

The logo for Invalida, featuring the word "Invalida" in a white, italicized sans-serif font on a black rectangular background.

Invalida

Consolidated Annual Report of Invalida AB for the year 2011

Prepared according to The Rules for the Drawing-up and the Submission of the
Periodic and Additional Information, approved by
Resolution No. 1K-3 of 23.02.2007 of the Lithuanian Securities Commission

Approved by the Board decision No. 2012- 07 passed on 6 April, 2012

Translation note:

This version of the Annual Report is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.

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Our report has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of our report takes precedence over the English language version.

Independent Auditor's Report

To the shareholders of Invalda AB

We have audited the accompanying stand alone and consolidated financial statements (together 'the Financial statements') of Invalda AB ('the Company') and its subsidiaries (collectively 'the Group') which comprise the stand alone and consolidated statement of financial position as of 31 December 2011 and the stand alone and consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and which are published separately from the consolidated Annual report. We expressed an unmodified opinion on the Financial statements in our report dated 6 April 2012.

Furthermore, we have read the consolidated Annual Report for the year ended 31 December 2011 set out on pages 5 - 71 and have not noted any material inconsistencies between the financial information included in it and the audited Financial statements for the year ended 31 December 2011.

For a better understanding of the financial position of the Company and the Group as of 31 December 2011, and of their financial performance for the year then ended, the consolidated Annual Report for the year ended 31 December 2011 should be read in conjunction with the Financial statements which are published separately.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner

Authorised to act for and on behalf of
PricewaterhouseCoopers, UAB based on the
Power of Attorney dated 16 June 2010

Vilnius, Republic of Lithuania
6 April 2012

Rasa Radzevičienė
Auditor's Certificate No.000377

*PricewaterhouseCoopers UAB, J. Jasinskio 16B, LT-01112 Vilnius, Lithuania
T: +370 (5) 239 2300, F: +370 (5) 239 2301, E-mail: vilnius@lt.pwc.com, www.pwc.com/lt*

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I. GENERAL INFORMATION

1. Reporting period for which the report is prepared

The report is prepared for the year 2011.

2. General information about the Issuer and other companies comprising the Issuer's group

2.1. Information about the Issuer

Name and legal form of the Issuer	Public company Invalda, hereinafter Invalda AB
Enterprise code	121304349
Address	Seimyniskiu str. 1A, LT-09312 Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	info@invalda.lt
Website	www.invalda.lt
Date and place of registration	March 20, 1992, Register of Enterprise of Vilnius
Register, in which data about the Company are accumulated and stored	Register of Legal Entities

Invalda AB is one of the largest Lithuanian investment companies whose primary objective is to steadily increase the investor equity value. For the purpose of attainment of this objective Invalda AB actively manages its investments, exercising control or significant influence over target businesses.

Invalda AB started the activity in 1991. Its equities have been traded on the NASDAQ OMX Vilnius Exchange since 1995.

In respect of each business Invalda AB defines its performance objectives, sets up the management team, participates in the development of the business strategy and monitors its implementation. We play an active role in passing decisions on strategic and other important issues that have an effect upon the value of the group companies.

2.2. Information about other companies comprising the Issuer's group

The main sectors of Invalda AB are the following: furniture manufacturing, real estate, facility management, information technology (IT) infrastructure and rail and road infrastructure. Pharmaceutical sector's companies were included into Invalda AB group until August 19, 2011 and an agricultural sector's company joined Invalda AB group on December 15, 2011.

Group's companies and their contacts are presented in Appendix 1 of this report.

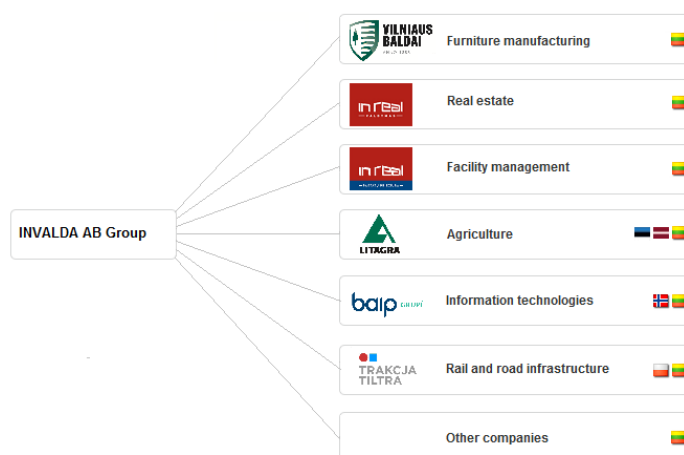
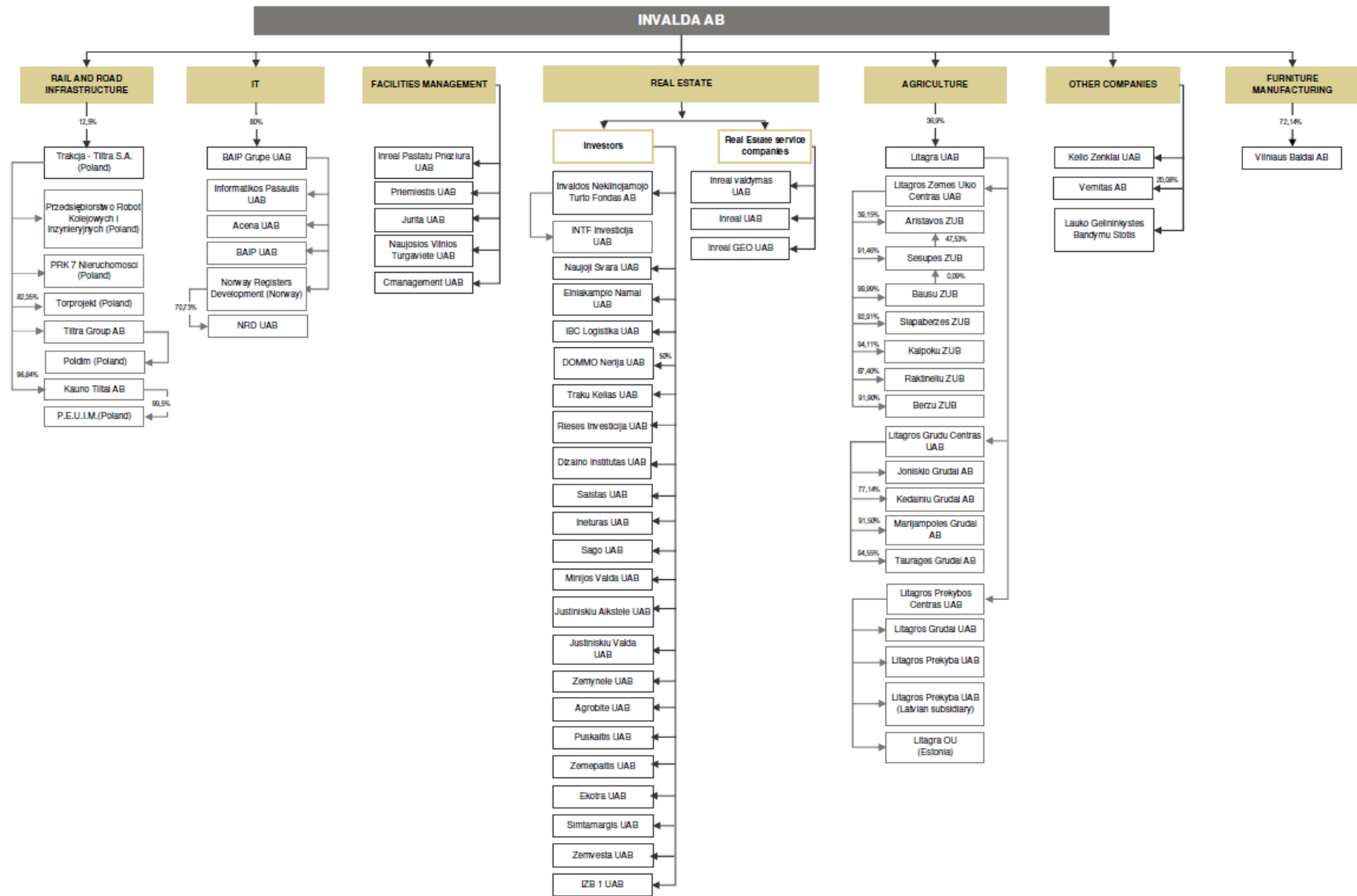


Fig. 2.2.1. The main sectors of Invalda AB group as of December 31, 2011

Consolidated annual report for 2011



Picture 2.2.2. Simplified structure of Invalda AB group management as of announcement day of this report

3. Agreements with intermediaries on public trading in securities

Invalda AB has signed agreements with these intermediaries:

- Finasta AB FMI (Maironio str. 11, Vilnius, Lithuania, tel. +370 5 278 6833) – the agreement on investment services, the agreement on management of securities accounting, the agreement on payment of dividends;
- Bank Finasta AB (Maironio str. 11, Vilnius, tel. +370 5 203 2233) – the agreement on management of securities account, the agreement on investment services;
- Siauliu Bankas AB (Tilzes str. 149, Siauliai, Lithuania, tel. +370 41 595 607) – the agreement on management of securities account and intermediation;
- DnB NORD Bankas AB (J. Basanaviciaus str. 26, Vilnius, Lithuania, tel. +370 5 239 3503) – the agreement on financial instruments account management, implementation of orders and offering recommendations;
- SEB Bankas AB (Gedimino ave. 12, Vilnius, Lithuania, tel. +370 5 268 2370) – the agreement on securities accounting;
- Medicinos Bankas UAB (Pamenkalnio str. 40, Vilnius, Lithuania, tel. +370 5 264 4845) - the agreement on management of securities account.
- Dom Maklerski BZ WBK S.A. (Pl. Wolnosci str. 15, 60-967 Poznan, Poland, tel. +48 61 856 48 80) – the agreement of intermediation.
- AB SEB Pank¹ (Tornimae str. 2, 15010 Tallin, Estonia, tel. +372 6657 772) - the agreement of intermediation.

4. Information on Issuer's branches and representative offices

Invalda AB has no branches or representative offices.

5. The order of amendment of Issuer's Articles of Association

The Articles of Association of Invalda AB may be amended by the resolution of the General Shareholders' Meeting, passed by more than 2/3 of votes (except in cases provided for by the Law on Companies of the Republic of Lithuania).

The Articles of Association of the Company dated February 3, 2010 were valid in 2011.

A new wording of the Articles of Association² was registered on March 30, 2012. The actual version is available on the Company's website.

II. INFORMATION ABOUT SECURITIES

6. Information about Issuer's authorised capital

6.1. Structure of the authorised capital

Table 6.1.1. Structure of Invalda AB authorised capital as of December 31, 2011

Type of shares	Number of shares, units	Nominal value, LTL	Total nominal value, LTL	Portion of the authorised capital, %
Ordinary registered shares	51.659.758 ²	1	51.659.758	100.00

Table 6.1.2. Structure of Invalda AB authorised capital as of the announcement day of this report

Type of shares	Number of shares, units	Nominal value, LTL	Total nominal value, LTL	Portion of the authorised capital, %
Paprastuosio vardinės akcijos	57.557.940 ²	1	57.557.940	100.00

All shares are fully paid-up and no restrictions apply on their transfer.

¹ The agreement date is February 27, 2012

² On March 30, 2012 the conversion face value of 32.44 million litas convertible bonds resulted the increase of share capital of Invalda AB by 5.898.182 litas from 51 659 758 litas to 57.557.940 litas 5 898 182 ordinary registered shares of 1 litas par value was issued. (chapter 19, page 34).

6.2. Adjustments of the authorised capital

Information concerning adjustments of Invalda AB authorised capital during past 10 years is presented below:

- During the period from October 15, 1996 till October 1, 2004 the authorised capital of Invalda AB amounted to 38.000.000 litas. It was divided into 38.000.000 ordinary registered shares of nominal value of 1 litas.
- The increased authorised capital of 40.417.339 litas was registered and divided into 40.417.339 ordinary registered shares of nominal value of 1 litas on October 1, 2004. The emission of 2.417.339 shares was issued during the process of reorganisation when Kreimi AB shares were changed into Invalda AB ones.
- Invalda AB the General Shareholders' Meeting held on November 21, 2005 passed the resolution to increase the authorised capital of the Company by 1.317.323 litas from 40.417.339 litas up to 41.734.662 litas, by issuing 1.317.323 shares of nominal value of 1 litas. The amended Articles of Association were registered in the Register of Legal Entities on November 24, 2005. The increased authorised capital amounted to 41.734.662 litas and was divided into 41.734.662 ordinary registered shares of nominal value of 1 litas.
- Invalda AB and Pozityvios Investicijos AB reorganization was completed on June 30, 2006. Pozityvios Investicijos AB was merged with Invalda AB. During reorganisation shares of Pozityvios Investicijos AB were changed into Invalda AB shares – the emission of 3.273.714 Invalda AB shares was issued. After the reorganisation the authorised capital of Invalda AB amounted to 45.008.376 litas and was divided into 45.008.376 shares of nominal value of 1 litas.
- The reorganisation of Invalda AB and one of the major shareholders Nenuorama AB was finished on September 28, 2007. Nenuorama AB was merged with Invalda AB. Changing Nenuorama AB shares into Invalda AB ones, the emission of 19.866.060 shares was issued. Following the terms of the reorganisation 22.305.587 Invalda AB shares held by Nenuorama AB were annulled. After reorganisation the authorised capital of Invalda AB amounted to 42.568.849 litas and was divided into 42.568.849 shares of nominal value of 1 litas.
- The share capital of Invalda AB was increased by 9.090.909 litas, from 42.568.849 litas till 51.659.758 litas issuing 9.090.909 ordinary registered shares of nominal value of 1 litas on February 3, 2010. New shares were issued after conversion of 50.000.000 litas bonds issue.
- The share capital of Invalda AB was increased by 5.898.182 litas, from 51.659.758 litas till 57.557.940 litas issuing 5.898.182 ordinary registered shares of nominal value of 1 litas on March 30, 2012. New shares were issued after conversion of 32.440.000 litas bonds issue.

6.3. Rights and obligations carried by the shares

6.3.1. Rights of the shareholders

The Company's shareholders have the following property and non-property rights:

- 1) to receive a part of the Company's profit (dividend);
- 2) to receive part of the Company's funds, when the Company's authorised capital is decreased, in order to pay the shareholders from the Company's funds;
- 3) to receive shares without payment if the authorised capital is increased out of the Company funds, except in cases provided by the laws of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholders' Meeting in the manner prescribed in the Law on Companies of the Republic of Lithuania decides to withdraw the pre-emption right in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
- 5) to lend to the Company in the manner prescribed by laws;
- 6) to sell or otherwise transfer owned shares;
- 7) to receive a part of assets of the Company in liquidation;
- 8) other property rights provided by laws;
- 9) to attend the General Shareholders' Meetings;
- 10) to vote at the General Shareholders' Meetings according to voting rights carried by their shares;
- 11) to receive information on the Company specified in the Law on Companies of the Republic of Lithuania;
- 12) to appeal to the court for reparation of damage resulting from nonfeasance or malfeasance by the Company's manager and the Board members of their obligations prescribed by the Law on Companies of Republic of Lithuania and other laws of the Republic of Lithuania and the Company's Articles of Association as well as in other cases laid down by laws;

13) to submit the questions to the General Shareholders' Meeting related to the agenda issues to the Company in advance;

14) to authorise natural or legal person to represent his interests in relations with the Company and other persons

15) other non-property rights established by laws and the Company's Articles of Association.

6.3.2. Obligations of the shareholders

The shareholders have no property obligations to the Company, except for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Shareholders' Meeting takes a decision to cover the losses of the Company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Shareholders' Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

A shareholder shall repay the Company any dividend paid out in violation of the mandatory norms of the Law on Companies, if the Company proves that the shareholder knew or should have known thereof.

The shareholder shall provide for the Company with any changes in the following data: personal number, address, phone number, and bank account number. If the shareholder fails to communicate the afore mentioned details, provision of information by the known address or payment of money to the account indicated by the shareholder on the part of Invalda AB will be considered as proper execution by Invalda AB of its relevant obligation towards the shareholder.

7. Shareholders

There are no shareholders entitled to special rights of control.

Invalda AB has no knowledge of any restriction on voting rights or mutual agreements between the shareholders, that might result in the restriction of shares transfer and (or) voting rights. There are no agreements to which the Issuer is a party and which would come into effect of being amended or terminated in case of change in the Issuer's control.

As of December 31, 2011 the total number of shareholders was 6.610 (as of December 31, 2010 it was 6.814).

