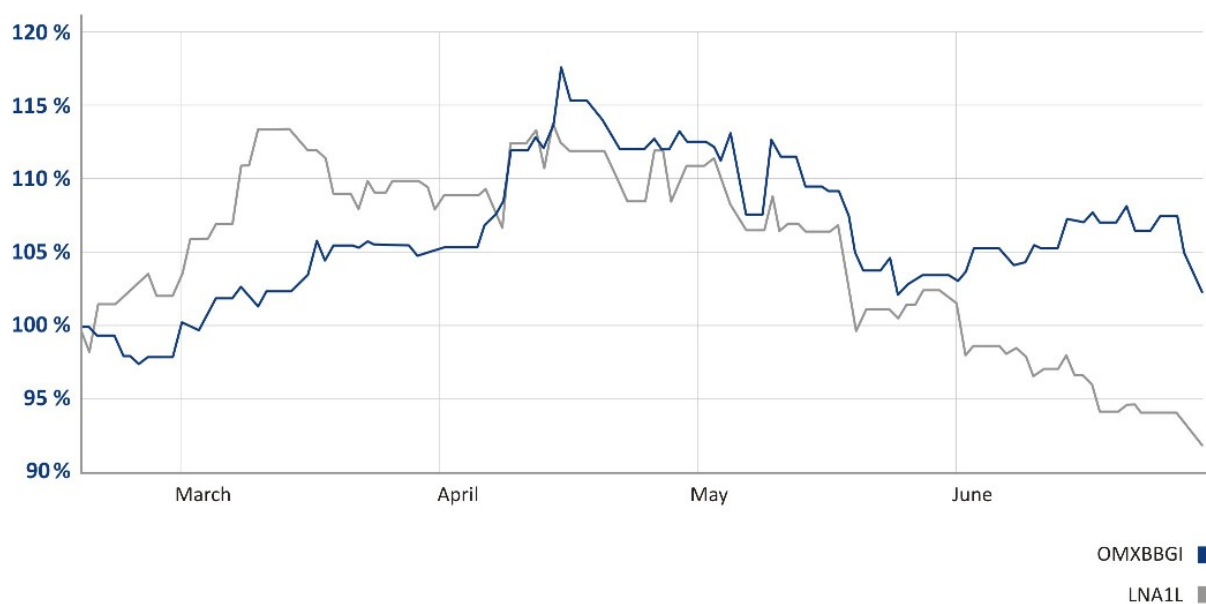
Information on the automated execution transactions, prices of shares sold on Vilnius Stock Exchange and turnovers during the period from 17 February 2010 to 30 June 2010 is provided in the table below:

Year and quarter	Price		Turnover		Last trading days of the period			Total turnover	
	Maximum	Minimum	Maximum	Minimum	Price	Turnover	Date	Units	LTL
2010 I	2.30	1.97	3,196,078.70	0.00	2.18	24,534.57	31.03.2010	5,936,112	12,407,807.92
2010 II	2.30	1.76	565,650.30	0.00	1.86	64,659.29	30.06.2010	2,672,285	5,584,531.08

AB Linas Agro Group share price and turnover



AB Linas Agro Group share price vs OMX Baltic Benchmark GI index fluctuation



AB Linas Agro Group is included in the composition of the comparative index OMX Baltic Benchmark of the stock exchanges of the Baltic countries from 1 July 2010.

11. 2. CAPITALISATION OF THE COMPANY'S SHARES

The capitalisation of ordinary registered shares in 2010 is provided in the following table:

Date	Capitalization, Lt	Share Price, Lt
2010-03-31	346,490,067.64	2,18
2010-06-30	295,629,140.28	1,86

11. 3. COMPANY'S SECURITIES TRADING ON THE OTC (OVER-THE-COUNTER) MARKET

Information on OTC transactions in ordinary registered shares of AB Linas Agro Group is provided in the following table:

Year and quarter	Price, LTL		Total turnover for the quarter units	
	Max.	Min.	Cash payments	Non-cash payments
2008 III	-	-	-	-
2008 IV	-	-	-	-
2009 I	1.00	1.00	7,752	-
2009 II	1.00	1.00	7,752	37,030,088
2009 III	-	-	-	37,033,919
2009 IV	-	-	-	-
2010 I	2.28	0.59	40,286,194	1,533,505
2010 II	2.27	1.05	5,107,610	290,617

11. 4. AGREEMENTS CONCLUDED WITH INTERMEDIARIES OF THE PUBLIC SECURITIES MARKET

On 11 November 2009, the Company signed the Issuer's Securities Accounting Management Agreement with AB Swedbank represented by the Securities Transactions Department (Code: 112029651; address: Konstitucijos ave. 20A, LT-03502 Vilnius).

12. STRUCTURE OF THE AUTHORISED CAPITAL AND SHARES OF THE COMPANY

On 30 June 2010, the authorised capital of the Company amounts to LTL 158,940,398.00 (one hundred and fifty-eight million, nine hundred and forty thousand, three hundred and ninety-eight litas). The authorized capital of the Company is divided into 158,940,398 ordinary registered non-certificated shares. The nominal value of one share is LTL 1.00 (one litas).

Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Portion in the authorised capital (%)
Ordinary registered shares	158,940,398	1	158,940,398	100
Total	158,940,398	-	158,940,398	100

All the shares of the Company are fully paid and they are not subject to any restrictions of the transfer of securities with the exception of those specified in Part 14 *RESTRICTIONS OF THE TRANSFER OF SECURITIES AND RESTRICTIONS OF VOTING RIGHTS* of this Annual Report.

All shares issued by the Company grant equal rights to the Company's shareholders. The Company has not issued any shares of a class other than the aforementioned ordinary shares.

During the period from 01 July 2009 to 30 June 2010, the Company's authorised capital was increased twice:

1. At the Annual General Meeting of Shareholders held on 30 October 2009, a decision was made to increase the Company's authorised capital from LTL 41,000,000.00 to LTL 120,000,000.00. The increase in the Company's authorised capital was registered in the Register of Legal Entities on 16 November 2009;
2. At the Extraordinary General Meeting of Shareholders held on 20 November 2009, a decision was made to increase the Company's authorised capital from LTL 120,000,000.00 to LTL 158,940,398.00. The increase in the Company's authorised capital was registered in the Register of Legal Entities on 17 February 2010.

Neither limitations of the rights granted by the Company's shares nor special control rights for shareholders are provided for in the Company's Articles of Association.

The Company and its subsidiaries (or other companies acting on their own behalf under instructions of the former) have not acquired any shares of the Company, nor acquired or transferred any shares of the Company during the reporting period. Also, the Company's bodies have not issued any authorisations for the issue or redemption of the Company's shares. The Company has not issued any convertible, variable-value, guaranteed or other securities.

The Company's ordinary shares shall grant the following rights to the shareholders:

Property rights of the shareholders:

- 1) to receive a part of the Company's profit (dividend);
- 2) to receive a part of the funds of the Company when the authorised capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
- 3) to receive a part of the shares without payment when the authorised capital of the Company is increased from the funds of the Company, with the exception of the cases stipulated in the Law on Companies of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring newly issued shares or convertible debentures of the Company except in case when the General Meeting of Shareholders decides, in accordance with the procedure stipulated by the Law on Companies of the Republic of Lithuania, to withdraw the pre-emption right for all shareholders;
- 5) to lend money to the Company in the manners and in accordance with the procedure stipulated by the laws of the Republic of Lithuania; however, the Company shall not have the right to pledge its assets to its shareholders when borrowing from the shareholders. When the Company borrows from a shareholder, the interest rate may not exceed the average interest

rate of commercial banks located in the place of residence or business of the lender effective at the moment of the conclusion of the loan agreement. In this case, the Company and shareholders shall be prohibited to agree on higher interest rates;

- 6) to receive a part of the assets of the Company in liquidation;
- 7) other property rights provided for by the laws and the Articles of Association.

Non-property rights of the shareholders:

- 8) to take part in the General Meeting of Shareholders;
- 9) to submit in advance to the Company any questions related to the issues of the agenda of the General Meetings of Shareholders;
- 10) to vote at the General Meetings of Shareholders in accordance with the rights granted by the shares;
- 11) to receive information on the business activities of the Company to the extent as stipulated in the Law on Companies of the Republic of Lithuania;
- 12) to file a claim with the court for the reparation to the Company of damage resulting from non-execution or improper execution by the Manager or Members of the Board of the Company of their duties stipulated in the laws of the Republic of Lithuania and in the Articles of Association as well as in other cases stipulated by laws;
- 13) other non-property rights provided for by the laws and the Articles of Association.