Table 7.1. Shareholders who held title to more than 5% of Invalda AB authorised capital and / or votes for the December 31, 2011

Name of the shareholder or Company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %		
			Share of votes given by the shares held by the right of ownership	Indirectly held votes	Total (together with the persons acting in concert)
Mr. Vytautas Bucas	9.585.803	18.56	18.56	-	26.85
Mr. Darius Sulnis	2.865.327	5.55	5.55	2.34	
Mr. Dalius Kaziunas	213.294	0.41	0.41	-	
Ms. Dovile Kaziuniene	380	0.001	0.001	-	
Ms. Irena Ona Miseikiene	14.095.856	27.29	25.52	-	25.52
Lucrum Investicija UAB, ent. code 300806471, Seimyniskiu str. 3, Vilnius, Lithuania	0	0	0	10.38	10.38
Ms. Daiva Baniene	1.836.234	3.55	3.55	-	8.29
Mr. Alvydas Banys	3.779.624	7.32	3.93	-	
LJB Investments UAB, ent. code 300822575, P. Smugleviciaus str. 20, Vilnius	418.144	0.81	0.81	-	
Mr. Algirdas Bucas	6.424.119	12.44	6.63	-	6.63

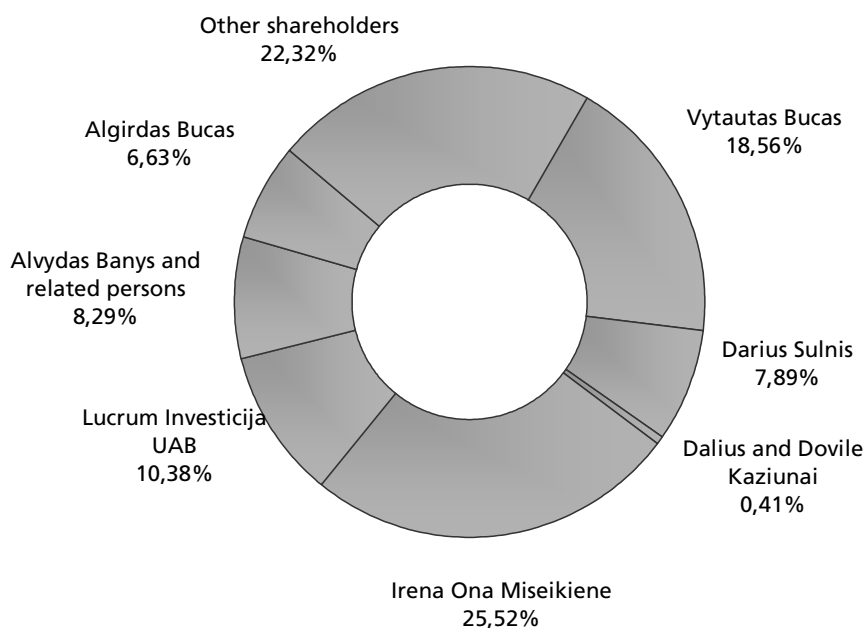


Fig. 7.1. Votes as of December 31, 2011

Table 7.2. Shareholders who held title to more than 5% of Invalda AB authorised capital and / or votes for the announcement day of this report

Name of the shareholder or Company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %		
			Share of votes given by the shares held by the right of ownership	Indirectly held voices	Total (together with the persons acting in concert)
Mr. Vytautas Bucas	9.585.803	16.65	16.65	-	24.10
Mr. Darius Sulnis	2.865.327	4.98	4.98	2.10	
Mr. Dalius Kaziunas	213.294	0.37	0.37	-	
Ms. Dovilė Kaziunienė	380	0.001	0.001	-	25.26
Ms. Irena Ona Miseikiene	14.095.856	24.49	22.91	-	
UAB „DIM investment“	1.352.727	2.35	2.35	-	
UAB „Lucrum investicija“, kodas 300806471, Seimyniškių str. 3, Vilnius	0	0	0	9.32	9.32
Ms. Daiva Baniene	1.836.234	3.55	3.55	-	15.35
Mr. Alvydas Banys	3.779.624	7.32	3.93	-	
UAB „RB finansai“	4.545.455	7.90	7.90	-	
UAB „LJB investments“, kodas 300822575, P. Smuglevičiaus str. 20, Vilnius	418.144	0.81	0.81	-	
Mr. Algirdas Bucas	6.424.119	11.16	5.95	-	5.95

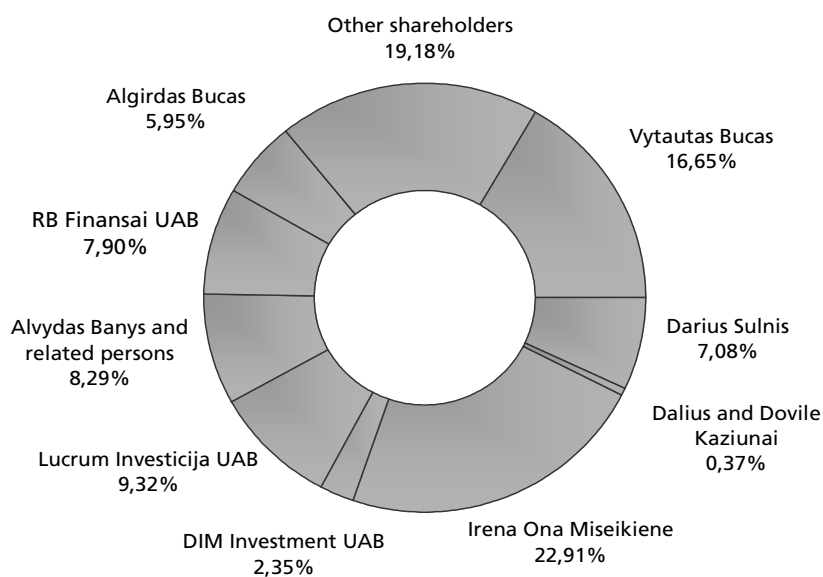


Fig. 7.2. Votes for the announcement day of this report

Table 7.3. Distribution of securities by investors' groups

Investors	Shareholders		Share of votes given by the owned shares	
	number	part, %	amount	part, %.
Households	6.533	98.84	49.242.783	95.32
Private corporations	47	0.71	694.289	1.34
Financial institutions and insurance corporations	30	0.45	1.722.686	3.33
Total	6.610	100.00	51.659.758	100.00

8. Information about the Issuer's own shares

Invalda AB, its subsidiaries and persons acting under the direction of Invalda AB and/or its subsidiaries but on their own behalf do not own shares of Invalda AB.

9. Trading of Issuer's and Issuer's group companies securities as well as securities, which are deemed to be a significant financial investment to the Issuer on a regulated market

9.1. Trading in securities of the Issuer

Table 9.1.1. Main characteristics of Invalda AB shares admitted to trading

ISIN code	LT0000102279
Name	IVL1L
Exchange	NASDAQ OMX Vilnius
List	Baltic Main List (from 01.01.2008)
Listing date	December 19, 1995
Shares issued, units	51.659.758 ³
Nominal value, litas	1
Total nominal value	51.659.758 ³

³ On March 30, 2012 the conversion face value of 32.44 million litas convertible bonds resulted the increase of share capital of Invalda AB by 5.898.182 litas from 51 659 758 litas to 57.557.940 litas 5 898 182 ordinary registered shares of 1 litas par value was issued. (chapter 19, page 34).

Company uses no services of liquidity providers.

Table 9.1.2. Trading in Invalda AB shares

	2007	2008	2009	2010	2011
Share price, €					
- open	3.591	4.967	0.484	0.533	2.000
- high	5.876	5.022	1.075	2.546	2.650
- low	3.475	0.298	0.319	0.521	1.733
- average	4.576	2.743	0.565	1.130	2.050
- last	4.967	0.484	0.533	1.989	1.943
Turnover, units	5.085.097	4.973.647	7.273.279	6.509.830	4.985.446
Turnover, €	23.274.450	13.635.456	4.108.353	8.245.131	10.143.287
Traded volume, units	11.508	9.162	8.443	12.768	10.377

Table 9.1.3. Trading in the Company's shares during the period of 2007–2011 (quarterly) on NASDAQ OMX Vilnius:

Reporting period	Price, €			Turnover, €			Last trading date	Total turnover	
	high	low	last	high	low	last		units	€
2007, 1 st Q	4.069	3.475	3.693	535.787	6.376	94.375	30-03-2007	1.551.078	5.962.453
2007, 2 nd Q	4.880	3.664	4.750	557.465	1.739	52.249	29-06-2007	1.384.470	5.817.286
2007, 3 rd Q	5.876	4.634	5.697	634.956	5.737	41.237	28-09-2007	1.380.783	7.505.897
2007, 4 th Q	5.706	4.643	4.967	228,316	1.541	41.421	28-12-2007	768.766	3.988.814
2008, 1 st Q	5.022	4.055	4.185	183,066	6.412	45.536	31-03-2008	616.706	2.688.970
2008, 2 nd Q	4.764	3.389	4.761	1.240.187	801	102.319	30-06-2008	1.035.248	4.051.223
2008, 3 rd Q	4.953	2.143	2.201	755.441	4.904	281.133	30-09-2008	1.342.266	4.952.848
2008, 4 th Q	2.520	0.298	0.484	302.649	1.820	7.495	30-12-2008	1.979.427	1.942.415
2009, 1 st Q	0.571	0.319	0.449	44.993	181	3.040	31-03-2009	825.996	400.801
2009, 2 nd Q	0.608	0.353	0.379	161.582	439	46.920	30-06-2009	1.907.207	836.172
2009, 3 rd Q	1.075	0.379	0.933	186.227	810	28.126	30-09-2009	2.948.823	1.884.303
2009, 4 th Q	0.933	0.501	0.533	90.785	730	16.183	30-12-2009	1.591.253	987.077
2010, 1 st Q	0.941	0.521	0.860	113.067	2.990	9.820	31-03-2010	2.227.864	1.804.818
2010, 2 nd Q	0.956	0.811	0.857	53.728	551	12.738	30-06-2010	768.037	676.519
2010, 3 rd Q	1.335	0.759	1.205	85.491	437	16.292	29-09-2010	1.197.017	1.310.740
2010, 4 th Q	2.546	1.196	1.989	267.088	5.745	17.358	30-12-2010	2.316.912	4.453.054
2011, 1 st Q	2.120	1.750	1.920	150.568	1.832	18.787	31-03-2011	796.183	1.582.474
2011, 2 nd Q	2.400	1.750	2.400	402.497	374	68.034	30-06-2011	1.099.505	2.309.339
2011, 3 rd Q	2.650	1.780	1.947	362.058	2.837	13.227	30-09-2011	1.554.598	3.284.869
2011, 4 th Q	2.135	1.733	1.943	195.457	6.726	143.223	30-12-2011	1.535.160	2.966.605

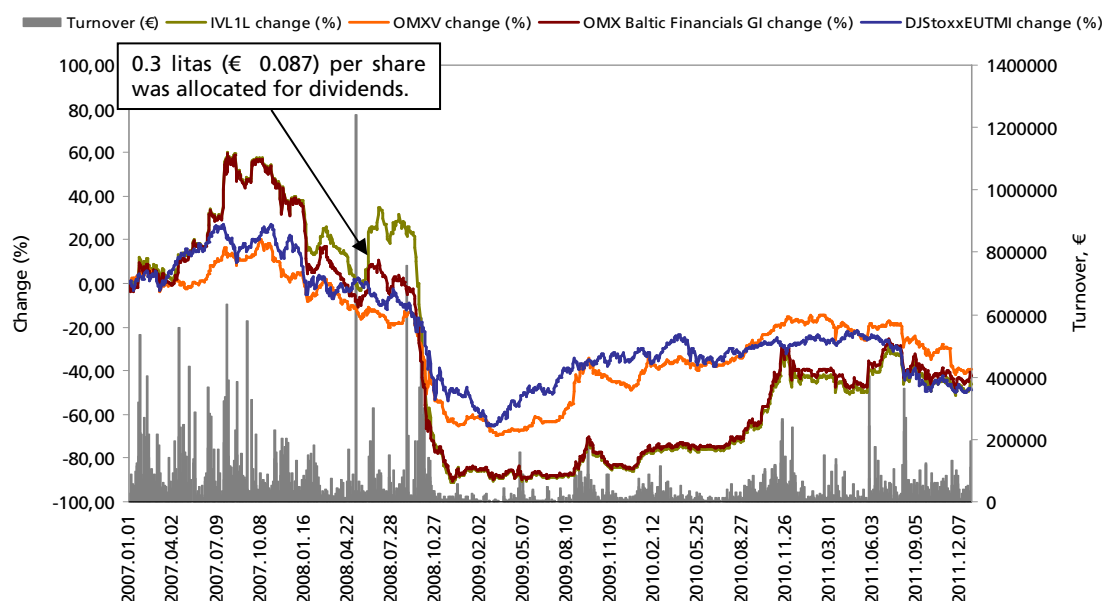

 Fig. 9.1.1. Turnover of Invalda AB shares, change of share price and indexes⁴, 2007-2011

Table 9.1.4. Capitalisation

Last trading date	Number of issued shares, units	Last price, €	Capitalisation, €
30-03-2007	45.008.376	3.693	166.215.933
29-06-2007	45.008.376	4.750	213.789.786
28-09-2007	42.568.849	5.697	242.514.733
28-12-2007	42.568.849	4.967	211.439.473
31-03-2008	42.568.849	4.185	178.150.633
30-06-2008	42.568.849	4.761	202.670.290
30-09-2008	42.568.849	2.201	93.694.037
30-12-2008	42.568.849	0.484	20.603.323
31-03-2009	42.568.849	0.449	19.113.413
30-06-2009	42.568.849	0.379	16.133.594
30-09-2009	42.568.849	0.933	39.716.736
30-12-2009	42.568.849	0.533	22.689.197
31-03-2010	51.659.758	0.860	44.427.392
30-06-2010	51.659.758	0.857	44.272.413
30-09-2010	51.659.758	1.208	62.404.988
30-12-2010	51.659.758	1.989	102.751.259
31-03-2011	51.659.758	1.920	99.186.735
30-06-2011	51.659.758	2.400	123.983.419
30-09-2011	51.659.758	1.947	100.581.549
30-12-2011	51.659.758	1.943	100.374.910

⁴ OMX index is an all-share index which includes all the shares listed on the Main and Secondary lists on the NASDAQ OMX Vilnius with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares.

The OMX Baltic Financial GI index is based on the Industry Classification Benchmark (ICB) developed by FTSE Group (FTSE). Dow Jones Stoxx EU Enlarged TMI index covers approximately 95% of the free float market capitalisation of the New Europe countries, including Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

9.2. Trading Issuer's group companies securities as well as securities, which are deemed to be a significant financial investment to the Issuer

Shares of Invalda AB group company Vilniaus Baldai AB are admitted to trading in NASDAQ OMX Vilnius Main List. Trakcja – Tiltra S.A. shares (Invalda AB currently owns 12.5 percent of Trakcja – Tiltra, S.A. shares) are admitted to trading in Warsaw Stock Exchange.

9.2.1. Trading in shares of Vilniaus Baldai AB

Table 9.2.1.1. Main characteristics of Vilniaus Baldai AB shares admitted to trading

ISIN code	LT0000104267
Name	VBL1L
Exchange	NASDAQ OMX Vilnius
List	Baltic Main List
Listing date	June 05, 2000
Share issue, units	3.886.267
Nominal value, litas	4
Total nominal value, litas	15.545.068

Table 9.2.1.2. Trading in Vilniaus Baldai AB shares

	2007	2008	2009	2010	2011
Share price, €					
- open	5.219	6.227	3.475	2.604	9.401
- high	7.241	6.661	3.186	10.426	13.000
- low	4.932	3.360	1.741	2.462	7.800
- last	6.372	3.475	2.607	9.500	10.300
Turnover, units	297.985	160.117	136.738	206.393	113.526
Turnover, million €	1.70	0.83	0.32	1.22	1.15
Capitalisation, million €	24.76	13.51	10.13	36.92	40.03

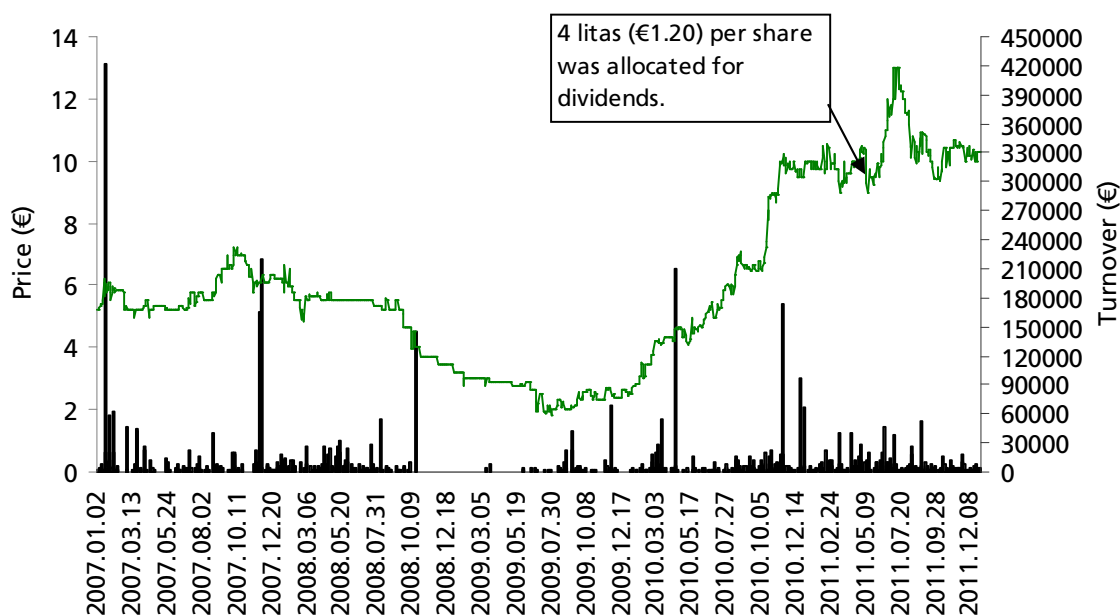


Fig. 9.2.2.1. Turnover and share price of Vilniaus Baldai AB, 2007-2011

9.2.2. Trading in shares of Trakcja – Tiltra S.A.

Table 9.2.2.1. Main characteristics of Trakcja – Tiltra S.A. shares admitted to trading

ISIN code	PLTRKPL00014
Name	TRK
Exchange	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie)
Listing date	April 01, 2008
Share issue, units	232.105.480
Nominal value, PLN	0.10
Total nominal value, PLN	23.210.548

Table 9.2.2.2. Trading in Trakcja – Tiltra S.A. shares

	2008	2009	2010	2011
Share price, PLN				
- open	4.5	4.05	4.12	4.14
- high	5.62	4.43	4.98	4.14
- low	3.8	3.4	3.84	0.65
- last	4.04	4.16	4.1	0.68
Turnover, units	55.735.745	55.670.397	27.283.781	40.426.591
Turnover, mln. PLN	264.40	215.84	117.25	81.81
Capitalisation, mln. PLN	646.83	666.04	656.43	157.83

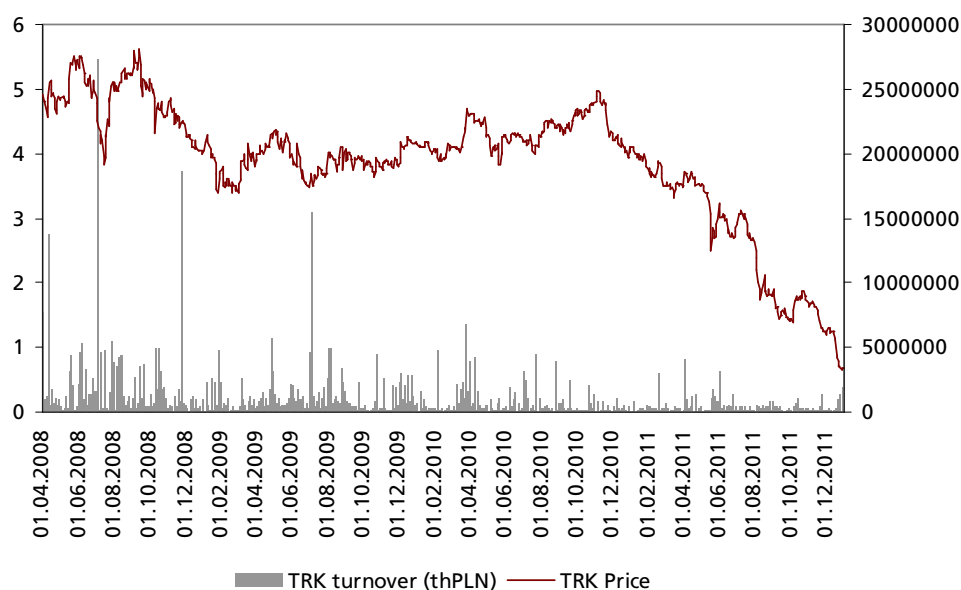


Fig. 9.2.2.1. Turnover and share price of Trakcja – Tiltra S.A., 2008-2011

10. Dividends

The General Shareholders' Meeting decides upon dividend payment and sets the amount of dividends. The Company pays out the dividends within 1 month after the day of adoption of the resolution on profit distribution.

Persons have the right to receive dividends if they were shareholders of the Company at the end of the tenth working day after the day of the General Shareholders' Meeting which issued the resolution to pay dividends. According to the Law on Personal Income Tax and the Law on Corporate Income Tax, 20% tax (until 2009 it was 15%) is applied to the dividends. The Company is responsible for calculation, withdrawn and transfer (to the benefit of the State) of applicable taxes⁵.

⁵This information should not be treated as tax consultation.

The information about the dividends paid during the last 5 years is presented below:

Table 10.1. Dividends

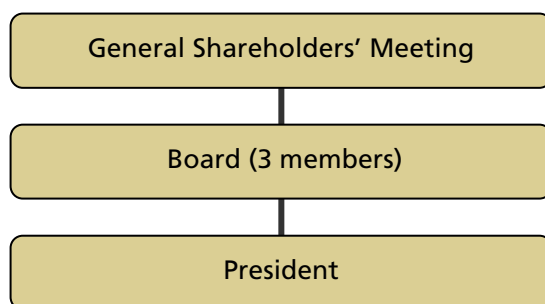
	Financial year				
	2007	2008	2009	2010	2011
The date of the ordinary shareholder's meeting date	30.04.2008	30.04.2009	30.04.2010	29-04-2011	30-04-2012
Total sum of dividends, litas	12 770 655	-	-	-	
Dividends per share, litas	0.30	-	-	-	
Net dividends per share (15% of Personal Income tax or Corporate Income tax is withdrawn), litas	0.255	-	-	-	
Share of nominal value, %	30	-	-	-	
Dividend yield (dividend per share / share price for the last day of the period), %	1.7	-	-	-	
Dividend payment rate (total sum of the dividends / net profit)	0.15	-	-	-	

Dividends for the period of 2008 - 2010 were not allocated.

III. ISSUER'S MANAGING BODIES

11. Structure, authorities, the procedure for appointment and replacement

The governing bodies of Invalda AB are: the General Shareholders' Meeting, sole governing body – the President, and a collegial governing body – the Board. The Supervisory Board is not formed.



11.1. The General Shareholders' Meeting

Persons who were shareholders of the Company at the close of the accounting day of the meeting (the 5th working day before the General Shareholders' Meeting) shall have the right to attend and vote at the General Shareholders' Meeting in person, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Shareholders' Meeting shall also cover the right to speak and enquire.

The General Shareholders' Meeting may take decisions and shall be held valid if attended by the shareholders who hold the shares carrying not less than ½ of all votes. After the presence of a quorum has been established, the quorum shall be deemed to be present throughout the General Shareholders' Meeting. If a quorum is not present, the General Shareholders' Meeting shall be considered invalid and a repeat General Shareholders' Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the General Shareholders' Meeting that has not been held and to which the quorum requirement shall not apply.

An Annual General Shareholders' Meeting must be held every year at least within 4 months from the close of the financial year.

The General Shareholders' Meeting shall have the exclusive right to:

- amend the Articles of Association of the Company, unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
- to change the Company's registered office;
- elect members of the Board;
- dismiss the Board or its members;
- elect and dismiss the firm of auditors, set the conditions for auditor remuneration;
- determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- take a decision regarding conversion of shares of one class into shares of another class, approve share conversion procedure;
- approve the set of annual financial statements;
- take a decision on profit/loss appropriation;
- take a decision on the formation, use, reduction and liquidation of reserves;
- take a decision on the issue of convertible debentures;
- take a decision on withdrawal for all the shareholders the pre-emption right to acquire the Company's shares or convertible debentures of the specific issue;
- take a decision to increase the authorised capital;
- take a decision to reduce the authorised capital, except the cases provided for by the Law on Companies of the Republic of Lithuania;
- take a decision for the Company to purchase its own shares;
- take a decision on the reorganisation or split-off of the Company and approve the terms of reorganisation or split-off;
- take a decision on transformation of the Company;
- take a decision on restructuring of the Company;
- take a decision to liquidate the Company, cancel the liquidation of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania;
- elect and dismiss the liquidator of the Company, except the cases provided by the Law on Companies of the Republic of Lithuania.

The General Shareholders' Meeting may also decide on other matters assigned within the scope of its powers by the Articles of Association of the Company, unless these have been assigned under the Law on Companies of the Republic of Lithuania within the scope of powers of other organs of the Company and provided that, in their essence, these are not the functions of the governing bodies.

11.2. The Board

The Board shall continue in office for the 4 year period or until a new Board is elected and commences its activities, but not longer than until the date of the Annual General Shareholders' Meeting to be held during the final year of the term of office of the Board. If individual members of the Board are elected, they shall serve only until the expiry of the term of office of the current Board.

The Board or its members shall commence their activities after the close of the General Shareholders' Meeting which elected the Board or its members. Where the Articles of Association of the Company are amended due to the increase in the number of its members, newly elected members of the Board may commence their activities solely from the date of registration of the amended Articles of Association. The Board shall elect the chairman of the Board from among its members.

The General Shareholders' Meeting may dismiss from the office the entire Board or its individual members before the expiry of their term of office. A member of the Board may resign from his post before the expiry of his term of office, notifying the Board in writing at least 14 calendar days in advance.

The Board shall have all authorities provided for in the Articles of Association of the Company as well as those assigned to the Board by the laws. The activities of the Board shall be based on collegial consideration of issues and decision-making as well as shared responsibility to the General Shareholders' Meeting for the consequences of the decisions made. Striving for as big benefit for the Company and shareholders as possible and in order to ensure the integrity and transparency of the control system, the Board closely cooperates with the manager of the Company. The working procedure of the Board shall be laid down in the rules of procedure of the Board adopted by it.

The Board shall consider and approve:

- the operating strategy of the Company;
- the annual report of the Company;
- the management structure of the Company and the positions of the employees;
- the positions to which employees are recruited through competition;
- regulations of branches and representative offices of the Company.

The Board shall elect and dismiss from office the manager of the Company, fix his salary and set other terms of the employment contract, approve his job description, provide incentives for and impose penalties against him.

The Board shall determine which information shall be considered to be the Company's commercial secret and confidential information. Any information which must be publicly available under the laws may not be considered to be the commercial secret and confidential information.

The Board shall take the following decisions:

- for the Company to become an incorporator or a member of other legal entities;
- to open branches and representative offices of the Company;
- to invest, dispose of or lease the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction);
- to pledge or mortgage the fixed assets which book value exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- to offer surety or guarantee for the discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company;
- to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company;
- to restructure the Company in the cases laid down by the Law on Restructuring of Enterprises of the Republic of Lithuania;
- other decisions assigned to the scope of powers of the Board by the Law on Companies of the Republic of Lithuania, Articles of Association or the decisions of the General Shareholders' Meeting.

The Board shall analyse and evaluate the information submitted by the manager of the Company on:

- the implementation of the operating strategy of the Company;
- the organisation of the activities of the Company;
- the financial status of the Company;
- the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Board shall analyse and assess a set of Company's and consolidated annual financial statements and draft of profit/loss appropriation and shall submit them to the General Shareholders' Meeting together with the annual report of the Company.

It shall be the duty of the Board to convene and organise the General Shareholders' Meetings in due time.

Members of the Board must keep commercial secrets of the Company and confidential information which they obtained while holding the office of members of the Board.

11.3. The President

The manager of the Company (the President) shall be elected and dismissed from office by the Board which shall also fix his salary, approve his job description, provide incentives and impose penalties. An employment contract shall be concluded with the President. The President shall assume office after the election, unless otherwise provided for in the contract concluded with him. If the Board adopts a decision on his removal from office, the employment contract therewith shall be terminated.

In his activities, the President shall be guided by laws and other legal acts, the Articles of Association of the Company, decisions of the General Shareholders' Meeting and the Board, his job description. The President is accountable to the Board.

The President shall organise daily activities of the Company, hire and dismiss employees, conclude and terminate employment contracts therewith, provide incentives and impose penalties.

The President shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion. The President may conclude the transactions to invest, dispose of or lease the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction), to pledge or mortgage the fixed assets for the book value which exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the



discharge of obligations of third parties for the amount which exceeds 1/20 of the authorised capital of the Company, to acquire the fixed assets for the price which exceeds 1/20 of the authorised capital of the Company, provided there is a decision of the Board to enter into these transactions.

The President shall be responsible for:

- the implementation of the Company purposes and organising the Company activities;
- drawing up of the set of annual financial statements and drafting of the annual report of the Company;
- conclusion of a contract with a firm of auditors;
- submission of information and documents to the General Shareholders' Meeting and the Board;
- submission of documents and particulars of the Company to the manager of the Register of Legal Entities;
- submission of the documents to the Securities Commission and the Central Securities Depository of Lithuania;
- publication of the information referred to in the legal acts;
- submission of information to shareholders;
- performance of other duties laid down in the laws and legal acts as well as in the Articles of Association and the job regulations of the President.

The President must keep commercial secrets and confidential information of the Company which he learned while holding this office.

12. Information about members of the Board, CFO and the Audit Committee of the Company

During the Ordinary General Shareholders' Meeting on April 30, 2010, the Board was elected for the new 4 years term of office.

12.1. Information about the management of the Company



Chairman of the Board
Vytautas Bucas (1968)

Educational background and qualifications

1993, Vilnius University, Faculty of Economics
Since 2002 member of Association of Chartered Certified Accountants, UK

Job experience

Since 2006 advisor, member of the Board, Invalda AB (since May 2007 chairman of the Board, Invalda AB)
2006-2007 director, Invaldos Nekilnojamojo Turto Fondas AB
2000-2006 member of the Board, executive vice president, CFO, Head of IT department, SEB Vilniaus Bankas AB
1992-2000 senior manager, manager, senior auditor, Arthur Andersen

Owned amount of Invalda AB shares are the following: 9.585.803 units of shares and votes. Share of authorised capital – 18.56%⁶. Share of votes given by the shares held by the right of ownership – 18.56%⁶. Total (together with the persons acting in concert) – 26.85%⁶.

Participation in other companies

Name of the company or organization	Position
Invaldos Nekilnojamojo Turto Fondas AB	Chairman of the Board
Vilniaus Baldai AB	Chairman of the Board
Inreal pastatu priežiūra UAB ⁷	Board member
BAIP Group UAB	Chairman of the Board
Invalda Lux S.a.r.l.	Board member
Litagra UAB	Board member

⁶ On March 30, 2012 the conversion face value of 32.44 million litas convertible bonds resulted the increase of share capital of Invalda AB by 5.898.182 litas from 51 659 758 litas to 57.557.940 litas 5 898 182 ordinary registered shares of 1 litas par value was issued. (chapter 19, page 34).

⁷ Invalda Service UAB changed its name to Inreal Pastatu Priežiūra UAB, at the same time the company joined a renewed INREAL brand.



Member of the Board
Darius Sulnis (1971)

Educational background and qualifications

1993, Vilnius University, Faculty of Economics
Financial broker's license (general) No. A109

Job experience

2006 - 2011 the President (since 2012 member of the Board, Invalda AB).
2002–2006 director, Invalda Nekilnojamojo Turto Valdymas UAB
1994–2002 director, FBC Finasta AB

Owned amount of Invalda AB shares are the following: 2.865.327 units of shares. Share of authorised capital – 5.55%⁶. Share of votes given by the shares held by the right of ownership – 5.55%⁶. Indirectly held votes – 2.34%⁶. Total (together with the persons acting in concert) – 26.85%⁶.

Participation in other companies

Name of the company or organization	Position
Sanitas AB	Board member until September of 2011
Umega AB	Board member until January of 2012
Vilniaus Baldai AB	Board member
Burusala SIA	Chairman of the Supervisory Board
DOMMO SIA	Chairman of the Supervisory Board
Invaldos Nekilnojamo Turto Fondas AB	Board member
Litagra UAB	Board member

Owned shares and votes of other companies:

Company	Portion of share capital	Portion of votes
Golfas UAB	31 %	31 %
Lucrum Investicija UAB	100 %	-



The President, Member of the Board
Dalius Kaziunas (1976)

Educational background and qualifications

2000, Vilnius university, Faculty of Economics
Financial broker's license (trader) No. P022

Job experience

Since January 2012, Invalda AB the President
Since February 2008 Invalda AB advisor, July 2008 – Board member
2008 - 2009 Bank Finasta AB general manager
1996-2008 FBC Finasta AB director (since 2002), financial broker, assistant to the financial broker

Owned amount of Invalda AB shares are the following: 213.294 units of shares and votes. Share of votes given by the shares held by the right of ownership – 0.41%⁶. Total (together with the persons acting in concert) – 26.85%⁶.