The voting right at the General Meeting of Shareholders shall be granted only by fully paid shares. A shareholder's right to vote at the General Meeting of Shareholders may be prohibited or limited in the cases stipulated by the laws of the Republic of Lithuania as well as when the right of ownership of the share is disputed.

Each share of the Company shall grant one vote at the General Meeting of Shareholders.

The shareholders shall have no property obligations towards the Company with the exception of the obligation to pay all subscribed shares at the issue price in the established procedure.

13. SHAREHOLDERS POSSESSING SPECIAL CONTROL RIGHTS AND AGREEMENTS BETWEEN SHAREHOLDERS

13. 1. SHAREHOLDERS POSSESSING SPECIAL CONTROL RIGHTS

There are no Company shareholders possessing special control rights; the Company's ordinary non-certificated shares grant equal rights to all shareholders of the Company.

13. 2. AGREEMENTS BETWEEN SHAREHOLDERS

The General Meeting of Shareholders of the Company has approved the Company's Dividend Payment Plan, according to which up to 20 (twenty) per cent of the net consolidated Company's profit of each financial year will be allocated for paying dividends to shareholders during 3 years in succession starting from the approval of the Company's Set of Annual Financial Statements for 2009/2010.

The Company does not have any further information about any other agreements between shareholders due to which the shareholders' and/or voting rights might be limited.

14. RESTRICTIONS OF THE TRANSFER OF SECURITIES AND RESTRICTIONS OF VOTING RIGHTS

AB Linas Agro Group Public Share Offering Prospectus of 7 January 2010 stipulates that the Company and Akola ApS, the shareholder of the Company that provided the Company's shares for the public share offering, have agreed that without a prior written consent of AB Swedbank (code: 112029651), none of the aforementioned persons will issue, offer, sell, contract to sell, or otherwise dispose of any shares of the Company owned by them at any time or any securities convertible into or exercisable or exchangeable for the shares of the Company, or enter into any swap or other agreement or any transaction to transfer the economic consequence of ownership of the shares of the Company, or publicly announce an intention to effect any such transaction, during the period commencing on the date of approval of the aforementioned Prospectus (07 January 2010) and ending 9 months after the commencement of trading in the shares of the Company on NASDAQ OMX Vilnius. This Agreement shall not apply to the shares of the Company that were offered at the time of the initial public offering.

The Company is not aware of any other restrictions of the transfer of the Company's shares or voting rights.

15. PROCEDURE FOR AMENDING THE COMPANY'S ARTICLES OF ASSOCIATION

The Company's Articles of Association shall be amended in accordance with the procedure provided for in the laws of the Republic of Lithuania and the Company's Articles of Association. Adoption of a decision to amend the Company's Articles of Association shall be the jurisdiction of the Company's General Meeting of Shareholders subject to a qualified majority of 2/3 of votes of the shareholders

participating in the Meeting, with the exception of cases specified in the Law of the Republic of Lithuania on Companies.

Following the decision by the General Meeting of Shareholders to amend the Articles of Association of the Company, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Meeting of Shareholders.

All and any amendments to the Articles of Association of the Company shall enter into force only after registering them in accordance with the procedure stipulated by the legal acts of the Republic of Lithuania.

16. THE COMPANY'S MANAGEMENT BODIES AND THEIR COMPETENCE

The Company's bodies shall be as follows:

1. The supreme body of the Company – the General Meeting of Shareholders;
2. The collegial management body – the Board;
3. The single-person management body – the Head of the Company (Managing Director).

The Supervisory Board shall not be formed in the Company.

The Audit Committee or any other committees have not been formed in the Company. The Audit Committee will be elected at the Annual General Meeting of Shareholders after the end of the Company's 2009–2010 financial year.

In their activities, the Company's bodies must follow the following principles:

1. The activities of all bodies of the Company should be focused on the implementation of the strategic goals of the Company taking into account the need of increasing the equity of the Company's shareholders.
2. The Company's management and supervisory bodies should maintain close mutual cooperation seeking maximum possible benefit to the Company and shareholders.
3. The Company's bodies should ensure that not only the rights and interests of the shareholders would be respected, but also those of other persons participating in the activities of the Company or related to those activities (employees, creditors, suppliers, customers, and local communities).
4. A member of a management body of the Company may not use the assets of the Company for private purposes, the use whereof was not discussed with him/her specifically, with his/her own assets or to use such assets or information received by such person in the capacity of a

member of a body of the Company for personal benefit or for the benefit of a third person without consent of the Board of the Company.

5. A member of a management body of the Company should refrain from voting when decisions related to transactions or other issues, wherewith he/she is related by personal or business interest, are to be adopted.
6. The Company's bodies should act in a fair, diligent and responsible manner in respect to the benefits and interests of the Company and its shareholders taking into account the interests of the employees and public welfare.
7. The Company's management bodies, when adopting decisions assigned to their competence, should follow the recommendations specified in the Management Code for companies listed on Vilnius Stock Exchange as far as it is reasonable and relevant according to the activities carried out by the Company and its objectives.

16. 1. THE COMPANY'S SHAREHOLDERS

The Company's General Meeting of Shareholder shall be the Company's supreme body.

The rights of the shareholders are specified in Part 12 *STRUCTURE OF THE AUTHORISED CAPITAL AND SHARES OF THE COMPANY* of this Annual Report.

In addition to the exclusive rights of a general meeting of shareholders specified in Article 20 of the Law of the Republic of Lithuania on Companies, the Company's General Meeting of Shareholders, with the right of consultative vote (which is not obligatory unless it is approved by the Company's Board) shall consider and approve, at an Annual General Meeting of Shareholders, the following:

1. The Company's Remuneration Policy or any material change in the Company's Remuneration Policy as well as the report on the Remuneration Policy;
2. Schemes (including changes thereof), under which the Head of the Company and Board Members of the Company are to be remunerated in the form of the Company's shares, share options or other rights for the acquisition of shares, or are to be remunerated on the basis of changes in share prices. The approval should be related to the scheme itself, and the shareholders shall not be entitled to decide on the share-based benefit to be granted to separate persons according to that scheme;
3. In addition to the aforementioned schemes and changes thereof:
 - a. Allocation of the remuneration to the Head of the Company and Board Members of the Company on the basis of share-based schemes including share options;
 - b. Establishment of the maximum number of shares and basic conditions of the procedure for the granting of shares;

- c. The period during which options can be exercised;
- d. Conditions for establishing the change in the price of each further exercise of options provided that it is allowed by laws;
- e. All other long-term schemes for the motivation of the Head of the Company and Board Members of the Company which are not offered to all other employees of the Company on similar conditions.

As of the end of the reporting period, i.e. 30 June 2010, the number of the Company's shareholders totalled to 882.

The shareholders controlling more than 5 % of the Company's shares directly on the basis of the right of ownership or jointly with other related parties included Akola ApS, Company Code: 2517487; registration address: Dampfaergevej 3, DK-2100 Copenhagen, Denmark; as well as the natural persons related to the aforementioned company as of 30 June 2010, who are indicated in the table below.

As of 30 June 2010, the Company's shareholders were as follows:

	Financial year ended on 30 June 2010	
	Number of shares held	Portion in the authorised capital and voting rights
Akola ApS (Danija)	87,641,551	55.14%
Darius Zubas	17,049,995	10.73%
Other shareholders (private and institutional investors)	54,248,852	34.13%
Total	158,940,398	100.00%

16. 2. THE COMPANY'S BOARD

The Company's Board shall be responsible for the strategic management of the Company and other essential management functions.

The Company's Board consists of 7 (seven) members to be elected for a period of 4 (four) years. The Company's Board shall be elected by the Company's General Meeting of Shareholders pursuant to the following procedure and rules:

1. The Company shall be obliged to disclose to the Company's General Meeting of Shareholders all reasonably required information about the candidates to the Company's board members in order to enable the Company's General Meeting of Shareholders to adopt a document decision on the election of the Company's board members. The information should be provided prior to

the Company's General Meeting of Shareholders, while providing the shareholders with a sufficient time reserve for deciding as for which candidate to vote.