Participation in other companies

Name of the company or organization	Position
Ineturas UAB	Board member
Inreal pastatu prieziura UAB	Board member
Vilniaus Baldai AB	Board member
Kelio Zenklai UAB	Board member
BAIP Group UAB	Board member
Invetex AB	Board member
Tiltra Group AB	Board member until March of 2012
Vernitas AB	Supervisory Board member until March of 2012
Invalda Lux S.a.r.l.	Board member
Jurita UAB	Board member
Lauko gelininkystes bandymu stotis UAB	Chairman of the Board
Litagra UAB	Board member



CFO
Raimondas Rajeckas (1977)

Educational background

2001, Vilnius University, Faculty of Economics

Job experience

Since 2006 CFO, Invalda AB

2001-2006 CFO, Valmeda AB

2000-2001 CFO, Galincius AB

2000-2001 CFO, Invaldos Marketingas UAB (current name Inreal valdymas UAB)

2000-2002 accountant, Gildeta AB

1998-2000 accountant, Invalda AB

Owned amount of Invalda AB shares are the following: 1.200 units of shares and votes

Participation in other companies

Name of the company or organization	Position
Aktyvo UAB	Director
Investiciju Tinklas UAB	Director
FORTINA UAB	Director
Aktyvus Valdymas UAB	Director
Finansu Rizikos Valdymas UAB	Director
Iniciatyvos Fondas	Director
MBGK UAB	Director
MGK Invest UAB	Director
RPNG UAB	Director
Regenus UAB	Director
Cedus Invest UAB	Director
Consult Invalda UAB	Director
VIA Solutions UAB	Director
Cedus UAB	Director
Invetex AB	Chairman of the Board
Invaldos nekilnojamojo turto fondas AB	Board member

12.2. Information about the Audit Committee of the Company

The Audit Committee consists of 2 members, one of which is independent. The members of the Audit Committee are elected by the General Shareholders' Meeting. The main functions of the Audit Committee should be the following:

- provide recommendations to the Board of the Company with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company;
- monitor the process of external audit;
- monitor how the external auditor and audit company follow the principles of independence and objectivity;
- observe the process of preparation of financial reports of the Company;
- monitor the efficiency of the internal control and risk management systems of the Company. Once a year review the need of the internal audit function.

The independent Audit Committee member Vaidas Savukynas was elected by the Ordinary General Shareholders' Meeting of Invalda AB on April 29, 2011. Danute Kadanaite and Tomas Savukynas are the Audit Committee members at the moment.

Information about the members of the Audit Committee:

Danute Kadanaite

Educational background

2004 – 2006, Mykolas Romeris university, faculty of Law. Master's degree in financial law;

2000 – 2004, Law university. Bachelor's degree in law;

1997, International school of management;

Job experience

Since 2009 Legisperitus UAB, lawyer

2002 - 2009 FBC Finasta, lawyer;

1999 – 2002 office of lawyer Arturas Sukevicius, administrator;

1994 – 1999 FBC Apyvarta, law consultant

Do not hold Invalda AB shares

Vaidas Savukynas

Educational background

1996, Leeds university (United Kingdom), introductory course of financial sector scheme;

1994, Stockholm university (Sweden), master's degree in social science;

1993, Vilnius university, diploma in economics;

1986, the 18th secondary school of Vilnius City.

Job experience

Since 2011 – Retail chain Narodnyi (Kyrgyzstan), CFO;

2010 Public Company Zemaitijos pienas, head of administration;

2006 - 2009 Apranga Group (part of MG Baltic), CFO;

2004 – 2005 MG Baltic, financial analyst, project manager;

2000 – 2004 MG Baltic Trade UAB (part of MG Baltic), CFO;

1997 – 1998 Public investment company Investicijos Fondas, vice president;

1996, 1998 – 2000 Private investment company Minvista, financial analyst / controller, CFO;

1996 - Asia Equity (UK) Ltd. (United Kingdom, London), financial analyst assistant;

1993 – 1995 Bankoras, director;

1990 – 1992 Public company Lietuvos birža, marketing manager.

Do not hold Invalda AB shares

13. Information on the amounts calculated by the Issuer, other assets transferred and guarantees granted to the Board members and CFO

The members of the Board who are directly elected by the General Shareholders' Meeting and have concluded employment contracts with the Company as well as CFO of the Company are entitled only to a fixed salary. The Company does not have a policy concerning payment of a variable part of remuneration to the Board members or management.

During the year 2011 the Board members did not receive dividends or bonuses from the Company. There were no assets transferred, no guarantees granted, no bonuses paid and no special payouts made by the Company to its managers. The members of the Board and CFO of the Company were granted with bonuses in the amount of 835 thousand litas by other companies of Invalda AB group.

Table 13.1. Information about calculated remuneration of Invalda AB managers for 2011

	Calculated remuneration, thousand litas	
	2010	2011
For members of the Board	674	695
For each member of the Board (average per month)	20	20
For members of administration (the President and CFO) ⁸	298	352
For each member of administration (average per month)	13	15

⁸ Company and Group companies calculated remuneration



IV. INFORMATION ABOUT THE ISSUER'S AND ITS GROUP COMPANIES' ACTIVITY

14. An objective review of the Issuer's and its group companies position, their performance and business development

14.1. Goals, philosophy and management principles

What is Invalda AB?

Invalda AB is one of the major Lithuanian investment companies whose primary objective is to steadily increase the investor equity value. For the purpose of attainment of this objective Invalda AB actively manages its investments, exercising control or significant influence over target businesses.

Invalda AB started the activity in 1991. Its equities have been traded on the NASDAQ OMX Vilnius Exchange since 1995.

Currently, Invalda AB group key entities operate in the furniture manufacturing, real estate, facilities management, agricultural, information technology (IT) and road and bridge construction infrastructure sectors.

In respect of each business Invalda AB defines its performance objectives, sets up the management team, participates in the development of the business strategy and monitors its implementation. We play an active role in passing decisions on strategic and other important issues that have an effect upon the value of the group companies.

Investment philosophy

We are investors driven by shareholder value creation objectives. We seek to acquire competitive businesses that, with an influx of additional capital or management resources, may successfully further develop organically, consolidate fragmented markets or provide other possibilities to increase value. We also invest into undervalued assets that, when restructured, may facilitate significant value increase. We never avoid any complex business opportunities supported by our belief that our efforts will lead to good results.

We believe that a merge of different competences may potentially appreciate the investment value therefore quite often we execute transactions in cooperation with our partners, among them people with ideas, also major Lithuanian business groups, as well as foreign investment funds.

With a view to maximising the investment potential to its full scale we normally pursue long-term prospects and do not seek to define any clear-cut withdrawal horizons. We focus our efforts to maximise the investment value in the long-term perspective, and offer business for sale only when they are properly prepared and become attractive to potential buyers, or having received any proposal matching the corporate future prospects.

Management principles

Invalda AB is proactively managing its investment guided by the following principles:

- **Competitiveness and independence.** Each business of the group must be competitive and self-sufficient, have professional teams and top managers capable of creating business visions and implementing ambitious objectives;
- **Risk segregation.** Invalda AB does not grant guarantees or assume any obligations in respect of individual businesses, and individual businesses do not assume any obligations in respect of each other.
- **Diversification.** We diversify our investment in order to avoid any excessive risk concentration in homogeneous business sectors.
- **Transparency.** We disclose information in adherence to the requirement that market participants must get equivalent information at the same time, except such cases where the publication of the information is not possible because of the obligations assumed in respect of third parties, and/or the disclosure may adversely affect the businesses' ability to compete.
- **Avoidance of conflicts of interest.** Managers of the group companies do not participate in competing activities.

14.2. Operational environment

The year of 2011 was the year of the recovery for Lithuanian economy - gross domestic product (GDP) grew approximately 5.9 percent which is 4.5 times faster than in 2010.

Estonian results were better – the GDP grew 7.5 percent which was the fastest growth in all European Union (EU). Latvia's results were the worst of all Baltic Countries – GDP grew only 5.2 percent. The export growth led the success in the Baltic Countries. Nevertheless, the recovery is seen in both the domestic consumption and investment. Polish GDP grew 4 percent which was the largest growth in Central Europe. The growth was due to the same reasons as in the Baltic Countries – growth of domestic consumption, exports and capital expenditures.

The bankruptcy of the bank Snoras AB which owned the assets of 8 billion litas was one of the most important events in Lithuania in 2011.

Table 14.2.1. The forecast for GDP change (percent)

	Annual real GDP change (percent)			
	2010	Forecast for 2011	Forecast for 2012	Forecast for 2013
World	4.5	3.2	2.8	3.3
USA	3.0	1.8	1.7	2.3
Euro zone	1.8	1.6	-0.4	0.8
Japan	4.1	-0.3	2.0	1.2
Germany	3.7	3.1	0.4	1.3
UK	1.8	1.0	0.8	1.8
China	10.4	9.1	8.0	8.2
Poland	3.8	4.0	2.7	3.8
Russia	4.0	4.0	3.8	4.2
Ukraine	4.2	4.3	3.8	4.2
Baltic Countries	1.4	6.0	2.5	3.5
Lithuania	1.3	5.9	2.0	3.0

Source: SEB Group's publication "Nordic Outlook", February 2012, OECD, Department of Statistics

The fastest pace of economy growth in the Baltic Countries has been reached in 3rd quarter of 2011, however the situation became more complicated at the end of the year as the growth of Western European and North Countries that are the main trading with Baltic Countries slowed. Due to increased competitiveness and low salaries, export decline was avoided. Lithuanian companies which dealt with bank Snoras AB faced financing problems due to the bankruptcy of this bank.

Banks' loan portfolios in the Baltic Countries remain almost the same as in 2010. Due to slower economy growth and the bankruptcy of the bank Snoras AB, loan portfolios growth was also slower.

M&A market was a lot livelier due to economy recovery. Invalda AB participated in a few transactions – Sanitas AB and Tiltra Group AB were sold, Litagra UAB shares were acquired.

14.3. Significant events and tasks accomplished in 2011

The Company

- **Trakcja Polska S.A. and Tiltra Group AB merger worth 679.5 million litas⁹ (PLN 775.5 million) was completed.** Invalda AB sold a 44.8 percent stake in Tiltra Group AB and a 43.4 percent stake in Kauno tiltai AB for 274.5 million litas (PLN 314.1 million).

Invalda AB in turn obtained: a) a 12.5 percent stake in Trakcja Polska S.A. (now Trakcja Tiltra) for the price of 115.6 million litas (PLN 132.3 million), b) Trakcja Polska S.A. bonds for the price of almost 104.7 million litas (PLN 119.8 million), c) 54 million litas (PLN 62 million) in cash.

Due to the reason that Tiltra Group AB did not achieve the planned results that were agreed in the merger contract, investors came to an agreement regarding the reduction of share price. Reduction attributable to Invalda AB amounts to 44.094 million litas (PLN 57.183 million). Majority of share price reduction – 43.549 million litas (PLN 56.476 million) was settled in bonds issued by Trakcja-Tiltra S.A. maturing on December 12, 2014 and remaining 0.546 million litas (PLN 0.707 million) was paid in cash.

A merger of Tiltra Group AB and Trakcja – Polska S.A. was the largest deal in Baltic Countries in 2011. With this deal a long term of value creation of Invalda AB in road and bridge infrastructure sector was realized.

Invalda AB standalone profit from the transaction was 157.6 million litas, consolidated – 110.5 million litas.

Invalda AB which currently owns 12.5 percent of Trakcja – Tiltra S.A. shares, remains as a financial investor. Trakcja – Tiltra S.A. shares are listed in Warsaw Stock Exchange and in financial statement of Invalda AB share price changes reflected.

- **Sanitas AB was sold to a Canadian Company Valeant Pharmaceutical International, Inc., for the price of 1.260 million litas (€ 365 million) in which 26.5 percent was owned by Invalda AB.** Invalda AB sold 26.5 percent stake in Sanitas AB for which Valeant Pharmaceuticals International, Inc. paid 286.7 million litas or 34.74 litas per share.

⁹ the exchange rate on agreement date

Invalda AB additionally received 28.9 million litas, taking into account share price adjustment mechanism set out in the agreement signed on October 24, 2008, (regarding the sale of 20.3 percent of the shares in Sanitas AB).

Net gain in the consolidated financial statements of Invalda AB and standalone financial statements of Invalda AB is 185.9 million litas and 204.6 million litas respectively.

This is one of the most successful deals during Invalda AB history which added a lot of value to other financial investors, small shareholders and to Sanitas AB management.

- **Invalda AB paid down all liabilities to credit institutions.** All liabilities were paid down after completion of Tiltra Group AB and Sanitas AB transactions. Returned sum is 138.7 million litas.
- **Invalda AB group company acquired a 36.9 percent stake in an agricultural Company Litagra UAB for the price of 38.6 million litas.** 37.1 million litas were invested into the new share issue of Litagra UAB in December of 2011.

The enterprise value of Litagra UAB has been estimated at about 200 million litas before the new share issue.

Litagra UAB turnover grew 7.7 percent up to 338.8 million litas in 2011.

The activities of Litagra UAB group companies include the primary crop and livestock (milk) production, grain processing and agricultural services. The group companies sell plant protection products, fertilizers, seeds, compound feed, feed supplements, veterinary products, grain trading, providing grain and other raw materials drying, cleaning, handling and storage services.

- **Invalda AB acquired a 20 million litas certificate of deposit in bank Snoras AB. A provision equal to 100 percent for the invested amount was formed.** Invalda AB held 20 million litas certificate of deposit from bank Snoras AB. Due to the bankruptcy of the bank, a provision equal to 100 percent for the invested amount was formed.

The Group

- **Invalda AB group company acquired 100 percent stake in Lauko Gelininkystes Bandymu Stotis UAB.** Invalda AB group acquired 51 percent of Lauko Gelininkystes Bandymu Stotis UAB shares from the State Property Fund for the price of 911 thousand litas. Later on, the stake was increased up to 100 percent. Main activities of the company are ornamental plants' nursery, perennial and annual flower cultivation and trade.
- **Invalda AB signed a contract for the sale of 29.5 percent shares of the metal processing company Omega AB.** Invalda AB signed a contract for the sale of 29.5 percent shares of the metal processing company which was increased in 2011 for the price of 3.7 million litas. The decision to sell shares was taken after considering other alternatives. The transaction was finished in January of 2012.
- **Invalda AB group increased stake in yarn spinning company Vernitas AB from 11.7 percent up to more than 20 percent.** Invalda AB group increased stake in yarn spinning company Vernitas AB from 11.7 percent up to more than 20 percent. Invalda AB has a permission to acquire Vernitas AB shares up to 100 percent, but the company is under three manager's control.

Sectors

Furniture manufacturing sector

In the furniture manufacturing sector Invalda AB controls Vilniaus Baldai AB. This company produces flat-pack furniture and sells almost all its production to the Swedish concern IKEA. Vilniaus Baldai AB manufactures furniture from particle board. Due to used BOF (board on frame) technology the furniture is lightweight.



The main results of Inter IKEA Systems B.V., the owner and franchisor of IKEA, are presented in the table 14.3.1.

Table 14.3.1 Main results of IKEA

	2009	2010	2011
Turnover of all IKEA stores, € billion	22.7	23.8	26.0
The number of IKEA stores visitors, million	660	699	734
The number of IKEA stores	301	316	325

Source: Inter IKEA Systems B.V. <http://franchisor.ikea.com> IKEA financial year ends on the 31st of August.



In 2011 Vilniaus Baldai AB showed the best revenue and net profit results in the company's history. Vilniaus Baldai AB revenues increased up to 238.4 million litas. These results were caused by growing sales, continuing focus on a cost reduction, on an increase productivity and competitiveness and on search of new sales orders. Due to optimized work processes labor productivity increased by 16 percent and production for one employee was approximately 556 thousand litas in 2011.



Fig. 14.3.1. Production for one employee for the period of 2009-2011.

In 2012 Vilniaus Baldai AB expects to grow together with IKEA, to continue process optimization and cost reduction which will provide further improvements of the company.

Table 14.3.2. Results of the furniture manufacturing sector

Million litas	2009	2010	2011
Sales	149	197.2	238.4
EBITDA	27	38.2	36.1
Net result	15.6	27.9	26.8
Capitalisation	34.98	127.48	138.2

Table 14.3.3. Number of employees

Number of employees	2009	2010	2011
-	433	453	507

Real estate sector

A market of a commercial real estate sector of Lithuania was livelier in 2011. Eight buildings were newly built or renovated in Vilnius which will complement the market of business centres in 2012. New business centres were not built in other cities, but vacancy rates decreased significantly.

Invalda AB group companies did not enter in any major sales of commercial real estate objects in 2011. The main focus was to ensure a stable rental income and to reduce vacancy rates which resulted due to the termination of the lease contract with the key tenant in an office building in Palangos street in Vilnius. Also the expenses were strictly controlled. The main goal of real estate sector was achieved– positive cash flows were generated.

Vilnius residential real estate supply tripled in 2011 comparing with 2010. New buildings were also built in other cities, but the supply was smaller than in Vilnius. Number of the transactions and prices remained low.