2. During the election of the Company's board members, each shareholder of the Company shall have the number of votes which is equal to the number of votes carried by the shares held by him/her as multiplied by the number of members of the Board being elected. The shareholder shall distribute the votes at his/her own discretion, giving them for one or several candidates. Candidates who receive the greatest number of votes shall be elected.
3. If the number of candidates who received an equal number of votes is larger than the number of vacancies on the Company's Board, a repeat voting shall be held in which each shareholder may vote only for one of the candidates who received an equal number of votes.

The Board shall perform its functions during the term for which it was elected, or until the new board has is elected and starts functioning; however, not longer than until the Company's General Meeting of Shareholders to be held in the year of the expiration of the term of the Board.

The number of terms of Board members shall be unlimited.

The General Meeting of Shareholders may remove from office the entire Board in corpore or its individual members before the expiry of their term.

A member of the Company's Board shall have the right to resign from his/her office in the Company's Board prior to the expiry of his/her term upon giving a written notice thereof to the Company's Board Chairperson 14 (fourteen) calendar days prior to the resignation.

The Board shall perform the functions and have authorities provided for in the Law of the Republic of Lithuania on Companies and other legal acts of the Republic of Lithuania, the Company's Articles of Association and decisions of the General Meeting of Shareholders.

The Company's Board shall elect the Chairperson of the Board from among its members.

As of 30 June 2010, the number of the Company's board members was 7.

Name	Participation in Company's authorized capital	Cadence starts	Cadence ends
Darius Zubas	10,73 % shares and votes	12 September 2008	12 September 2012
Vytautas Šidlauskas	3,78 % shares and votes	12 September 2008	12 September 2012
Andrius Pranckevičius	-	12 September 2008	12 September 2012
Arūnas Jarmolavičius	0,025 % shares and votes	12 September 2008	12 September 2012

Name	Participation in Company's authorized capital	Cadence starts	Cadence ends
Arūnas Zubas	0,3 % shares and votes	12 September 2008	12 September 2012
Dainius Pilkauskas	0,3 % shares and votes	12 September 2008	12 September 2012
Tomas Tumėnas	0,001 % shares and votes	1 October 2008	12 September 2012

Darius Zubas is the Company's Board Chairperson.

Tomas Tumėnas combines his capacity with the post of the Company's Finance Director.

The Board shall consider and approve the following:

1. The Company's business strategy. The Board shall be responsible for preparing the Company's Business strategy. The Company's business strategy and objectives shall be made public. Shareholders shall be familiarised with the implementation of the strategy at the General Meeting of Shareholders.
2. The Company's annual report.
3. The Company's management structure and personnel positions.
4. Positions to which employees shall be employed only by holding competitions.
5. The Company's Remuneration Policy.
6. Reports on the Company's Remuneration Policy (with regard to the voting of the General Meeting of Shareholders).
7. The regulations of the Company's branches and representative offices.

The Board shall elect and remove from the office the Head of the Company, establish his/her remuneration and other conditions of his/her employment contract, approve his/her office regulations, motivate and impose penalties on him/her.

The Board shall stipulate the information to be treated as commercial (industrial) secret of the Company. No information which must be public in accordance with the Law of the Republic of Lithuania on Companies and other laws of the Republic of Lithuania may be treated as commercial (industrial) secret.

The Board shall adopt the following:

1. Decisions on the Company's becoming an incorporator or participant of other legal entities;
2. Decisions on the establishment of branches and representative offices of the Company;

3. Decisions on the investment, transfer, and lease of fixed assets, the book value whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas) (to be calculated separately for each type of the transactions).
4. Decisions on the pledge or mortgage of fixed assets, the book value whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas) (to be calculated for the total amount of the transactions).
5. Decisions on offering surety or guarantee for the discharge of obligations of third persons, the amount whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas).
6. Decisions on the acquisition of fixed assets, the price whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas).
7. Decisions on the Company's transactions, the value whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas).
8. Decisions on taking and providing loans, the value whereof exceeds LTL 2,050,00.00 (two million fifty thousand litas).
9. Decisions to issue the Company's debentures.
10. Decisions to restructure the Company in the cases stipulated by the Law of the Republic of Lithuania on Restructuring of Enterprises.
11. Other decisions assigned to the competence of the Board in the Articles of Association and decisions of the General Meeting of Shareholders.

The Board shall analyse and evaluate the materials provided by the Head of the Company on the following:

1. Implementation of the business strategy of the Company.
2. Organisation of the activities of the Company.
3. Financial condition of the Company.
4. Results of the business activities, estimates of incomes and expenses, and data of inventorying and other data of other accounting of changes in the assets.

The Board shall analyse and evaluate the set of the annual financial statements and the draft of the profit (loss) appropriation of the Company, and shall provide them to the General Meeting of Shareholders alongside with the Annual Report of the Company. The Board shall establish the calculation methods for depreciation of tangible assets and amortisation of intangible assets to be applied in the Company.

The Board shall be responsible for the timely convening and arrangement of the General Meetings of Shareholders.

16. 3. THE HEAD OF THE COMPANY

The Head of the Company shall be the single-person management body of the Company.

Darius Zubas is the Head (Managing Director) of the Company and combines this capacity with the post of the Board Chairperson of the Company.

The Head of the Company shall be responsible for the following:

1. Organisation of the Company's activities and implementation of its objectives.
2. Drawing up of the set of the annual financial statements and preparation of the Annual Report of the Company.
3. Conclusion of the agreement with the firm of auditors when audit is obligatory in accordance with the laws or the Company's Articles of Association.
4. Submission of information and documents to the General Meeting of Shareholders and the Board in the cases stipulated by Law of the Republic of Lithuania on Companies or at the request of the aforementioned bodies.
5. Submission of documents and particulars of the Company to the Administrator of the Register of Legal Entities.
6. Provision of the Company's documents to the Securities Commission and the Central Securities Depository of Lithuania if it is required according to the effective legal acts.
7. Publication of the information stipulated by the Law of the Republic of Lithuania on Companies in the daily specified in the Company's Articles of Association.
8. Provision of information to shareholders.
9. Performance of other duties stipulated in the Law on Companies and other laws and legal acts of the Republic of Lithuania as well as in the Company's Articles of Association and office regulations of the Head of the Company.

The Head of the Company, within the scope of his/her competence, shall conclude transactions with third persons and represent the Company in all institutions and relations with third persons. The Head of the Company shall be obliged to receive a written approval of the Board of the Company for transactions to be concluded on behalf of the Company with third persons when the approval of such transactions lies within the scope of the competence of the Board. The Board's approval shall not annul the responsibility of the Head of the Company for the conclusion of the transactions specified in this Clause.

The Head of the Company shall organise daily activities of the Company, employ and dismiss employees, conclude and terminate employment contracts with them, and motivate and impose penalties on them.

Board shall elect and remove from the office the Head of the Company, establish his/her remuneration and other conditions of his/her employment contract, approve his/her office regulations, motivate and impose penalties on him/her.

The Head of the Company shall establish the rates of depreciation of assets to be applied in the Company and has the right to issue procuratories.

In his/her activities, the Head of the Company shall follow laws, other legal acts, the Articles of Association, decisions of the General Meeting of Shareholders and the Board, and his/her office regulations.

16.4. COMMITTEES FORMED BY THE COMPANY

Currently, there are no committees formed by the Company. The following General Meeting of Shareholders will elect the Audit Committee, which will follow in its activities the Procedure for the Activities of the Audit Committee to be approved by the General Meeting of Shareholders.

17. ESSENTIAL AGREEMENT TO WHICH THE COMPANY IS A PARTY AND WHICH MAY BE IMPORTANT IN CASE OF CHANGE IN THE CONTROL OF THE COMPANY

During the reporting period, no essential agreements to which the Company is a party and which entered into force, were amended or expired in case of change in the control of the Company.

18. MAJOR TRANSACTIONS WITH RELATED PARTIES

Major transactions of the Company with related parties are provided in Note No.35 of the Explanatory Note to the Consolidated Annual Financial Statements for 2009/2010 financial year.

19. INFORMATION ABOUT THE COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company complies with the company management procedures stipulated in the Law of the Republic of Lithuania on Companies. The Company complies with the essential management principles for the company listed on NASDAQ OMX Vilnius; however, the Company complies with the Code partially. The information about compliance with the Management Code for companies listed on Vilnius Stock Exchange is disclosed in Annex 1 to this Annual Report in accordance with the form approved by the Stock Exchange.