Invalda AB started a project of building a residential real estate consisting of 17 apartments in Elniakampio street in Vilnius in 2011. The project is a piece of an exclusive residential real estate in Vilnius. 12 apartments are already sold by preliminary agreements for the price of 4.5 million litas (without VAT). The project is planned to be over during 2012.

Invalda AB was further increasing investments into agricultural land portfolio. Investments increased from 15.8 million litas to 34.8 million litas at the end of 2011. Invalda AB owns 4731 hectares land (4596 hectares of them are agricultural land).

A company Inreal GEO UAB, which provides wide spectrum of services related to geodesy, cadastral measurements and planning of territories, was established. Real estate sector companies of Invalda AB merged under renewed INREAL brand.



Table 14.3.4. Results of the real estate sector

Million litas	2009	2010	2011
Value of the real estate:	251.5	247.8	255.4
Commercial real estate	179.0	175.8	155.6
Real estate for development	46.4	50.7	57.1
Residential real estate	11.7	5.5	7.9
Agricultural land	14.4	15,8	34.8
Shareholders' equity (inc. loans from Invalda AB)	123.8	116.7	131.9
Loans from credit institutions ¹⁰	145.2	142.5	121.8
Rental income	20.2	18.4	16.7
From this owned by clients	5.4	5.2	5.0
Change of the real estate value	(72.3)	1.2	(15.6)
Companies' sales result, allowance and other non-monetary items	(42.4)	4.2	1.5
Result of the real estate sector	(116.2)	2.9	(17.9)

14.3.5. Number of employees

Number of employees	2009	2010	2011
-	42	51	67

Facility management sector

From the beginning of 2011 facility management sector is recognized as a separate sector in the financial statements of Invalda AB. The strategy of this sector is to grow both organically and via acquisitions.

Services provided by facility management sector's companies include administration of apartment houses, audit of engineering systems and indoor air quality investigations, maintenance of territories, technical maintenance of buildings and other services.

The main event in facility management sector was acquisition of facility management company Jurita UAB that manages residential buildings in the Vilnius's Justiniskes residential area. 100 percent of shares were acquired for the price of 2.519 million litas. After restructuring, Jurita UAB has become profitable. From the beginning of 2012 Justiniskiu Valda UAB and Justiniskiu Aikstele UAB are spun off from Jurita UAB and will be reported as a real estate sector's companies.

Naujosios Vilnios Turgaviete UAB that manages marketplace in the Vilnius's Naujosios Vilnios residential area was spun off from another facility management



¹⁰ Excluding investments that were sold in 2010.



company Priemiestis UAB in 2011. The goal of reorganization was to focus Priemiestis UAB on its core business.

Invalda Service UAB changed its name to Inreal Pastatu Prieziura UAB and the company joined a renewed INREAL brand in 2011. Inreal Pastatu Prieziura UAB opened a branch in Klaipeda which started its activity with administration of real estate of company Intractus UAB which is a subsidiary DnB NORD bank.

Inreal Pastatu Prieziura UAB is a certificated company which holds Quality Management Standart ISO 9001, Environmental Management Standart ISO 14001 and The International Occupational Health and Safety Management Standart OHSAS 18001.

The goal of facility management sector in 2012 is a reorganization of internal processes in order to prepare for further growth.



Table 14.3.6. Results of the facility management sector

Million litas	2009	2010 ¹¹	2011
Sales	5.0	8.2	10.7
EBITDA	0.1	0.6	0.9
Net profit before investment amortization and cost of management options	(0.5)	0.4	0.3
Net profit	(0.5)	0.4	1.0

14.3.7. Number of employees

Number of employees	2009	2010	2011
-	41	114	167

IT sector

BAIP group UAB is one of the most experienced specialized critical IT infrastructure companies in Lithuania.

In 2011 BAIP UAB actively operated in critical IT system availability, maintenance and data security fields both in public and private sectors.

New partnerships with worldwide software and hardware vendors allowed establishing the company's position in the fields of private clouds and data security. Some of the projects of BAIP UAB implemented in public institutions are as follows: assessment of information systems vulnerability, data backup and disaster recovery, control and encryption of peripheral devices plugged into the computer etc.

The largest projects of 2011 are related to the renewal of information systems' infrastructure, data security, services of IT infrastructure consolidation and visualization.

BAIP UAB actively participates in digitization and scientific research development fields. As a result, the supercomputer at faculty of Mathematic and Informatics of Vilnius University was designed and implemented.

BAIP UAB organised the first European Grid Infrastructure (EGI) User Forum'11 which attracted more than 400 scientists from all over the world. The main features of the programme were practical applications of grid infrastructure in science and its role in helping transform huge amounts of data generated via computer simulations and experiments into practical knowledge. BAIP UAB, Vilnius University and IFPA (Inovatyvios Farmakologijos Pramonės Asociacija) signed a cooperation contract for the purpose to use IT infrastructure more efficiently and find new ways of treatment in Lithuanian health care system.

BAIP UAB, as a gold sponsor, participated in the conference aimed the introduction



¹¹ Priemiestis UAB and Jurita UAB results were not consolidated during 2010.



of COBIT framework organized by the Information system audit and management association (ISACA)

On November 28, 2011 BAIP group UAB for 1.2 million Euro acquired 100 percent shares of Norwegian company 'Norway Registers Development' owning 70.7 percent shares of UAB NRD in Lithuania. The company comprises 50 employees. Its activity includes the processes from the political commitment to the project designing, implementation support and execution as well as register operation and maintenance.

Norway Registers Development AS has experience in developing, implementing and managing register systems in many countries – Lithuania, Poland, Latvia, Croatia, Macedonia, Norway, Azerbaijan, Guatemala, Vietnam, Bhutan, Rwanda, Liberia, Malawi, Zanzibar, Kenya, Mozambique, Sudan, Madagascar, Solomon Islands, Vanuatu and other. The World Bank, industry association of United Nations (UNIDO) and other similar organizations are the main initiators and sponsors of these projects.

In 2011 Norway Registers Development AS group consolidated revenues totaled 7.6 million litas, net profit was 386.7 thousand litas.



Table 14.3.8. Results of IT sector¹²

Million litas	2009	2010	2011
Sales	25.5	27.7	34.5
EBITDA	0.9	2.3	3.2
Net profit before investment amortization ¹³ and cost of management options	(0.2)	0.8	1.1
Net profit	(1.6)	(0.6)	(0.7)

More information about services and activity is provided on the web page www.baip.lt.

14.3.9. Number of employees

Number of employees	2009	2010	2011
-	67	67	121

Other companies

Kelio Zenklai UAB increased sales 27.2 percent up to 9.7 million litas, net profit was 0.4 million litas during 2011 (in 2010 sales were 7.6 million litas and net profit was (1.1) million litas).



Company Lauko Gelininkystes Bandymu Stotis UAB which was acquired in 2011 increased sales by 61.2 percent up to 1.4 million litas, net profit of 3 thousand litas was earned.



¹² Norway Registers Development AS (NRD) results are consolidated from December 2011.

¹³ Amortization of contract assets formed during UAB BAIP acquisition.

15. Issuer's and its group companies' performance results

Table 15.1. Income, 2009–2011, thousand litas

	Company's			Group's		
	2009	2010	2011	2009	2010	2011
Sales income	-	-	-	217 322	268 027	317 367
- furniture manufacturing	-	-	-	148 966	197 214	238 368
- real estate	-	-	-	35 011	32 412	26 683
- facilities management	-	-	-	4 970	8 171	10 710
- information technology	-	-	-	25 536	27 685	34 530
- other companies	-	-	-	6 651	7 594	11 108
- elimination	-	-	-	- 3 812	- 5 049	- 4 032
Gain (loss) from investments	-11 659	- 14 676	318 439	2 456	10 864	- 83 876
Other income	21 476	8 397	24 220	4 012	4 486	10 110
- interest income	12 469	8 030	12 883	2 149	1 822	6 749
- dividend income	9 000	300	11 314	-	-	-
- other income	7	67	23	1 863	2 664	3 361
Valuation gain (loss) from investment property	-	-	-	-72 358	1 236	- 14 727

Table 15.2. Main items of financial statements, thousand litas

	Company's			Group's		
	31.12.2009	31.12.2010	31.12.2011	31.12.2009	31.12.2010	31.12.2011
Non current assets	225 027	205 908	126 423	495 412	426 760	379 679
Current assets	81 789	76 102	268 796	114 691	98 428	265 046
Assets classified as held for sale	-	25 004	3 745	-	72 075	1 708
Equity	46 336	85 865	360 735	91 710	200 051	415 361
Equity attributable to equity holders of the parent Company	46 336	85 865	360 735	78 669	175 132	386 210
Minority interest	-	-	-	13 041	24 919	29 151
Non-current liabilities	4 061	126 790	-	44 332	176 462	139 071
Current liabilities	256 419	94 359	38 229	474 061	220 750	92 001
Result before taxes	-125 050	-11 661	259 267	-120 845	27 012	- 95 187
Net result	-121 798	-10 471	274 870	-85 653	52 464	216 543
Net result attributable to holders of the parent Company	-	-	-	-88 596	42 450	209 046

Table 15.3. Equity and liabilities

Invalda AB, million litas	2009	2010	2011
Equity	46.3	85.9	360.7
Liabilities to financial institutions	147.4	138.7	-
From this long term	0	94.3	-
Liabilities to group companies	19.8	46.6	0.4
Bonds	83.1	32.4	34.1
Other liabilities	10.2	3.0	3.8
Total liabilities	260.5	221.1	38.3
Total Equity and Liabilities	306.8	307.0	399.0

Table 15.4. Financial ratios

	Company's			Group's		
	2009	2010	2011	2009	2010	2011
Return on Equity (ROE), %	-113.58	-15.84	123.09	-71.84	33.45	74.48
Debt ratio	0.85	0.72	0.10	0.85	0.67	0.36
Debt – Equity ratio	5.62	2.58	0.11	5.65	1.99	0.56
Liquidity ratio	0.32	1.07	7.13	0.24	0.77	2.90
Earning per share (EPS), litas	-2.86	-0.21	5.32	-2.08	0.84	4.05
Price Earning ratio (P/E)	Negative	Negative	1.26	Negative	8.22	1.66

Invalda AB is an investment company which main profit comes from the sale of businesses. Due to this reason, not all Company performance indicators are suitable for Invalda AB evaluation. Furthermore, some of investments are recorded at acquisition price in financial reports which is signally different from the market price. That is why some relative valuation measures can not show the real situation of the Company.

16. Issuer's and its group companies' non – financial results, information related to social responsibility, environment and employees

16.1. Information related to social responsibility of the Issuer and its group companies.

While developing its business and business relations Invalda AB invariably follows the principles of social responsibility and ethics that are established in the Code of Social Responsibility and the Code of Ethics approved by the Company. Further to the fundamental principles of respect to human rights, employee rights, protection of environment and combating of corruption companies of Invalda AB group steadily seek enhancing public and social responsibility. With a view to acquiring an efficient vehicle to monitor relations between society and business community, and implement social initiative promotion programmes in 2007 Invalda AB established a public enterprise Iniciatyvos Fondas. The activities of Iniciatyvos Fondas involve the organisation of different programmes designed to enhance knowledge and awareness. The priorities defined for the activities of the foundation may differ from year to year while maintaining its key principle - rather than supporting individual projects, initiate and implement larger-scale integrated projects designed to encourage individual target groups to take independent initiatives and actively contribute to the growth of the development of a responsible and sustainable society. The foundation Iniciatyvos Fondas seeks to implement different social initiatives promoting positive changes in the society.

In 2011 the goal of the programme I'LL GROW UP ACTIVE 2011, which was run by Iniciatyvos Fondas, was to draw attention to the importance of physical activity among young people. The programme aimed to shed the light on the lack of physical activity and its consequences, as well as to encourage young people to change their passive lifestyle into an active and healthy one. With the cooperation of Lithuania's schools a collective exercise was set to take place simultaneously in all the educational institutions on October 21, 2011, at 11:00 a.m. More than 116 thousand participants from 700 preschools and comprehensive schools joined the exercise.

Starting from December of 2010 group's company Vilnius Baldai AB made a decision to participate in Worldwide agreement of United Nations for responsible business and supports 10 principals of the human rights, rights of employees, environment protection and the fight against corruption.

Invalda valdymas UAB employees along with colleagues from other companies of Invalda AB real estate sector and their families participated in the campaign DAROM 2011 on April 16, 2011. ~ 5 hectares plot of land in Burbiskes was cleaned up.

BAIP group UAB and BAIP UAB are actively participating in the development of national cyber security strategy. Companies make recommendations on key cyber-security strategy guidelines, application of technological security solutions, an improvement of current cyber security by better existing national IT infrastructure and private capital utilization. Companies cooperate with the University of Vilnius in advancing Grid and Cloud Computing technologies in scientific research and promoting favourable and secure IT infrastructure. Companies have established relationships with the governments of Georgia and Belarus in order to consult them on the use of Lithuanian best practices in applying ITC technologies to promote computerization of educational system and raise computer literacy of both lecturers and students.

16.2. Employees

Invalda AB strives to be a company where the rights, needs, and contribution to the Company's activities of each employee are appreciated. Employees are one of the Company's values; therefore a lot of attention is paid to the people working in the Company, their qualification and motivation. In building up our team our target qualities are their creativity, professionalism, positive thinking, a desire to work hard and efficiently, and to strive for a continuous professional improvement.

The collective agreement is not signed in the Company. There are no special employees' rights and duties described in the employment agreements. There are no agreements of the Company and the members of the Board, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the Company.

Average number of employees in 2011 was 13 (in 2010 it was 12). All Company's employees have higher university education.

Table 16.2.1. Number of employees and average monthly salary

	Measuring units	2009	2010	2011
Total amount of employees as of the end of the period	person	14	12	13
- managers	person	4	4	4
- specialists	person	10	8	9
Average monthly salary (calculated for)	litas	10 217	8 961	10 077
- managers	litas	18 202	16 677	17 004
- specialists	litas	5 977	5 482	6 619

The number of employees of Invalda AB and its subsidiaries on 31.12.2011 amounted to 994 (on 31.12.2010 equaled to 806).

16.3. Environment matters

Invalda AB group pays attention towards environmental matters. Great attempts are made to make the production processes eco-friendly in manufacturing companies and to monitor the effect of the raw materials on the environment.

Group's company Vilniaus Baldai AB is certified in compliance with the ISO 14001 standard requirements. Also the company has Chain – of - Custody FSC certification. In July, 2011 Vilniaus Baldai AB was audited according to EN ISO 9001:2008 and EN ISO 14001:2005 requirements. In December, 2011 was audited according to FCS requirements. The purpose of the audit was to find out the validity of these standards. No problems were found. Vilniaus Baldai AB paid 17 thousand litas in environment pollution taxes and 413 thousand litas for utilization services during 2011. Vilniaus Baldai AB manufacturing was not restricted because of environment pollution. Company pays a lot of attention to decreasing energy consumption. In 2011 for 1 litas of produced goods 0.070 kWh of electricity was used (in 2010 – 0.075 kWh, in 2009 – 0.089 kWh). Invalda AB group companies Inreal UAB, Invalda Nekilnojamojo Turto Valdymas UAB, Inreal Pastatu Prieziura UAB, Priemiestis UAB signed a Green Protocol¹⁴ agreement in April, 2011. This agreement declared their desire to save electricity.

¹⁴ Green Protocol is an initiative created by electricity distribution network operator in Lithuania (LESTO). Any kind of organizations that signs this agreement, confirms that they agree with LESTO ideas how to save electricity and to reduce CO₂ which creates greenhouse effect. Companies motivate their employees, colleagues and relatives to promote the idea to create electricity saving society.

17. Risk management

17.1. A description of the principal risks and uncertainties

Business risks

Activities of Invalda AB are influenced by overall economic situation of countries of activity.

Invalda AB is also dependent on its main managers – their loss could have a negative effect on activities of the Company and some of business opportunities could be lost.

Our returns may be substantially lower than the average returns historically realized by the private equity industry as a whole because historical results do not show the future performance.

Economic recessions or downturns could impair our portfolio companies and harm our operating results. We may not realize gains from our equity investments. The equity interests we invest in may not appreciate in value and, in fact, may decline in value.

Our ability to use our capital loss carry forwards may be subject to limitations. Changes in the law or regulations that govern us could have a material impact on our business. Change in taxes and change in regulation of sectors, which are dependent on governmental funding or are regulated by the government, could have negative consequences on our business.

Company's and group's results may fluctuate and may not be indicative of future performance.

The trading price of our stock may fluctuate substantially. The price of the stock may be higher or lower than the price you pay for your shares, depending on many factors, some of which are beyond our control.

We are subject to market discount risk. Shares of Invalda AB can be traded below NAV.

We have not approved dividend payment policy and established a minimum dividend payment level; therefore we cannot assure you of our ability to make distributions to our shareholders in the future.