20. DATA ON THE PUBLICLY DISCLOSED INFORMATION

From the starting date of the listing of the Company's shares, i.e. from 17 February 2010, to the end of the reporting period, i.e. to 30 June 2010, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system the following information:

CORRECTION: Linas Agro Group, AB notification about interim 12 month financial results of the financial year 2009/2010	Interim information	En	2010-08-30 11:56:31 EEST
Linas Agro Group, AB notification about interim 12 month financial results of the financial year 2009/2010	Interim information	En, Lt	2010-08-30 09:00:30 EEST
SEB Bank increased lending volume to PLC "Linas Agro Group" up to LTL 132 million	Other information	En, Lt	2010-08-16 09:00:30 EEST
Linas Agro Group, AB completed the takeover of Ukraine-based producer and trader of fertilisers	Notification on material event	En, Lt	2010-07-01 17:56:30 EEST
Inclusion of the stock exchange's newcomer into the list of OMX Baltic Benchmark index - a good sign to investors	Other information	En, Lt	2010-07-01 09:00:31 EEST
Linas Agro Group, AB takes over control of Ukraine-based producer and trader of fertilisers for EUR 3.7 million	Notification on material event	En, Lt	2010-06-14 09:00:30 EEST
Linas Agro Group, AB group's company Dotnuvos Projekta, UAB expanding in Latvia	Notification on material event	En, Lt	2010-05-31 09:00:30 EEST
Linas Agro Group AB presentation for investors	Other information	En, Lt	2010-05-25 15:00:30 EEST
Linas Agro Group, AB strengthens trade of fertilisers	Notification on material event	En, Lt	2010-05-24 09:00:30 EEST
Linas Agro Group AB Notification about interim nine months financial results of the season 2009/2010	Interim information	En, Lt	2010-05-18 09:00:30 EEST
Linas Agro Group, AB invests into biofuel production	Notification on material event	En, Lt	2010-05-03 09:00:30 EEST

SC Klaipėda Stevedoring Company and Linas Agro Group, AB to jointly expand KLASCO Bulk grain terminal	Notification on material event	En, Lt	2010-04-26 09:00:30 EET
Linas Agro Group AB Notification about interim six months financial results of the season 2009/2010	Interim information	En, Lt	2010-03-25 18:05:30 EET
CORRECTION: Notification about interim six months financial results of the season 2009/2010	Interim information	En, Lt	2010-03-09 09:48:30 EET
Notification about interim six months financial results of the season 2009/2010	Interim information	En, Lt	2010-02-26 16:39:30 EET
Linas Agro Group AB Notification about acquisition (disposal) of voting rights	Notification about acquisition (disposal) of a block of shares	En, Lt	2010-02-22 14:47:30 EET
Registration of the increased share capital with the Register of legal entities	Notification on material event	En, Lt	2010-02-17 11:07:30 EET

21. GENERAL INFORMATION ABOUT AB LINAS AGRO GROUP, AND THE GROUP OF COMPANIES OF AB LINAS AGRO GROUP

21. 1. AB LINAS AGRO GROUP, AND ITS CONTACT INFORMATION

Company name:	AB Linas Agro Group
Legal form:	Public company (limited liability legal person)
Date of registration:	27-11-1995
Company code:	148030011
Company VAT code:	LT480300113
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT07 7044 0600 0263 7111, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 73 03
Fax:	+370 45 50 73 04
E-mail:	group@linasagro.lt
Website:	www.linasagro.lt
NASDAQ OMX ISIN code:	LT0000128092
Trading code:	LNA1L

21.2. GROUP OF COMPANIES LINAS AGRO GROUP AND ITS CONTACT INFORMATION

As of 30 June 2010, AB Linas Agro Group controlled, either directly or indirectly, the following companies:

Company	Status	Share of the stock held by companies					Share of the stock held by the Group
		AB Linas Agro Group	AB Linas Agro	UAB Linas Agro Konsultācijas	UAB Linas Agro Grūdu Centras	UAB Dotnuvos Projektai	
AB Linas Agro	Subsidiary	100%					100%
Rosenkrantz A/S	Subsidiary		60%				60%
SIA Linas Agro	Subsidiary		100%				100%
UAB Linas Agro Grūdu Centras	Subsidiary		100%				100%
UAB Linas Agro Grūdu Centras KŪB	Subsidiary	0,025%	99,95%		0,025%		100%
UAB Gerera	Subsidiary		100%				100%
UAB Lignineko	Subsidiary		100%				100%
UAB Linas Agro Konsultācijas	Subsidiary	100%					100%
Panevėžys district Aukštadvario ŽŪB	Subsidiary			65,35%			65,35%
Sidabravo ŽŪB	Subsidiary			55,90%			55,90%
Šakiaidistrict Lukšių ŽŪB	Subsidiary			93,93%			93,93%
Biržai district Medeikių ŽŪB	Subsidiary			96,54%			96,54%
ŽŪB Landvesta 1	Subsidiary	99%	1%				100%
ŽŪB Landvesta 2	Subsidiary	99%	1%				100%
ŽŪB Landvesta 3	Subsidiary	99%	1%				100%
ŽŪB Landvesta 4	Subsidiary	80%	20%				100%
ŽŪB Landvesta 5	Subsidiary	80%	20%				100%
ŽŪB Landvesta 6	Subsidiary	80%	20%				100%
UAB Kustodija	Joint ventures	50%					50%

UAB Dotnuvos Projektai	Joint venture	50%	50%
SIA Dotnuvos Projektai	Joint venture		100% 50%
ŽŪB Dotnuvos Agroservisas	Joint venture		99,95% 49,975%
UAB Dotnuvos Technika	Joint venture		100% 50%
ZAT UKRAGRO NPK	Joint venture	13,38%	13,38%
UAB Jungtinė Ekspedicija	Associate	45,05%	45,05%
ŽŪK Kupiškio Grūdai**	Subsidiary	AB Linas Agro, Lukšių, Aukštadvario, Medeikių and Sidabravo ŽŪB holds 9,09% of ŽŪK Kupiškio Grūdai each 37,43%	

* AB Linas Agro Group and UAB Linas Agro Grūdų Centras hold 50 % of votes each in UAB Linas Agro Grūdų Centras KŪB;

** On 1 July 2008, AB Linas Agro and other shareholders of the cooperative Kupiškio Grūdai signed the joint management agreement, according to which AB Linas Agro carries out business and financial control of ŽŪK Kupiškio Grūdai, appoints the chairperson of the cooperative and a majority of its board members. Owing to this reason, ŽŪK Kupiškio Grūdai has been included in the consolidation of the results of AB Linas Agro since 1 July 2008.

Acquisitions after the reporting period:

On 1 July 2010, the Company acquired a 50 % shareholding in the Ukrainian fertiliser producer and trader CJSC UKRAGRO NPK (code: 31961067) from UAB Arvi ir ko for EUR 3,694,800 (LTL 12,757,405).

On 27 July 2010, the Company, through its subsidiary Biržai district Medeikių ŽŪB, acquired 36.36 % of the shares of the agricultural cooperative ŽŪK Kupiškio Grūdai (code: 160189745) for LTL 920,000.

Subsidiaries operating in Lithuania:

Name:	AB Linas Agro
Legal form:	Public company (limited liability legal company)
Registration date:	08-07-1991
Company code:	1473 28026
Company VAT code:	LT473280219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT63 7044 0600 0263 5812, AB SEB bankas, bank code 70440

The registered address: Smėlynės St. 2C, LT-35143, Panevėžys,
Lithuania
Phone: +370 45 50 73 33
Fax: +370 45 50 74 44
E-mail: info@linasagro.lt
Website: www.linasagro.lt
Activity: Grain and rapeseed contracting, agricultural
products trading company
Certificates: GTP certified company

Name: UAB Linas Agro Grūdų Centras
Legal form: Limited liability company
Registration date: 05-07-2002
Company code: 148450944
Company VAT code: LT484509415
Company register: Register of Enterprises of Republic of
Lithuania, VĮ Registrų centras
Information on bank account: LT67 7044 0600 0280 9952, AB SEB bankas,
bank code 70440
The registered address: Smėlynės St. 2C, LT-35143, Panevėžys,
Lithuania
Phone: +370 45 507 365
Fax: +370 45 507 344
E-mail: grudai@linasagro.lt
Website: www.linasagro.lt
Activity: Management services

Name: UAB Linas Agro Grūdų Centras KŪB
Legal form: Limited partnership
Registration date: 10-07-2002
Company code: 148451131
Company VAT code: LT484511314
Company register: Register of Enterprises of Republic of
Lithuania, VĮ Registrų centras
Information on bank account: LT18 7044 0600 0281 0640, AB SEB bankas,
bank code 70440
The registered address: Smėlynės St. 2C, LT-35143, Panevėžys,
Lithuania
Phone: +370 45 507 343
Fax: +370 45 507 344
E-mail: grudu.centras@linasagro.lt
Website: www.linasagro.lt
Activity: Grain processing and storage

Branches of UAB Linas Agro Grūdų Centras KŪB:

Name:	Joniškis elevator
Address:	Vilniaus St. 62, Joniškis LT-84166, Lithuania
Phone:	+370 426 605 76
Fax:	+370 426 605 84
E-mail:	joniskis@linasagro.lt
Name:	Kėdainių elevator
Address:	Žibuoklių St. 1A, Kėdainiai LT-57130, Lithuania
Phone:	+370 347 415 20
Fax:	+370 347 415 21
E-mail:	kedainiai@linasagro.lt
Name:	Šiaulių elevator
Address:	Bačiūnų St. 156, Šiauliai LT-79241, Lithuania
Phone:	+370 614 35052
Fax:	+370 41 519070
E-mail:	siauliai@linasagro.lt
Name:	Vilkaviškio elevator
Address:	Bučiūnų vill, LT-70192, Vilkaviškio district, Lithuania
Phone:	+370 342 207 03
Fax:	+370 342 207 01
E-mail:	vilkaviskis@linasagro.lt
Name:	UAB Linas Agro Konsultacijos
Legal form:	Limited liability company
Registration date:	23-06-2003
Company code:	248520920
Company VAT code:	LT485209219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT11 4010 0419 0010 9807, DnB NORD bankas, bank code 40100
The principal place of business:	Kėdainių elevator, Žibuoklių St. 1A, Kėdainiai, LT-57130, Lithuania
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 688 67 429
Fax:	+370 347 41 528
E-mail:	konsultavimas@linasagro.lt
Website:	www.linasagro.lt
Activity:	Farming companies management and consulting company

Name: Panevėžys district Aukštadvario ŽŪB
Legal form: Agricultural company
Registration date: 09-03-1993
Company code: 168573274
Company VAT code: LT685732716
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT94 4010 0412 0000 0143, AB DnB Nord bankas, bank code 40100
The registered address Pirties St. 3, Aukštadvario vill., Panevėžys district, LT-38255, Lithuania
Phone: +370 45 59 26 51
Fax: +370 45 59 26 51
E-mail: aukstadvaris@linasagro.lt
Website: www.linasagro.lt
Activity: Growing and sale of crops and cattle growing, including milk production

Name: Biržai district Medeikių ŽŪB
Legal form: Agricultural company
Registration date: 05-10-1992
Company code: 154771488
Company VAT code: LT547714811
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT59 4010 0413 0001 0198, AB DnB Nord bankas, bank code 40100
The registered address Biržų St.32, Medeikių vill., Biržai district, LT-41462, Lithuania
Phone: +370 450 58 422
Fax: +370 450 58 412
E-mail: medeikiai@linasagro.lt
Website: www.linasagro.lt
Activity: Growing and sale of crop

Name: Sidabravo ŽŪB
Legal form: Agricultural company
Registration date: 20-04-1993
Company code: 171331516
Company VAT code: LT713315113
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras

Information on bank account:	LT40 4010 0448 0006 0085, AB DnB Nord bankas, bank code 40100
The registered address	Pergalės St. 1A, Sidabravas, Radviliškis district, LT-82251, Lithuania
Phone:	+370 422 47 727
Fax:	+370 422 47 618
E-mail:	sidabravas@linasagro.lt
Website:	www.linasagro.lt
Activity:	Growing and sale of crops and cattle growing, including milk production

Name:	Šakiai district Lukšių ŽŪB
Legal form:	Agricultural company
Registration date:	30-10-1992
Company code:	174317183
Company VAT code:	LT743171811
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT12 4010 0421 0005 0263, AB DnB Nord bankas, bank code 40100
The registered address	Lukšių vill., Šakiai district, LT-71176, Lithuania
Phone:	+370 345 44 288
Fax:	+370 345 44 225
E-mail:	luskiai@linasagro.lt
Website:	www.linasagro.lt
Activity:	Growing and sale of crops and cattle growing, including milk production

Name:	UAB Gerera
Legal form:	Limited liability company
Registration date:	15-01-1993
Company code:	147676584
Company VAT code:	Not VAT payer
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT47 7044 0600 0263 5809, AB SEB bankas, bank code 70440
The registered address	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507302
Fax:	+370 45 507499
E-mail:	gerera@linasagro.lt
Website:	www.linasagro.lt
Activity:	Lease of real estate

Name: UAB Lignineko
Legal form: Limited liability company
Registration date: 05-10-1994
Company code: 134231520
Company VAT code: LT342315219
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT82 7044060003200204, AB SEB bankas, bank code 70440
The registered address Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone: +370 45 50 73 33
Fax: +370 45 50 74 44
E-mail: info@lignineko.lt
Website: www.linasagro.lt
Activity: Lignin biofuel trading company

Name: ŽŪK Kupiškio grūdai
Legal form: Cooperative society
Registration date: 08-04-1999
Company code: 160189745
Company VAT code: LT601897417
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT37 7400 0154 3382 3810, Danske bankas A/S Lithuania branch
The registered address Technikos St. 6, LT-40122 Kupiškis, Lithuania
Phone: +370 688 67477
Fax: +370 688 67471
E-mail: info@kupiskiogrūdai.lt
Website: www.linasagro.lt
Activity: Preparation and warehousing of grains for trade

Name: ŽŪB Landvesta 1
Legal form: Agricultural company
Registration date: 21-10-2005
Company code: 300501060
Company VAT code: LT100002055516
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT 62 4010 0412 0035 3120, AB Dnb NORD Bankas, bank code 40100
The registered address Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania

Phone: +370 45 50 74 06
Fax: +370 45 50 74 04
E-mail: info@landvesta.lt
Website: www.linasagro.lt
Activity: Rent and management of agricultural purposes land

Name: ŽŪB Landvesta 2
Legal form: Agricultural company
Registration date: 21-10-2005
Company code: 300501085
Company VAT code: LT100003415619
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT 29 4010 0412 0036 3123, AB Dnb NORD Bankas, bank code 40100
The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone: +370 45 50 74 06
Fax: +370 45 50 74 04
E-mail: info@landvesta.lt
Website: www.linasagro.lt
Activity: Rent and management of agricultural purposes land

Name: ŽŪB Landvesta 3
Legal form: Agricultural company
Registration date: 21-10-2005
Company code: 300501092
Company VAT code: LT100002615717
Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account: LT52 4010 0412 0033 3124, AB Dnb NORD Bankas, bank code 40100
The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone: +370 45 50 74 06
Fax: +370 45 50 74 04
E-mail: info@landvesta.lt
Website: www.linasagro.lt
Activity: Rent and management of agricultural purposes land

Name: ŽŪB Landvesta 4
Legal form: Agricultural company

Registration date: 23-04-2007
 Company code: 300709428
 Company VAT code: LT100003415710
 Company register: Register of Enterprises of Republic of Lithuania,
 VĮ Registrų centras
 Information on bank account: LT59 7290 0000 0064 3914, AB „Parex“ bankas,
 bank code 72900
 The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
 Phone: +370 45 50 74 06
 Fax: +370 45 50 74 04
 E-mail: info@landvesta.lt
 Website: www.linasagro.lt
 Activity: Rent and management of agricultural purposes
 land

Name: ŽŪB Landvesta 5
 Legal form: Agricultural company
 Registration date: 16-08-2007
 Company code: 301019661
 Company VAT code: LT100003415810
 Company register: Register of Enterprises of Republic of Lithuania,
 VĮ Registrų centras
 Information on bank account: LT80 7290 0000 0064 3924, AB Parex bankas,
 bank code 72900
 The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
 Phone: +370 45 50 74 06
 Fax: +370 45 50 74 04
 E-mail: info@landvesta.lt
 Website: www.linasagro.lt
 Activity: Rent and management of agricultural purposes
 land