Changes in interest rates may affect our cost of capital and net operating income and our ability to obtain additional financing.

Investment risk

Our investments in portfolio companies may be illiquid; there is a risk that we may not exit out investment when it is planned. We may exit our investments when the portfolio company has a liquidity event, such as a sale, recapitalisation or listing in the stock exchange.

Our investments in small and middle-market privately-held companies are extremely risky and in the worst case the Company could lose its entire investment.

When we are a minority equity investor in a portfolio company, we may not be in a position to control the entity, and management of the company may make decisions that could decrease the value of our portfolio holdings.

17.2. Information about the extent of risk and its management in the Company

Information on the extent of risks and management of them is disclosed in the explanatory notes of consolidated and Company's financial statements.

17.3. The main indications about internal control and risk management systems related to the preparation of consolidated financial statements

The Audit Committee supervises preparation of the consolidated financial statements, systems of internal control and financial risk management and how the Company follows legal acts that regulate preparation of consolidated financial statements.

Chief financial officer of the Company is responsible for the preparation supervision and the final revision of the consolidated financial statements. Moreover, he constantly reviews International Financial Reporting Standards (IFRS) in order to implement in time IFRS changes, analyses Company's and group's significant deals, ensures collecting information from the group's companies and timely and fair preparation of this information for the financial statements. CFO of the Company periodically informs the Board about the preparation process of financial statements.

18. Information about activities of the Issuer and companies comprising the Issuer's group in the field of Research and Development

Companies of Invalda AB group perform various researches, prepare improvements of products or services, and implement innovations.

19. Significant events since the end of the last financial year

- **Invalda AB sold 29.5 percent shares of the metal processing company Umega AB for the price of 3.745 thousand litas on January 12, 2011.** After considering other alternatives, shares were sold to other Umega AB shareholders. The sale will not influence the financial report of Invalda AB in 1st quarter of 2012, but in consolidated report the positive influence will be about 2 million litas.
- **The notification from the bondholders to covert 32.44 million litas par value bonds into Invalda AB shares was received on March 28, 2012.**

After the conversion, Invalda AB share capital was increased by 5.898.182 litas from 51 659 758 litas to 57.557.940 litas. 5 898 182 ordinary registered shares of 1 litas par value were issued. The conversion price of new shares issue of 5.898.182 litas is 5.5 litas (€ 1.59) per share.

The bondholders have an obligation to pay back 4.787.998 litas interest payments paid according to the conditions of the bond issue. The accrued interest as of March 28, 2012 in the amount of 2.375.675 litas will not be payable to the bondholders as well.

Invalda AB issued convertible 25 million litas par value bonds on December 1, 2008. These bonds were acquired by RB finansai UAB. Another convertible 7.44 million litas par value bonds issue was issued on January 30, 2010; it was sold to DIM Investment UAB. The annual interest rate for both bond issues was 9.9 percent, maturity date – July 2, 2012 (in case the bonds are not converted at earlier date).

After the conversion RB finansai UAB received 7.9 percent and DIM Investment UAB - 2.35 percent of Invalda AB shares.

On March 30th, 2012 new Articles of Association of Invalda AB were registered.

Invalda AB will be completely debt free after the completion of the bond conversion.

20. Information on the related parties' transactions

Information on the related parties' transactions is disclosed in consolidated and Company's financial statements explanatory notes.

21. Activity plans and forecasts

Invalda AB will continue implementing the long term goal to increase shareholders' equity and value of managed assets. Moreover, Invalda AB will seek to ensure profitable work and organic development of its businesses.

Results of Invalda AB depend on sale or acquisition transactions which are not predictable. Due to this reason, a resolution not to predict the Company's activity was made by the Board.

Taking into consideration that Invalda AB has excess funds after Sanitas AB and Tiltra Group AB sales, Invalda AB will actively look for new investment possibilities in 2012.

V. OTHER INFORMATION

22. References to and additional explanations of the data presented in the annual financial statements and consolidated financial statements

All data is presented in consolidated and Company's financial statements explanatory notes.

23. Information on audit

The audit of annual financial statements and consolidated financial statement of Invalda AB for 2011 was performed by PricewaterhouseCoopers UAB.

Information about the audit company:

Address of the registered office	J.Jasinskio str. 16B, LT-01112 Vilnius, Lithuania
Enterprise code	111473315
Telephone	+370 5 239 2300
Fax	+370 5 239 2301
E-mail	vilnius@lt.pwc.com
Website	www.pwc.com/lt

The audit company does not provide any other than audit services to the Company. No internal audit is performed in the Company.

24. Data on the publicly disclosed information

The information publicly disclosed of Invalda AB during 2011 is presented on the Company's website www.invalda.lt.

Table 24.1. Summary of publicly disclosed information

Date of disclosure	Brief description of disclosed information
28.02.2011	Preliminary results of Invalda AB group for 12 months of 2010
01.04.2011	Agreement regarding merger of activities of Trakcja Polska and Tiltra Group expired
08.04.2011	Draft resolutions of the General Shareholders' Meeting of Invalda AB
08.04.2011	Convocation of Invalda AB Ordinary General Shareholders' Meeting
19.04.2011	Tiltra Group merger with Trakcja Polska completed
29.04.2011	Resolutions of the General Shareholders' Meeting of Invalda AB
12.05.2011	Notification on transaction concluded by manager of the Company
24.05.2011	Sanitas AB share sale and purchase agreement signed
30.05.2011	Notification on transaction concluded by manager of the Company
31.05.2011	Preliminary results of Invalda AB group for 3 months of 2011
28.06.2011	Notification on transaction concluded by manager of the Company
04.08.2011	Notification on transaction concluded by manager of the Company
19.08.2011	Invalda AB sold 26.5% shareholdings in Sanitas AB for € 83 million
30.08.2011	Notification on transaction concluded by manager of the Company
31.08.2011	Results of Invalda AB group for 6 months of 2011
07.10.2011	Presentation of Invalda AB
08.11.2011	Invalda group acquires 36.9% of Litagra UAB shares for 38.6 million litas (€ 11.2 million)
17.11.2011	Cash and cash equivalents of Invalda AB held in bankas Snoras AB
30.11.2011	Results of Invalda AB group for the period of 9 months ending September 30, 2011
08.12.2011	The president of Invalda AB will change
15.12.2011	Invalda AB acquired 36.9% of Litagra UAB shares for 38.6 million litas (€ 11.2 million)
21.12.2011	Tiltra Group AB and Kauno Tiltai AB share prices attributable to Invalda AB reduced by 57 mPLN (€ 44 million)

Table 24.2. Summary of the notifications on transactions in Invalda AB shares concluded by managers of the Company during 2011

Date	Person	Number of securities	Security price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
06.05.2011	Lucrum Investicija UAB	1.015.439	0.87	882.274,39	acquisition	return of loaned securities	XOFF
06.05.2011	Darius Sulnis	384.561	0.87	334.129,69	acquisition	return of loaned securities	XOFF
06.05.2011	Darius Sulnis	1.550.000	1.87	2.898.500,00	transfer	securities lending	XOFF
11.05.2011	Lucrum Investicija UAB	598.855	0.00	0.00	transfer	other (undertaking of repurchase agreement)	XOFF
11.05.2011	Lucrum Investicija UAB	307.871	0.00	0.00	transfer	other (undertaking of repurchase agreement)	XOFF
11.05.2011	Lucrum Investicija UAB	153.936	0.00	0.00	transfer	other (undertaking of repurchase agreement)	XOFF
11.05.2011	Lucrum Investicija UAB	153.936	0.00	0.00	transfer	other (undertaking of repurchase agreement)	XOFF
26.05.2011	Darius Sulnis	315.000	2.22	699.300,00	transfer	securities lending	XOFF
26.05.2011	Lucrum Investicija UAB	315.000	1.01	319.306,07	acquisition	return of loaned securities	XOFF
27.05.2011	Darius Sulnis	246.531	2.22	547.298,82	transfer	securities lending	XOFF
27.05.2011	Lucrum Investicija UAB	246.531	2.22	547.298,82	acquisition	securities lending	XOFF
27.05.2011	Lucrum Investicija UAB	862.372	0.00	0.00	transfer	other (undertaking of repurchase agreement)	XOFF
22.06.2011	Darius Sulnis	133	2.155	286,62	acquisition	purchase - sale	AUTO
22.06.2011	Darius Sulnis	625	2.145	1.340,63	acquisition	purchase - sale	AUTO
03.08.2011	Darius Sulnis	903.203	2.42	2.185.751,26	transfer	securities lending	XOFF
03.08.2011	Lucrum Investicija UAB	903.203	2.42	2.185.751,26	acquisition	securities lending	XOFF
03.08.2011	Lucrum Investicija UAB	903.203	0.00	0.00	transfer	other (undertaking of repurchase agreement)	XOFF
25.08.2011	Darius Sulnis	685.000	1.01	694.363,99	acquisition	return of loaned securities	XOFF
25.08.2011	Darius Sulnis	1.550.000	1.87	2.898.500,00	acquisition	return of loaned securities	XOFF
25.08.2011	Darius Sulnis	315.000	2.22	699.300,00	acquisition	return of loaned securities	XOFF

Explanations:

XOFF – OTC trade.

AUTO – automatched deals on the stock exchange

Managers of the Company and closely related persons:

- Darius Sulnis – member of the Board;
- Lucrum Investicija UAB – legal entity, related to Darius Sulnis (100% of shares, voting rights are transferred).

APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

Company	Registration information	Type of activity	Contact details
FURNITURE MANUFACTURING SECTOR			
Vilniaus Baldai AB	Code 121922783 Address Savanoriu ave. 178, Vilnius Legal form – public limited liability company Registration date 09.02.1993	furniture design and manufacturing	Telephone +370 2 52 5700 Fax +370 2 31 1130 E-mail info@vilniausbaldai.lt www.vilniausbaldai.lt
Ari-Lux UAB	Code 120989619 Address Savanoriu ave. 178, Vilnius Legal form – private limited liability company Registration date 28.10.1991	fitting packing	Telephone / Fax +370 2 52 5744
REAL ESTATE SECTOR			
Inreal Valdymas UAB	Code 222894170 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 22.12.1994	real estate management and administration, development of investment projects	Telephone +370 2 73 0944 Fax +370 2 73 3065 E-mail info@inreal.lt www.inreal.lt
Inreal UAB	Code 300576166 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 14.06.2006	real estate brokerage and valuation services	Telephone +370 273 0000 Fax +370 273 0858 E-mail info@inreal.lt www.inreal.lt
Invaldos Nekilnojamojo Turto Fondas AB	Code 152105644 Registration address A. Juozapaviciaus str. 6/2, Vilnius Residence address - Palangos str. 4, Vilnius Legal form – public limited liability company Registration date 28.01.1997	investments into real estate	Telephone +370 2 79 0601 Fax +370 2 73 3065 E-mail intf@intf.lt
INTF Investicija UAB	Code 300643227 Registration address A. Juozapaviciaus str. 6/2, Vilnius Residence address - Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 02.02.2007	investments into real estate	Telephone +370 2 75 5093 Fax +370 2 73 3065
DOMMO Nerija UAB	Code 300516742 Registration address Smiltynes str. 25, Klaipeda Residence address - S. Simkaus str. 8, Klaipeda Legal form – private limited liability company Registration date 21.12.2005	investments into real estate	Telephone +370 46 314 313 Fax +370 46 314 316
Ineturas UAB	Code 126075527 Registration address A. Juozapaviciaus str. 6 / 2, Vilnius Residence address - Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 30.10.2002	investments into real estate	Telephone +370 2 73 0944 Fax +370 2 73 3065

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Naujoji Svara UAB	Code 125235345 Registration address Seimyniskiu str. 3, Vilnius Residence address - Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 12.04.2000	investments into real estate	Telephone +370 2 73 0944 Fax +370 2 73 3065
Traku Kelias UAB	Code 124928371 Registration address A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius; Residence address - Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 31.05.1999	investments into real estate	Telephone +370 2 73 0944 Fax +370 2 73 3065
Rieses Investicija UAB	Code 300606428 Registration address A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius; Residence address - Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 11.10.2006	investments into real estate	Telephone +370 2 73 4892 Fax +370 2 73 3065
IBC Logistika UAB	Code 300016395 Registration address A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius Residence address - Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 07.04.2004	investments into real estate	Telephone +370 2 79 0449 Fax +370 2 73 3065
Laikinosios Sostines Projektai ¹⁵ UAB	Code 300543732 Registration address A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius Residence address - Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 01.03.2006	investments into real estate	Telephone +370 2 73 0944 Fax +370 2 73 3065
Dizaino institutas UAB	Code 122288385 Registration address A. Juozapaviciaus str. 11, Vilnius Residence address - Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 29.12.1993	investments into real estate	Telephone +370 2 72 1734 Fax +370 2 72 1893
Designing firm Saistas UAB	Code 133689632 Address A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius Legal form – private limited liability company Registration date 26.05.1993	investments into real estate	Telephone +370 2 73 4892 Fax +370 2 73 3065

¹⁵ On January 27th, 2011 Vilnius District Court decision to initiate the bankruptcy procedure took effect.

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Rovelija UAB	Code 302575846 Address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	investments into real estate	Telephone +370 2 63 6129 Fax +370 2 79 0530
Sago UAB	Code 301206878 Registration address Seimyniskiu str. 3, Vilnius; Residence address - Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 31.10.2007	investments into real estate	Telephone +370 2 73 0849 Fax +370 2 73 3065
BNN UAB	Code 126153374 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 17.02.2003	investments into real estate	Telephone +370 2 75 3925 Fax +370 2 73 3065
Perspektyvi Veikla UAB	Code 302607087 Address Kalvariju str. 11-20, Vilnius Legal form – private limited liability company Registration date 25.03.2011	investments into real estate	Telephone +370 2 79 0614 E-mail zita.vaitkeviciene@inreal.lt
Minijos Valda UAB	Code 302663164 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 05. 09.2011	investments into real estate	Telephone +370 68650177 E-mail gediminas.rimkevicius@inreal.lt
ZVF Projektai UAB	Code 300137062 Address Smolensko str. 10, Vilnius Legal form – private limited liability company Registration date 16.08.2005	investments into real estate	Telephone +370 2 33 5369 Fax +370 2 13 8594 E-mail info@zvf.lt
Justiniskiu Valda ¹⁶ UAB	Code 302705909 Address Justiniskiu str. 62A, Vilnius; Legal form – private limited liability company Registration date 02.01.2012	investments into real estate	Telephone +370 2 48 2088
Justiniskiu Aikstele ¹⁷ UAB	Code 302705898 Address Justiniskiu str. 62A, Vilnius Legal form – private limited liability company Registration date 02.01.2012	investments into real estate	Telephone +370 2 48 2088
Elniakampio Namai UAB	Code 300667160 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 04.04.2007	investments into real estate	Telephone +370 2 73 0000 Fax +370 2 73 3065 E-mail info@elniakampionamai.lt www.elniakampionamai.lt
Inreal GEO UAB	Code 302604810 Registration address Palangos str. 4, Vilnius; Residence address - K. Donelaicio str. 33-323, Kaunas Legal form – private limited liability company Registration date 21.03.2011	land plot's geodetic measurement	Telephone +370 37 430 300 Fax +370 37 321 132 E-mail kaunas@inreal.lt www.inreal.lt

¹⁶ Registration date is January 02, 2012

¹⁷ Registration date is January 02, 2012

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Ekotra UAB	Code 300040019 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius; Legal form – private limited liability company Registration date 21.07.2004	investments into agricultural land	Telephone +370 2 73 0944 Fax +370 2 73 3065
Simtamargis UAB	Code 300593984 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius; Legal form – private limited liability company Registration date 29.08.2006	investments into agricultural land	Telephone +370 37 430 300 Fax +370 37 321 132
Zemvesta UAB	Code 300955547 Address Palangos str.4, Vilnius. Legal form – private limited liability company Registration date 26.07.2007	investments into agricultural land	Telephone +370 2 75 3925 Fax +370 2 73 3065
Agrobite UAB	Code 302546727 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 20.09.2010	investments into agricultural land	Telephone +370 2 75 3925 Fax +370 2 73 3065
Puskaitis UAB	Code 300634388 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 17.01.2007	investments into agricultural land	Telephone +370 2 79 0614; +370 2 75 3925 E-mail zita.vaitkeviciene@inreal.lt
Zemynele UAB	Code 302532930 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 29.07. 2010	investments into agricultural land	Telephone +370 67949266
Zemepatis UAB	Code 302681753 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 28.10.2011	investments into agricultural land	Telephone +370 2 75 3925 Fax +370 2 73 3065
IZB 1 UAB	Code 300624579 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 13.12.2006	investments into agricultural land	Telephone +370 2 36 1654 Fax +370 2 36 1637
Aikstentis UAB	Code 126412617 Registration address Seimyniskiu str. 1A, Vilnius; Residence address Palangos str. 4,Vilnius; Legal form – private limited liability company Registration date 23.12.2003	carries no activity	Telephone +370 2 79 0614 Fax +370 2 73 3065
Wembley – Neringa UAB	Code 110013029 Registration address A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius; Residence address Palangos str. 4, Vilnius; Legal form – private limited liability company Registration date 28.05.1991	carries no activity	Telephone +370 2 73 0944 Fax +370 2 73 3065