Name: ŽŪB Landvesta 6
 Legal form: Agricultural company
 Registration date: 14-01-2008
 Company code: 301520074
 Company VAT code: Ne PVM mokėtoja
 Company register: Register of Enterprises of Republic of Lithuania,
 VĮ Registrų centras
 Information on bank account: LT79 4010 0412 0044 9717, AB DnB NORD
 bankas, bank code 40100
 The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
 Phone: +370 45 50 74 06
 Fax: +370 45 50 74 04
 E-mail: info@landvesta.lt

Website: www.linasagro.lt
 Activity: Rent and management of agricultural purposes land

Joint ventures and associates operating in Lithuania:

Name: UAB Kustodija
 Legal form: Limited liability company
 Registration date: 18-07-1995
 Company code: 123229863
 Company VAT code: LT232298610
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT15 7044 0600 0109 4182, AB SEB bankas, bank code 70440
 The registered address: Laisvės av. 117A, LT-06118 Vilnius, Lithuania
 Phone: +370 5 230 17 25
 Fax: +370 5 230 17 24
 E-mail: info@kustodija.lt
 Website: www.kustodija.lt
 Activity: Sale of plant protection products

Name: UAB Jungtinė Ekspedicija
 Legal form: Limited liability company
 Registration date: 17-02-1998
 Company code: 141642963
 Company VAT code: LT416429610
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT58 7044 0600 0053 4300, AB SEB bankas, bank code 70440
 The registered address: I. Kanto St. 12-3, LT-92235, Klaipėda, Lithuania
 Phone: +370 46 310163
 Fax: +370 46 312529
 E-mail: info@je.lt
 Website: www.je.lt
 Activity: Expedition and representation services

Name: UAB Dotnuvos Projektai
 Legal form: Limited liability company
 Registration date: 05-03-1996
 Company code: 261415970
 Company VAT code: LT614159716

Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT62 7044 0600 0180 5025, AB SEB bankas, bank code 70440
 The registered address Parko St. 6, Akademija, Kėdainiai district, LT-58351, Lithuania
 Phone: +370 347 37030
 Fax: +370 347 37040
 E-mail: dotnuva@dotpro.lt
 Website: www.dotpro.lt
 Activity: Sale of seeds, agricultural machinery

Name: UAB Dotnuvos Technika
 Legal form: Limited liability company
 Registration date: 11-05-1998
 Company code: 161452398
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT02 7044 0610 3510 9275, AB SEB bankas, bank code 70440
 The registered address Parko st. 6, Akademija, Kėdainiai district, LT-58351, Lithuania
 Phone: +370 347 37030
 Fax: +370 347 37040
 Activity: Dormant

Name: UAB Dotnuvos Agroservisas
 Legal form: Agricultural company
 Registration date: 24-10-2005
 Company code: 300153440
 Company VAT code: LT100001988413
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT41 7044 0600 0522 5041, AB SEB bankas, bank code 70440
 The registered address Parko St. 6, Akademija, Kėdainiai district, LT-58351, Lithuania
 Phone: +370 347 77016
 Fax: +370 347 37114
 E-mail: dotnuva@dotpro.lt
 Website: www.dotpro.lt
 Activity: Agricultural equipment maintenance and related services

Subsidiaries operating in foreign countries:

Name:	Rosenkrantz A/S
Legal form:	Limited liability company
Registration date:	15-03-1994
Company code:	CVR 17689037
Company VAT code:	17689037
Company register:	Danish Commerce and Companies Agency
Information on bank account:	9380 3828850562, Sparnord Bank A/S, SWIFT: SPNODK22
The registered address	Vinkel Alle 1, DK-9000 Aalborg, Denmark
Phone:	+45 98 84 30 70
Fax:	+45 98 84 40 07
E-mail:	rosenkrantz@rosenkrantz.dk
Website:	www.rosenkrantz.dk
Activity:	Wholesales trade of grains and oilseeds, feedstuffs and other similar products and services
Certificates:	GTP certified company

Name:	SIA Linas Agro
Legal form:	Limited liability company
Registration date:	23-04-2003
Company code:	53603019011
Company VAT code:	LV53603019011
Company register:	Register of Enterprises of Republic of Latvia
Information on bank account:	LV53HABA0551007915427, A/s Swedbank
The registered address	Bauskas iela 2, Jelgava, LV-3001, Latvia
Phone:	+371 630 840 24
Fax:	+371 630 842 24
E-mail:	info@linasagro.lv
Website:	www.linasagro.lv
Activity:	Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs

Joint ventures and associates operating in foreign countries:

Name:	SIA Dotnuvos Projekta
Legal form:	Limited liability company
Registration date:	26-04-2010
Company code:	43603041881
Company VAT code:	LV43603041881
Company register:	Register of Enterprises of Republic of Latvia

Information on bank account:	LV88 UNLA 0050 0153 60381 ,AS „SEB Banka”
The principal place of business:	Jūrmalas iela 13c, Pinki, Babītes novads, LV-2107, Latvia
The registered address	Bauskas iela 2, Jelgava, LV-3001, Latvia
Phone:	+371 679 131 61
Fax:	+371 677 602 52
E-mail:	info@dotpro.lv
Website:	www.dotpro.lv
Activity:	Sale of seeds, agricultural machinery

ANNEX 1
TO ANNUAL REPORT
OF AB LINAS AGRO GROUP
FOR FY 2009-2010

INFORMATION ON COMPLIANCE
WITH THE CORPORATE GOVERNANCE CODE
FOR THE COMPANIES LISTED ON NASDAQ
OMX

The logo for Linas Agro, featuring the word "linas" in blue lowercase letters, a stylized orange and blue circular icon, and the word "agro" in blue lowercase letters.

linas agro



AB Linas Agro Group, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules of AB NASDAQ OMX Vilnius, discloses its compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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 main trends and objectives of the Company's development are announced in the Company's Annual Report 2008-2009. Also, the trends of the Company's development are disclosed by its corporate actions and reports to investors about the activities of the Company, periodical reports, communications presented in the statements of the Company's management in the press and general shareholders' meetings.
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 has formed the long-term and short-term strategic objectives of the development of the Company's activities. The Company's management and managers of respective fields make every effort for the implementation of those objectives. Managers of the Company and the Group's companies are responsible for the furtherance of the objectives and the optimization of shareholder value.
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 Board is formed in the Company, which represents the interests of the Company's shareholders. The Board makes the strategic decisions, adopts the strategy of the Company's activities, annual budget, main material contracts, etc. The decisions adopted by the Board are implemented by the Company's Director General, who is directly responsible to the Board, and responsible

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
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	<p>managers of respective fields, who are subordinate to him. The Company’s Board also acts as a supervisor of the implementation of the mentioned strategic decisions. The Board representing the shareholders’ interests holds sessions according to the need and continuously maintains the direct contact with the Company’s Director General and the Finance Director.</p> <p>The Company’s managing bodies seek, in their activities, to ensure the interests of all people related to the Company’s operations. The Company’s management and managers of separate fields of the Group’s companies give much time to communication with clients, suppliers, creditors in order to find the most optimum solutions. The Company follows the obligations undertaken and set in the legal acts, and it helps to maintain the long-term development of the Company’s activities. The Company’s employees are continuously informed by the management and managers of separate fields about news in the Company’s activities, achievements, losses and other internal changes via the Company’s channels of internal communication.</p>

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.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<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>	NO	<p>There is one collegiate managing body in the Company – the Board, which consists of 7 (seven) members. The collegiate supervisory body, or the Supervisory Board, is not formed.</p> <p>The Board of the Company performs certain functions of the Supervisory Board as far as it concerns the supervision of the activities of the Company and complies with the provisions of the Law on Companies.</p> <p>The Company’s Director General is responsible to the Board and periodically reports to the Board on the Company’s activities and implementation of the strategic decisions.</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>	NOT APPLICABLE	<p>The Board performs these functions in the Company, as specified in Clause 2.1.</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>	NO	<p>So far the Board is able to properly perform the supervision of implementation of adopted strategic decisions and the control of the management of the Company.</p> <p>If needed, the Supervisory Board may be formed in the future.</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</p>	YES	<p>The set principles are followed as specified in Clauses 2.1. and 2.3. The essential requirements are not violated.</p>

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

board as long as that does not contradict the essence and purpose of this body.¹

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.²

YES

The Board of the Company consists of 7 (seven) members responsible for different fields of activities.

The Board can adopt a decision only when at least two thirds of its members are in attendance and with a majority vote. It means that at least 3 votes of the Board’s members are required to make the decision.

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.

NOT APPLICABLE

The Supervisory Board is not formed in the Company, and the Company’s general manager can be removed according to the decision of the Company’s Board.

¹ Provisions of Principles III and IV are more applicable to those instances when the general shareholders’ meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company’s board and the chief executive officer and to represent the company’s shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board (e.g. formation of the committees), should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company’s chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company’s management bodies is applied to the extent it concerns independence from the chief executive officer.

² Definitions ‘executive director’ and ‘non-executive director’ are used in cases when a company has only one collegial body.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<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 depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	NO	<p>The head of the Company – Director General - and the Chairman of the Board is the same person. Thus the impartiality of the decision-making is ensured. The decisions are adopted in compliance with the order stipulated in the Articles of the Association of Company, which clearly indicates the competence as well as its limits of the manager’s decision-making.</p>

Principle III: The order of the formation of a collegial body to be elected by a general shareholders’ meeting

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.³

<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>	YES	<p>The mechanism of the formation of the Company’s Board, set in the Articles of the Association of Company, ensures the objective supervision of managing bodies.</p>
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³ Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders’ meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company’s chief executive officer. This note shall apply in respect of item 3.1 as well.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<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>	YES	These provisions are set in the Articles of the Association of Company and are followed.
<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>	YES	The Company follows this provision.
<p>3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined 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</p>	YES	<p>The composition of the Board and the number of its members meets the scope of the Company’s activities and the size of the current structure.</p> <p>The members of the Company’s Board have sufficient experience in the fields, where the Company performs its main activities; also, all members have versatile knowledge in the fields of finance, economics, investment management and maintenance.</p>

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.

The Audit and Remuneration Committees have not been formed yet.

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.

NOT APPLICABLE

Members of the Company's Board are employees of the Group's companies; therefore, they are well aware of the Company's activities.

The Board's members update their skills and knowledge while performing their functions.

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 sufficient⁴ number of independent⁵ members.

NO

The issue of independent members as well as their sufficient number in the collegiate managing body may be discussed in the future.

⁴ The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

⁵ It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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:

NOT APPLICABLE

According to the comment of Clause 3.6., the provision is not applicable to the Company.

- 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

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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 receiving significant payments from the company or its group;

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

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

company;

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;

8) He/she has not been in the position of a member of the collegial body for over than 12 years;

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.

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.

NOT APPLICABLE

According to the comment of Clause 3.6., the provision is not applicable to the Company.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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.

NOT APPLICABLE

According to the comment of Clause 3.6., the provision is not applicable to the Company.

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.

NOT APPLICABLE

According to the comment of Clause 3.6., the provision is not applicable to the Company.

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.⁶ The general shareholders' meeting should approve the

NOT APPLICABLE

According to the comment of Clause 3.6., the provision is not applicable to the Company.

⁶ It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the only form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

amount of such remuneration.

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 monitoring⁷ of the company’s management bodies and protection of interests of all the company’s shareholders.

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.⁸

YES

The member of the Board responsible for the finance policy and its supervision in the Company continuously maintains the contact and holds regular meetings with the Company’s Chief Accountant, the Group’s Head of Treasury to discuss the financial state of the Company as well as last essential financial changes, if any. The Chairman of the Board continuously maintain the contact and regularly meets with the managers to discuss the changes that occurred or are occurring in the activities of the Company, essential issues of organization of operations, the development of the Company’s activities.

The Company’s Board analyses and assesses the material about the Company’s activities and finance supplied by the Company’s Director General and Finance Director, if necessary give recommendations and suggestions, initiate urgent meetings and visits.

⁷ See Footnote 3.

⁸ See Footnote 3. In the event the collegial body elected by the general shareholders’ meeting is the board, it should provide recommendations to the company’s single-person body of management, i.e. the company’s chief executive officer.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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).

YES

The members of the Board act responsibly and in goodwill in favor of the Company and its shareholders, seek to maintain their independence in making the decisions and taking into consideration the interests of the third parties.

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 half⁹ of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.

YES

Members of the Company's Board, each individually and all collectively, pay sufficient time and attention to have the function attributed to the competence of the Board duly performed. The members of the Board take part in the sessions, the time of which is agreed among the members so that all members of the Board could take part in the session. If any of the members cannot participate in the session due to a valid excuse, the conditions are arranged for the member to cast his advance vote in writing.

⁹ It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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.

YES

The Board of the Company seeks, in its work, to conduct in good faith and impartially with all shareholders, and, according to the available data, there has been no case, so far, that it were vice versa. The Chairman of the Board is, by adjusting and coordinating interactions with other members of the Board and managers, obliged and authorized to, in the name of the Board, communicate with the shareholders, inform the shareholders about the Company's activities, strategy, other essential matters and provide official binding clarifications.

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.

YES

All transactions specified in this recommendation, if they are not insignificant due to their low value, are concluded upon the decision and agreement of the Board. The decision of the Board can be adopted only in case of the required quorum and majority and following the provisions of the Article of the Association of Company that comply with the Law on Companies. The same order is applied in all the Group's companies.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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 bodies¹⁰. 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. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.

YES

The Board of the Company adopts the decision following only the interests of the Company, therefore, the independence of the members in making the decision significant to the activities and strategy of the Company have to be assessed in accordance with the interest of the Company and its shareholders. The members of the Board are provided with all possibilities and they have the right to all resources necessary to properly perform their duties, including the possibilities to apply to the independent external legal, accounting and other specialists. The Company's Director General ensures that the managers or employees of separate fields provide the members of the Board with all required information directly or through the Director General so that they are able to duly perform their functions and solve the issues attributed to their competence.

¹⁰ In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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 committees¹¹. 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.

NOT APPLICABLE

In order to implement the requirements of the Law on Audit and this Code, the Company will form the Audit Committee in the nearest general shareholders' meeting.

According to the scope of the Company's activities, results and objective needs as well as the fact that the Board consists of 7 (seven) members, the Company is not in need of establishment of other committees indicated in this recommendation though the foundation of Nomination and Remuneration Committees will be considered in the future.

¹¹The Law of the Republic of Lithuania on Audit (Official Gazette, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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 exercise independent judgement and integrity when exercising its functions as well as 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.

NO

The Company has not yet formed the Audit Committee. The Company will form the Audit Committee in the nearest general meeting of the shareholders; it will operate in accordance with the Regulations of the Audit Committee confirmed in the general shareholders' meeting.

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 is not placed on particular individuals. 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 is not placed on particular individuals.

NO

The Company has not yet formed any committees. The Audit Committee meeting the requirements of this provision will be formed in the nearest general meeting of the shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>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.</p>	NO	The Company has not yet formed any committees. The Audit Committee meeting the requirements of this provision will be formed in the nearest general meeting of the shareholders.
<p>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.</p>	NO	The Company has not yet formed any committees. The Audit Committee meeting the requirements of this provision will be formed in the nearest general meeting of the shareholders.
<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <p>1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate</p>	NOT APPLICABLE	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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;

- 2) 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;
- 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;
- 4) Properly consider issues related to succession planning;
- 5) Review the policy of the management bodies for selection and appointment of senior management.

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.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ol style="list-style-type: none"> 1) 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; 2) 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; 3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) Periodically review the remuneration policy for executive directors or 	NOT APPLICABLE	The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

members of management body, including the policy regarding share-based remuneration, and its implementation;

- 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;
- 6) 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);
- 7) Make general recommendations to the executive directors 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.

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:

- 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;
- 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;
- 3) 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.

4.13.3. Upon resolution of the issues attributable to the competence of the

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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.

4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.

4.14. Audit Committee.

4.14.1. Key functions of the audit committee should be the following:

- 1) 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);
- 2) 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;
- 3) 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;
- 4) Make recommendations to the collegial

NOT APPLICABLE

The Company has not yet formed any committees. The Audit Committee meeting the requirements of this provision will be formed in the nearest general meeting of the shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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;

- 5) 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) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;
- 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.

4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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.

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.

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.

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

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

audit.

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.

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.

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.

NO

So far there has been no practice in the Company for the Board to perform the assessment of its activities and to separately inform the shareholders about it as the controlling shareholder, by appointing the members of the Board, thoroughly checked and evaluated each member's experience, competence and determination to act for the interest of the Company.