Company	Registration information	Type of activity	Contact details
FACILITY MANAGEMENT SECTOR			
Inreal Pastatu Prieziura UAB	Code 126180446 Residence address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 25.03.2003	facilities management	Telephone +370 2 73 6607 E-mail prieziura@inreal.lt www.inreal.lt
Priemiestis UAB	Code 221487620 Address Skydo str. 30, Vilnius Legal form – private limited liability company Registration date 09.07.1992	facilities management	Telephone +370 2 67 0204 Fax +370 2 67 2941 E-mail info@priemiestis.lt www.priemiestis.lt
Jurita UAB	Code 220152850 Address Justiniskiu str. 62, Vilnius Legal form – private limited liability company Registration date 28.12.1990	facilities management	Telephone +370 2 48 2088 E-mail info@jurita.lt www.jurita.lt
CManagement UAB	Code 186139653 Registration address A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius; Residence address – Seimyniskiu str. 3, Vilnius Legal form – private limited liability company Registration date 17.02.1994	repair activity	Telephone +370 2 13 9074 Fax +370 2 13 9073
Naujosios Vilnios Turgaviete UAB	Code 302650163 Address Skydo str. 30, Vilnius Legal form – private limited liability company Registration date 26.07.2011	markets activities	Telephone +370 2 67 0204 E-mail buch.priemiestis@takas.lt www.priemiestis.lt
AGRICULTURE SECTOR			
Litagra UAB	Code 123496364 Address Savanoriu pr. 173, Vilnius; Legal form – private limited liability company Registration date 30.01.1996	consulting and business management activity	Telephone +370 2 36 1600 Fax +370 2 36 1601 E-mail office@litagra.lt www.litagra.lt
Litagros Prekybos Centras UAB	Code 300994653 Address Savanoriu pr. 173, Vilnius Legal form – private limited liability company Registration date 09.08.2007	agricultural services	Telephone +370 2 36 1600 Fax +370 2 36 1601 E-mail office@litagra.lt www.litagra.lt
Litagros Grudu Centras UAB	Code 300636236 Address Savanoriu pr. 173, Vilnius; Legal form – private limited liability company Registration date 25.01.2007	elevators service; grain processing	Telephone +370 2 36 1600 Fax +370 2 36 1601 E-mail office@litagra.lt www.litagra.lt
Litagros Zemes Ukio Centras UAB	Code 300655343 Address Stoties str. 6, Marijampole Legal form – private limited liability company Registration date 02.03.2007	primary agricultural production manufacture - grain and dairy farming	Telephone +370 2 36 1600 Fax +370 2 36 1601 E-mail office@litagra.lt www.litagra.lt
Litagros Gyvulininkystes Centras UAB	Code 300994646 Address Savanoriu pr. 173, Vilnius; Legal form – private limited liability company Registration date 09.08.2007	pig breeding	Telephone +370 2 36 1600 Fax +370 2 36 1601 E-mail office@litagra.lt www.litagra.lt

Company	Registration information	Type of activity	Contact details
AGRICULTURE SECTOR			
Litagros Grudai UAB	Code 300004521 Address Savanoriu pr. 173, Vilnius Legal form – private limited liability company Registration date 20.02.2004	buying up grain and rape from producers; sells it to processing plants in the local market and in foreign countries	Telephone +370 2 36 1600 Fax +370 2 36 1601 E-mail grain@litagra.lt www.litagra.lt
Litagros Prekyba UAB	Code 122012020 Address Savanoriu pr. 173, Vilnius Legal form – private limited liability company Registration date 20.01.1993	wholesale and retail trade in plant protection products, fertilizers, seeds, full part feeds	Telephone +370 2 36 1600 Fax +370 2 36 1601 E-mail office@litagra.lt www.litagra.lt
Litagros retail UAB	Code 224823510 Address Savanoriu pr. 173, Vilnius Legal form – private limited liability company Registration date 01.03.1999	marketing of veterinary products and feeds	Telephone +370 2 36 1600 Fax +370 2 36 1601 E-mail office@litagra.lt www.litagra.lt
Litagros Prekyba Litagra's subsidiary in Latvija UAB	Code 43603037000 Address Jelgavas rajons, Cenu pagasts, Langervaldes iela 2, LV 3042, Latvia Legal form – subsidiary Registration date 06.08.2008	wholesale and retail trade in plant protection products, fertilizers, seeds, full part feeds	Telephone +371 63045285 Fax +371 63048283 E-mail office@litagra.lv www.litagra.lv
Litagra SIA (Latvia)	Code 40003656745 Address Jelgavas rajons, Cenu pagasts, Langervaldes iela 2, LV 3042, Latvia Legal form – private limited liability company Registration date 10.12.2003	agricultural services	Telephone +371 63045285 Fax +371 63048283 E-mail office@litagra.lv www.litagra.lv
Litagra OÜ (Estonia)	Code 11280089 Address Maakri 44-20 10145 Tallinn, Estonia Legal form – private limited liability company Registration date 15.08.2006	wholesale and retail trade in plant protection products, fertilizers, seeds, full part feeds	Telephone + 372 530 65910 E-mail office@litagra.ee www.litagra.ee
Litagra SpZoo (Poland)	Code 141207341 Address Modła Kolonia str. 20B, 62-571 Stare Miasto, Poland Legal form – private limited liability company Registration date 18.10.2007	agricultural services	Telephone +370 2 36 1600 E-mail office@litagra.lt www.litagra.lt
Litagra AB (Sweden)	Code 556747-2815 Address Ljugar Advokatbyra Box 12174, 102 25 Stokholm, Sweden Legal form – private limited liability company Registration date 20.12.2007	agricultural services	Telephone +370 2 36 1600 E-mail office@litagra.lt www.litagra.lt
Joniskio Grudai AB	Code 157602461 Address Zemaites str. 1, Joniskis Legal form – public limited liability company Registration date 12.04.1994	providing of elevator services: storage, sorting and drying of cereals an rapeseeds; mill production: wheat flour, semolina, germ flakes	Telephone +370 426 69 053 Fax +370 426 69 054 E-mail administracija.jg@litagra.lt

Company	Registration information	Type of activity	Contact details
AGRICULTURE SECTOR			
Taurages Grudai AB	Code 179400793 Address Pramones str. 20, Taurage Legal form – public limited liability company Registration date 27.07.1994	main activity is providing of elevator services: storage, sorting and drying of cereals and rapeseeds	Telephone +370 446 62 780 Fax +370 446 62 785 E-mail administracija.tg@litagra.lt
Marijampoles Grudai AB	Code 151004592 Address Stoties str. 6, Marijampole Legal form – public limited liability company Registration date 22.11.1990	main activity is providing of elevator services: storage, sorting and drying of cereals and rapeseeds	Telephone +370 343 98 828 Fax +370 343 98 822 E-mail administracija.mg@litagra.lt
Kedainiu Grudai AB	Code 161354477 Address Pramones str. 8, Kedainiai Legal form – public limited liability company Registration date 19.07.1994	providing of elevator services: storage, sorting and drying of cereals and rapeseeds; production and sales of rye flour, pet foods	Telephone +370 347 67 600 Fax +370 347 67 666 E-mail administracija.kg@litagra.lt www.kedainiugrudai.lt
Aristavos ZUB Kedainiu district	Code 161298135 Address Aristavos village, Vilainiu eldership, Kedainiu district; Legal form – agricultural company Registration date 22.03.1993	crop production (cereals, rapeseed, sugar beet) and milk production	Telephone +370 347 46 692 Fax +370 347 46 666 E-mail aristava@litagra.lt www.litagra.lt
Kalpoku ZUB	Code 167936331 Address Kalpoku village, Linkuvos eldership, Pakruojo district; Legal form – agricultural company Registration date 25.05.1995	crop production (cereals, rapeseed, sugar beet), meat and milk production	Telephone +370 421 64 504 Fax +370 421 64 504 E-mail kalpokai@litagra.lt www.litagra.lt
Sesupes ZUB	Code 165670049 Address Netickampio village, Liudvinavo eldership, Marijampoles district Legal form – agricultural company Registration date 21.07.1992	crop production (cereals, rapeseed, sugar beet), meat and milk production	Telephone +370 343 32 738 Fax +30 93 030 E-mail sesupe@litagra.lt www.litagra.lt
Bausai ZUB Salcininku district	Code 174931263 Address Salcininku village, Salcininku district Legal form – agricultural company Registration date 16.07.1992	crop production (cereals), milk production	Telephone +370 380 51 196 Fax +370 380 51 196 E-mail bausai@litagra.lt www.litagra.lt
Slapaberzes ZUB Kedainiu district	Code 161290398 Address Slapaberzes village, Kedainiu district Legal form – agricultural company Registration date 14.01.1993	crop production (cereals, rapeseed, sugar beet)	Telephone +370 347 32 010 Fax +370 347 32 010 E-mail slapaberze@litagra.lt www.litagra.lt

Company	Registration information	Type of activity	Contact details
AGRICULTURE SECTOR			
Ranktineliai ZUB	Code 171331669 Address Pociuneliai, Radviliskio district Legal form – agricultural company Registration date 20.04.1993	crop production (cereals, rapeseed, sugar beet)	Telephone +370 422 63 125 E-mail aristava@litagra.lt www.litagra.lt
Berzu ZUB Kedainiu district	Code 161266098 Address Berzu village, Kedainiu district Legal form – agricultural company Registration date 16.10.1992	crop production (cereals)	Telephone +370 347 47 571 Fax +370 347 47 571 www.litagra.lt
Zemes Verslo Centras UAB	Code 300655432 Address Stoties str. 6, Marijampole Legal form – private limited liability company Registration date 02.03.2007	consulting services	Telephone +370236 1611 E-mail jurate.pliusnyte@litagra.lt
Investicinis Zemes Bankas UAB	Code 300655329 Address Stoties str. 6, Marijampole Legal form – private limited liability company Registration date 02.03.2007	investment activities	Telephone +370 2 36 1622 Fax +370 2 36 1637 E-mail leonija.valanciene@litagra.lt
Gamtosaugos Projektu Vystymo Fondas Vsl	Code 126201082 Address Savanoriu pr. 173, Vilnius Legal form – public institution Registration date 16.04.2003	develop scientific, practical nature preservation activities and information, submit proposals to state institutions of the law, by practice rare and endangered species conservation work	Telephone +370 2 36 1600 Fax +370 2 36 1601 E-mail gpv.fondas@litagra.lt
INFORMATION TECHNOLOGY SECTOR			
BAIP Grupe UAB	Code 300893533 Address Juozapaviciaus str. 6 / Slucko str. 2, Vilnius Legal form – private limited liability company Registration date 27.06.2007	investments into information technology companies	Telephone +370 2 19 0000 Fax +370 219 5900 E-mail info@baipgrupe.lt www.baipgrupe.lt
Informatikos Pasaulis UAB	Code 126396718 Address Juozapaviciaus str. 6 / Slucko str. 2, Vilnius Legal form – private limited liability company Registration date 11.12.2003	information technology infrastructure solutions	Telephone +370 2 77 9700 Fax +370 2 77 9725 E-mail info@infopasaulis.lt www.infopasaulis.lt
Vitma UAB	Code 121998756 Address Juozapaviciaus str. 6 / Slucko str. 2, Vilnius Legal form – private limited liability company Registration date 25.06.1993	investments into information technology companies	Telephone +370 2 19 0000 Fax +370 2 19 5900
Acena UAB	Code 300935644 Address Juozapaviciaus str. 6 / Slucko str. 2, Vilnius; Legal form – private limited liability company Registration date 20.07.2007	information technology infrastructure development and support	Telephone +370 2 75 9647 Fax +370 2 73 5106 E-mail info@acena.lt www.acena.lt

Company	Registration information	Type of activity	Contact details
INFORMATION TECHNOLOGY SECTOR			
BAIP UAB	Code 301318539 Address Juozapaviciaus str. 6 / Slucko str. 2, Vilnius Legal form – private limited liability company Registration date 03.12.2007	information technology infrastructure solutions, information technology security consultations, information technology infrastructure support services	Telephone +370 2 19 0000 Fax +370 2 19 5900 E-mail info@baip.lt www.baip.lt
Norway Registers Development AS	Code 985 221 405 Address Billingstadsletta 35 1375 BILLINGSTAD 0220 ASKER Norvegija Legal form – public limited liability company Registration date 23.12.2002	creation of new register reforms in various countries, providing consultancy on the information system design	Telephone + 47 66 98 30 28 E-mail nrd@nrd.no
NRD UAB	Code 111647812 Address Zygimantu str. 11-5, Vilnius Legal form – private limited liability company Registration date 15.10.1998	creation of new register reforms in various countries, providing consultancy on the information system design	Telephone +370 2 31 0731 Fax +370 2 31 0730 E-mail info@nrd.lt www.nrd.lt
FINANCIAL INVESTMENTS			
Trakcja-Tiltra S.A.	Code 0000084266 Address Złota str. 59, 00 - 120 Warsaw, Poland Legal form – public limited liability company Registration date 29.01.2002	rail and road infrastructure, bridge construction	Telephone +48 22 628 6263 Fax +48 22 483 3013 E-mail sekretariat@trakcja.com www.trakcjatiltra.com
OTHER COMPANIES			
Kelio Zenklai UAB	Code 185274242 Address Gelezinkelio str. 28, Pilviskiai, Vilkaviskio r. Legal form – private limited liability company Registration date 06.09.1994	metal and wood processing and wholesale trade	Telephone +370 342 67 756 Fax +370 342 67 644 E-mail info@keliozenklai.lt www.keliozenklai.lt
Umega ¹⁸ AB	Code 126334727 Residence address Metalo str. 5, Utena Legal form – public limited liability company Registration date 25.09.2003	production of electric devices, metal items	Telephone +370 389 53 542 Fax +370 389 69 646 E-mail info@umega.lt www.umega.lt
Iniciatyvos Fondas Vsl	Code 300657209 Registration address Seimyniskiu str. 3, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – public institution Registration date 08.03.2007	organising of social initiative programmes	Telephone +370 2 63 6129 Fax +370 2 79 0530 E-mail info@iniciatyvosfondas.lt www.iniciatyvosfondas.lt
Lauko Gelininkystes Bandymu Stotis UAB	Code 221496060 Address A.Kojelaviciaus str. 1, Vilnius; Legal form – private limited liability company Registration date 23.07.1992	growing and trade of ornamental plants, flowers	Telephone +370 2 67 1718 Fax +370 2 67 7949 E-mail inga@augalucentras.lt www.augalucentras.lt

¹⁸ January 12, 2012 AB Umega shares were sold

Company	Registration information	Type of activity	Contact details
OTHER COMPANIES			
Inreal Pastatu Prieziuros Grupe UAB	Code 301673796 Residence address Seimyniskiu str. 1A, Vilnius; Legal form – private limited liability company Registration date 07.04.2008	investing in building maintenance companies	Telephone +370 2 63 6129 Fax +370 2 79 0530
Aktyvo UAB	Code 301206846 Registration address Seimyniskiu str. 3, Vilnius; Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 31.10.2007	bad debt activity	Telephone +370 2 63 6129 Fax +370 2 79 0530
ENTE UAB	Code 301206860 Registration address Seimyniskiu str. 3, Vilnius; Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 31.10.2007	investment activities	Telephone +370 2 63 6129 Fax +370 2 79 0530
Finansu Rizikos Valdymas UAB	Code 300045450 Residence address Seimyniskiu str. 1A, Vilnius; Legal form – private limited liability company Registration date 04.08.2004	investment activities	Telephone +370 2 63 6129 Fax +370 2 79 0530
Invetex AB	Code 133190113 Address Seimyniskiu str. 1A, Vilnius Legal form – public limited liability company Registration date 31.01.1992	investment activities	Telephone +370 2 63 6129 Fax +370 2 79 0530
Investiciju Tinklas UAB	Code 301206885 Registration address Seimyniskiu str. 3, Vilnius; Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 31.10.2007	investment activities	Telephone +370 2 63 6129 Fax +370 2 79 0530
FORTINA UAB	Code 301673789 Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 07.04.2008	investment activities	Telephone +370 2 63 6129 Fax +370 2 79 0530
Cedus Invest UAB	Code 302576631 Address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	investment activities	Telephone +370 2 63 6129 Fax +370 2 79 0530

Company	Registration information	Type of activity	Contact details
OTHER COMPANIES			
Aktyvus Valdymas UAB	Code 301673764 Registration address Seimyniskiu str. 3, Vilnius; Residence address Address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 07.04.2008	investment in real estate companies	Telephone +370 2 63 6129 Fax +370 2 79 0530
MBGK UAB	Code 300083611 Address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 27.01.2005	carries no activity	Telephone +370 2 63 6129 Fax +370 2 79 0530
MGK Invest UAB	Code 302531757 Address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 27.07.2010	carries no activity	Telephone +370 2 63 6129 Fax +370 2 79 0530
RPNG UAB	Code 302575892 Address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370263 6129 Fax +370279 0530
Consult Invalda UAB	Code 302575814 Address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 2 63 6129 Fax +370 2 79 0530
Regenus UAB	Code 302575821 Address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 2 63 6129 Fax +370 2 79 0530
Via Solutions UAB	Code 302617188 Address Palangos str. 4, Vilnius Legal form – private limited liability company Registration date 19.04.2011	carries no activity	Telephone +370 2 63 6129 Fax +370 2 79 0530
Invalda LUX S.a.r.l. (Luxembourg)	Code B158274 Address 560A, rue de Neudorf, L-22200 Luxembourg Legal form – ribotos atsakomybes bendrove Registration date 25.01.2011	carries no activity	Telephone +352 26 43661 Fax +352 26 4366300
Cedus UAB	Code 302656796 Address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 18.08.2011	carries no activity	Telephone +370 2 63 6129 Fax +370 2 79 0530

APPENDIX 2. DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE

Invalda AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules NASDAQ OMX Vilnius, discloses its compliance with the Governance Code, approved by NASDAQ OMX Vilnius for the companies listed on the regulated market, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLI-CABLE	COMMENTARY
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 Company constantly discloses information about group's activities and objectives in notifications on material event, annual information.
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's and the President's activities are concentrated on the fulfillment of the Company's strategic objectives taking count of the shareholders' equity increase.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Supervisory Board is not formed. Nevertheless, the Board and the President acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results. The President may conclude the transactions referred to in subparagraphs 3, 4, 5 and 6, paragraph 4, Article 34 of the Law on Companies of the Republic of Lithuania, provided that there is a decision of the Board to enter into these transactions.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company respects all rights and interests of the persons other than the Company's shareholders participating in or connected with the Company's operation.
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.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a General Shareholders' Meeting and the Chief Financial 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, who, in its turn, facilitate a more efficient and transparent management process.	No	Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. The President of the Company is accountable to the Board.