The Company's management structure is announced in the Company's report.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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>The Chairman of the Board heads the Board, he implements all the requirements set out in this clause.</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</p>	<p>YES</p>	<p>The sessions of the Company’s Board are held once a month according to the Schedule approved in advance. In need, the sessions of the Board are held more frequently.</p>

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

company's board should meet at least once a month¹².

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 work procedure of the Board is stipulated in the regulations of the Board's work and ensures the compliance with this clause's provisions.

So far there have been no cases of absenteeism of Board's members in the Board's sessions.

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-ordinating 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.

NOT APPLICABLE

Only one collegiate managing body – the Board - is formed in the Company.

¹² The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

Principle VI: The equitable treatment of shareholders and shareholder rights

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.

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 only of ordinary nominal intangible shares which grant the same rights to the Company's shareholders.
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 Articles of the Association of Company which complies with the Law on Companies guarantee the rights to shareholders. The Company's Articles of the Association are publicly accessed to all investors on the Company's website in the Lithuanian and English languages.
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. ¹³ 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.	NO	The approval of the indicated decisions in the general shareholders' meeting could interfere with the effectiveness and efficiency of the Company's activities.

¹³ The Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<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.</p>	YES	<p>The information about the general meeting of shareholders will be announced through the information system of NASDAQ OMX Globe Newswire as well as on the Company's website in the Lithuanian and English languages.</p> <p>The place for the general shareholders' meeting will be selected according to the shareholders' interests so that everyone willing to participate will be able to do that.</p> <p>The meetings will be held on the working day at 10 a.m. so that all shareholders could easily arrive and participate in the session.</p>
<p>6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. 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 Lithuanian, 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>	YES	<p>The Company announces to the general meeting of shareholders the prepared draft decisions through the information system NASDAQ OMX Globe Newswire and on the Company's website in the Lithuanian and English languages. The decisions adopted by the general shareholders' meeting are announced through the information system NASDAQ OMX Globe Newswire no later than within one day since their adoption in the Lithuanian and English languages. The decisions adopted by the general meeting of shareholders are also provided on the Company's website.</p>

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
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.	YES	<p>The shareholders of the Company may exercise their right to take part in the general shareholders’ meeting both in person and through a representative, if the latter has a due authority or the contract on transfer of the voting right which was concluded according to the order stipulated by the legal acts.</p> <p>The Company provides the shareholders with the possibility to vote by completing a voting ballot as is indicated in the Law on Companies.</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 by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	<p>In the future the Company will discuss such possibilities by taking into account necessary financial resources, current legal regulations and objective distribution of the Company’s shareholders as well as their wishes.</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.

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	YES	<p>The members of the Board avoid situations where their personal interests may conflict with the interests of the Company. The members of the Board abstain from voting or refuse to vote when the matter is related to his person.</p>
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PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>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>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>	YES	The members of the Boart act in favour of the Company's interests, and their competence as well as their personal traits allow to claim that they conduct so that the conflicts of interest would not arise and they did not occur in the practice so far.
<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>	YES	The members of the Company's Board have not concluded the transactions of high value of those under non-standrad conditions with the Company.
<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>	YES	The Law on Companies stipulates that the member of the Board has no right to vote when the session of the Board deals with the question related to his activities or that of his liability. The members of the Board are aware of this provision and apply it broader than required by the Law, i.e. they abstain from voting or refuse to vote when it is related to

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

his person and the Company or when it may cause the conflict of interest.

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 it should ensure publicity and transparency both of company’s remuneration policy and remuneration of directors.

8.1. A company should make a public statement of the company’s remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company’s annual statement as well as posted on the company’s website.

NO

The Company has not prepared the remuneration statement; therefore, it cannot execute this recommendation.

The information about the Company’s payments to the members of the issuer’s managing bodies and the senior management during the previous period is announced according to the order stipulated by the legal acts. In the opinion of the Company and the Board, such information is off-the-record (confidential) and is currently considered as a trade secret of the Company according to the competitive environment and economic conditions for activities in Lithuania and other markets where the Company operates.

The issue on the need for and preparation of the remuneration policy report is expected to be dealt with in the future alongside with the change of market conditions and competitive environment.

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.

NOT APPLICABLE

The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>8.3. Remuneration statement should leastwise include the following information:</p> <ol style="list-style-type: none"> 1) Explanation of the relative importance of the variable and non-variable components of directors’ remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) Sufficient information on deferment periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and performance; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive 	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

information.

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.

NOT APPLICABLE

The Company has no remuneration statement due to the reasons specified in Clause 8.1.

8.5. 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 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.

NOT APPLICABLE

The Company has no remuneration statement due to the reasons specified in Clause 8.1.

8.5.1. The following remuneration and/or emoluments-related information should be disclosed:

- 1) 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;
- 2) The remuneration and advantages received from any undertaking belonging to the same group;
- 3) 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;
- 4) If permissible by the law, any significant

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

additional remuneration paid to directors for special services outside the scope of the usual functions of a director;

- 5) 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;
- 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.

8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:

- 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;
- 2) 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;
- 3) 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;
- 4) All changes in the terms and conditions of existing share options occurring during the financial year.

8.5.3. The following supplementary pension schemes-related information should be disclosed:

- 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;
- 2) When the pension scheme is defined-

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.</p> <p>8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the 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>8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.</p>	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
<p>8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.</p>	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
<p>8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.</p>	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
<p>8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to</p>	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
be manifestly misstated.		
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.12. 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.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.18. 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.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.19. 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.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.20. The following issues should be subject to approval by the shareholders' annual	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

general meeting:

- 1) Grant of share-based schemes, including share options, to directors;
- 2) Determination of maximum number of shares and main conditions of share granting;
- 3) The term within which options can be exercised;
- 4) The conditions for any subsequent change in the exercise of the options, if permissible by law;
- 5) 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.

8.21. 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.

NOT APPLICABLE

The Company has no remuneration statement due to the reasons specified in Clause 8.1.

8.22. Provisions of Articles 8.19 and 8.20 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.

NOT APPLICABLE

The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, 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.

NOT APPLICABLE

The Company has no remuneration statement due to the reasons specified in Clause 8.1.

Principle IX: The role of stakeholders in corporate governance

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.

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.

YES

The Company performs its activities and is managed following the legal and other normative acts of the Republic of Lithuania, according to the reasonable and lawful interests of the community and the third

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<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>	YES	<p>parties, which do not contradict and do not cause the threat to violate the reasonable and lawful interests of the Company.</p> <p>All persons concerned and the third parties may access the announceable public information about the activities of the Company on the websites of NASDAQ OMX Vilnius Stock Exchange or the Company.</p> <p>All persons concerned can address the Company's Investor Relations Specialist orally or in written form.</p>
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>	YES	<p>All necessary information can be accessed on the websites of NASDAQ OMX Vilnius Stock Exchange and the Company.</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.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>10.1. The company should disclose information on:</p> <ol style="list-style-type: none"> 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) 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>	YES	<p>The information about the Company specified in this clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange, the reports (periodical information) of the Company prepared according to the order stipulated by the legal acts of the Republic of Lithuania, also, on the website of the Company. By presenting the information specified in this clause the Company announces the consolidated information of both the Company and the Group of companies.</p>
<p>10.2. It is recommended to the company, which is the parent of other companies, 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>	YES	<p>By presenting the information specified in this clause the Company announces the consolidated information of both the Company and the Group of companies.</p>

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<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>	YES	The company supplies the information specified in this clause in its annual report.
<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>	YES	The company supplies the information specified in this clause in its annual report.
<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>	YES	The information specified in this clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange and on the Company’s website in the Lithuanian and English languages. All corporate actions and information to investors are presented not during the trade session, in all cases – before the session starts or after it ends.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge 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.	YES	The Company ensures impartial, timely and inexpensive access to the information by announcing it on the Company's website or through NASDAQ OMX Vilnius Stock Exchange's information system in the Lithuanian and English languages.
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.	YES	This recommendation is fully implemented in the Company.

Principle XI: The selection of the company's auditor

The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.

11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	YES	<p>This recommendation is implemented partly.</p> <p>The independent firm of auditors assesses the annual report and the annual statements. Since the legal acts of the Republic of Lithuania do not stipulate the assessment of interim financial reports and since it would cause additional costs and time expenses, the Company does not audit interim reports.</p> <p>Despite that, the Company's interim reports are prepared according to TFAS requirements.</p>
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PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
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.	YES	This recommendation is fully implemented.
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.	YES	The firm of auditors provided the Company with the consultations on tax issues in the financial year 2009-2010.