<p>2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.</p>	<p>Yes</p>	<p>The functions set forth in this recommendation are performed by the collegial management body – the Board.</p>
<p>2.3. When 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 Financial Officer.</p>	<p>No</p>	<p>Only one collegial body is formed in the Company - the Board. It performs all essential management functions and ensures accountability and control of the President of the Company. The Supervisory Board is not formed in the Company.</p>
<p>2.4. The collegial supervisory body to be elected by the General Shareholders' Meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the Board, Principles III and IV should apply to the Board as long as that does not contradict the essence and purpose of this body.</p>	<p>Yes</p>	<p>The relevant provisions set forth in III and IV principles are applied to the Board's formation and assessment of its activity as long as that does not contradict the essence and purpose of this body.</p>
<p>2.5. Company's management and supervisory bodies should comprise such number of Board (executive directors) and Supervisory (non-executive directors) Board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.</p>	<p>Yes</p>	<p>There are 3 independent Board members in the Company who do not have any other mutual interests but only activity within the Board and who act seeking benefit to the Company and its shareholders.</p>
<p>2.6. Non-executive directors or members of the Supervisory Board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the Management Board.</p>	<p>No</p>	<p>The Supervisory Board is not formed in the Company, and there are no non-executive directors either.</p>
<p>2.7. Chairman of the collegial body elected by the General Shareholders' Meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a Supervisory Board but rather the Board, it is recommended that the chairman of the Board and Chief Financial Officer of the company should be a different person. Company's Chief Financial Officer should not be immediately nominated as the chairman of the collegial body elected by the General Shareholders' Meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	<p>Yes</p>	<p>The Chairman of the Board is not and has not been the manager of the Company. His current or past office constitutes has no obstacles to conduct independent and impartial supervision.</p>

<p>Principle III: The order of the formation of a collegial body to be elected by a General Shareholders' Meeting.</p> <p>The order of the formation a collegial body to be elected by a General Shareholders' Meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the Company's operation and its management bodies.</p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a General Shareholders' Meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	Yes	The Board operates impartially, objectively and represents the interests of all shareholders equally.
<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	<p>According to the Board's procedures and regulations approved by the Board's decision of March 1, 2007 at least 10 days before the General Shareholders' Meeting, where it is planned to elect Board members (member), the information about the candidates to the Board will be fully disclosed to the shareholders with the indication of the candidates' names, surnames, their membership in supervisory and management bodies of other companies, shareholding of other companies exceeding 1/20, and all other circumstances that can affect the independence of the candidate as well as the data on their education, qualifications, professional experience, other important information.</p> <p>The Board members obligate to inform the Chairman of the Board in case of the changes of the data. The information of these changes shall be disclosed to the shareholders in the Company's periodical reports.</p> <p>Information about current members of the Board, their educational background, qualification, professional experience, participation in other companies is disclosed in Company's website.</p>
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	Yes	Information about the composition of the Board, members' education, work experience and participation in other companies is disclosed in Company's periodical reports and website.
<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 properly. The members of the Audit Committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting</p>	Yes	The composition of the Board is regularly assessed with consideration to the nature of Company's activity and structure. The Audit Committee members have the required experience. The Remuneration Committee is formed.



<p>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.</p>		
<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>	<p>No</p>	<p>Presently, members of the Board do not perform the assessment of their skills and knowledge.</p>
<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.</p>	<p>No</p>	<p>Independency of the elected Board members is not assessed and the content of independent members' sufficiency isn't set either.</p>
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) he/she is not an executive director or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) of the company or any associated company and has not been such during the last five years; 2) he/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) he/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) he/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 	<p>No</p>	<p>Members of the Board are elected by the General Shareholders' Meeting. They are independent and in their actions seek the benefit to the Company and its shareholders, however fail to meet the recommendation on independency.</p>



<p>83/349/EEC Article 1 Part 1);</p> <p>5) he/she does not have and did not have any material business relations with the company or associated companies 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, counselling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) he/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated companies;</p> <p>7) he/she is not an executive director or member of the Board in some other company where executive director of the company or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) is non-executive director or member of the Supervisory Board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) he/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) he/she is not a close relative to an executive director or member of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p> <p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he can not be considered independent due to special personal or company-related circumstances.</p>		
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	<p>No</p>	<p>No Board members' independency assessment and announcement practice is applicable in the Company.</p>



<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	<p>No</p>	<p>No Board members' independency assessment and announcement practice is applicable in the Company.</p>
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The General Shareholders' Meeting should approve the amount of such remuneration.</p>	<p>Not applicable</p>	<p>The Board members are not remunerated for their work and participation in the meeting of the Board from the Company's funds.</p>

Principle IV: The duties and liabilities of a collegial body elected by the General Shareholders' Meeting
The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the General Shareholders' Meeting, and the powers granted to the collegial body should ensure effective monitoring of the Company's management bodies and protection of interests of all the Company's shareholders.

<p>4.1. The collegial body elected by the General Shareholders' Meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.</p>	<p>Yes</p>	<p>The Board submits Company's annual financial statement and consolidated annual financial statement, profit distribution drafts to the General Shareholders' Meeting, delivers consolidated annual report, also performs all other functions set forth in the legal acts of the Republic of Lithuania.</p>
<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or Audit Committee and, if necessary, respective company-not-pertaining body (institution).</p>	<p>Yes</p>	<p>According to the information held with the Company, all Board members act in good will with respect to the Company, are guided by the interests of the Company, not by the personal or third parties' interests, and seek to preserve their independency while adopting the decisions.</p>
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of</p>	<p>Yes</p>	<p>The Board members perform their functions properly: they actively participate in the Board meetings and devote sufficient time for the performance of their duties as Board members.</p>

the company, shareholders of the company should be notified.		
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 treats all shareholders honestly and impartially. Essential obligations of the Company to the shareholders are set forth in the Shareholders' Policy approved by the Board (which is published in Company's website).
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	There were no significant transactions between the Company and its shareholders or management bodies. The Board's procedures and regulations establish that if such transactions are concluded, all Board members should be informed thereof.
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 bodies. 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 is independent while adopting decisions which are significant for the activity and strategy of the Company.
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 the 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	No	Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.

<p>Audit Committees. Companies should ensure that the functions attributable to the Nomination, Remuneration, and Audit Committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>		
<p>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 judgment 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.</p>		
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the Company chooses not to set up a Supervisory Board, Remuneration and Audit Committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>		



<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>		
<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>		
<p>4.12. Nomination Committee. 4.12.1. Key functions of the Nomination Committee should be the following: 1) identify and recommend, for the approval of the collegial body, candidates to fill Board vacancies. The Nomination Committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination Committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 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.</p>		

<p>4.12.2. Nomination Committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the Board (if a collegial body elected by the General Shareholders' Meeting is the Supervisory Board) and senior management, Chief Financial Officer of the company should be consulted by, and entitled to submit proposals to the Nomination Committee.</p>		
<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 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); 		



<p>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.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the Committee should:</p> <p>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;</p> <p>2) examine the related information that is given in the company's annual report and documents intended for the use during the General Shareholders' Meeting;</p> <p>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.</p> <p>4.13.3. Upon resolution of the issues attributable to the competence of the Remuneration Committee, the Committee should at least address the chairman of the collegial body and/or Chief Financial Officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p> <p>4.13.4. The Remuneration Committee should report on the exercise of its functions to the shareholders and be present at the Annual General Shareholders' Meeting for this purpose.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the Audit Committee should be the following:</p> <p>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);</p> <p>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;</p> <p>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</p>	<p>Yes</p>	<p>The members of the Audit Committee are elected by the General Shareholders' Meeting. The main functions of the Audit Committee should be the following:</p> <ul style="list-style-type: none"> - provide recommendations with selection, appointment, reappointment and removal of an external Audit Company as well as the terms and conditions of engagement with the Audit Company; - monitor the process of external audit; - monitor how the external auditor and Audit Company follow the principles of independence and objectivity; - observe the process of preparation of financial reports of the Company; - monitor the efficiency of the internal control and risk management systems of the Company. Once a year review the need of the internal audit function.

<p>audit authority in the company, the need for one should be reviewed at least annually;</p> <p>4) make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the General Shareholders' Meeting) and with the terms and conditions of his engagement. The Committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;</p> <p>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 May 16, 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;</p> <p>6) review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</p> <p>4.14.2. All members of the Committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the Audit Committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The Audit Committee should decide whether participation of the chairman of the collegial body, Chief Financial Officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the Committee is required (if required, when). The Committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the Audit Committee should act as the</p>		
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<p>principal contact person for the internal and external auditors.</p> <p>4.14.5. The Audit Committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The Audit Committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The Committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The Audit Committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The Audit Committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and Committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	<p>Yes</p>	<p>Once a year the Board conducts its performance evaluation.</p> <p>During 2011 the Board analyzed available information, discussed and adopted decisions concerning essential matters of Invalda AB and its group. In 2011 all the main businesses of Invalda AB were profitable, and generally reached their objectives.</p>
<p>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>		
<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</p>	<p>Yes</p>	<p>This provision is implemented by the Board (Supervisory Board is not formed in the Company).</p>

ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.		
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's Supervisory Board should be convened at least once in a quarter, and the company's Board should meet at least once a month ¹⁹ .	Yes	According to the Board's procedures and regulations, the Board meetings are held at least once per quarter.
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 Board meetings are being convened by the Chairman. The Chairman of the Board informs members about the meeting at least 5 days prior to the meeting. Additional issues may be including into the agenda not later than 3 days prior to the meeting.
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.	No	The Company may not implement this recommendation since only the Board is formed.
<p>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.</p>		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	Shares which compose the authorised capital of the Company grant equal rights to all 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	Yes	The Company informs shareholders about the rights of newly issued shares. Information about the rights of already issued shares is provided in the Shareholders' Policy

¹⁹-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.

purchase shares.		approved by the Board, the Articles of the Association, Company's annual report.
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. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	Shareholders of the Company have equal opportunities to get familiarised and participate in adopting decisions important to the Company. Approval of the General Shareholders' Meeting is also necessary in cases stipulated in Chapter V of the Law on Companies of the Republic of Lithuania. No other cases when the approval of the General Shareholders' Meeting should be obtained are foreseen, since it would impair Company's business considering the nature of the Company's activity.
6.4. Procedures of convening and conducting a General Shareholders' Meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the Company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the General Shareholders' Meeting and receive answers to them.	Yes	The procedures of convening and conducting of the General Shareholders' Meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meetings get familiarised with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.
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.	Yes	The documents prepared for the General Shareholders' Meeting are published in Lithuanian and English on the Company's website. The decisions of General Shareholders' Meetings for the last 8 years are also published on Company's website.
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	The Company's shareholders are furnished with the opportunity to participate in the General Shareholders' Meeting both personally and via an attorney, if such a person has a proper authorisation or if an agreement on the transfer of voting rights was concluded in the manner set forth in the legal acts. The Company provides the shareholders with conditions to vote by completing the general voting ballot.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at General Shareholders' Meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in General Shareholders' Meetings via electronic means of	No	Shareholders can vote via an attorney or by completing the general voting ballot but for the meantime shareholders can not participate and vote in General Shareholders' Meetings via electronic means of communication.



<p>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.</p>		
<p>Principle VII: The avoidance of conflicts of interest and their disclosure The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.</p>		
<p>7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	<p>Yes</p>	<p>The Board members fully comply with these recommendations.</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 authorised by the meeting.</p>		
<p>7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>		
<p>7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>		
<p>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.</p>		



<p>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.</p>	<p>No</p>	<p>The Company does not prepare a remuneration policy since the majority of VIII principle items are not relevant for the present structure of the Company.</p> <p>Information about the benefits and loans for the members of the management bodies is provided in the periodical reports, financial statements.</p>
<p>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.</p>		
<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 information. 		
<p>8.4. Remuneration statement should also summarize and explain company's policy</p>		

<p>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.</p>		
<p>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.</p> <p>8.5.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> • the total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the Annual General Shareholders' Meeting; • the remuneration and advantages received from any undertaking belonging to the same group; • the remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • if permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> • the number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • the number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • the number of share options unexercised at 		



<p>the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</p> <ul style="list-style-type: none"> • all changes in the terms and conditions of existing share options occurring during the financial year. <p>8.5.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> • when the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • when the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. <p>8.5.4. 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>		
<p>8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.</p>		
<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>		
<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 be manifestly misstated.</p>		
<p>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.</p>		
<p>8.11. Termination payments should not be paid if the termination is due to inadequate</p>		



<p>performance.</p>		
<p>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 Annual General Shareholders' Meeting.</p>		
<p>8.13. Shares should not vest for at least three years after their award.</p>		
<p>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.</p>		
<p>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).</p>		
<p>8.16. Remuneration of non-executive or supervisory directors should not include share options.</p>		
<p>8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend General Shareholders' Meetings where appropriate and make considered use of their votes regarding directors' remuneration.</p>		
<p>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 Annual General Shareholders' Meeting. Remuneration statement should be put for voting in Annual General Shareholders' Meeting. The vote may be either mandatory or advisory.</p>		
<p>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 Annual General Shareholders' 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</p>	<p>Not applicable</p>	<p>In 2011 the schemes, on which basis the managers were remunerated in shares, share selection transactions or other rights to acquire the shares or be remunerated based on the share price movements were not applied in the Company.</p>

<p>made in Annual General Shareholders' Meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>		
<p>8.20. The following issues should be subject to approval by the Annual General Shareholders' 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 Shareholders' Meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.</p>		
<p>8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe the shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>		
<p>8.22. 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 Annual General Shareholders' Meeting.</p>		
<p>8.23. Prior to the Annual General Shareholders' Meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-</p>		



<p>related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>		
<p>Principle IX: The role of stakeholders in corporate governance The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the Company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the Company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	<p>The Company respects the rights of interest holders and allows the interest holders to participate in the management of the Company in the manner set forth by the laws.</p>
<p>9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.</p>		
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>		
<p>Principle X: Information disclosure and transparency The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the Company, including the financial situation, performance and governance of the Company.</p>		
<p>10.1. The company should disclose information on: 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 Financial 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. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p>	<p>Yes</p>	<p>Information set forth in this recommendation is disclosed in the notifications on material event, periodical reports. This information is also published on Company's website.</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>		
<p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, Chief Financial 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 Financial Officer as per Principle VIII.</p>		
<p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>		
<p>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 NASDAQ OMX Vilnius, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	<p>Yes</p>	<p>The company discloses information via NASDAQ OMX news distribution service so that the public in Lithuania and other EU countries should have equal access to the information. The information is disclosed in Lithuanian and English. The company publishes its information prior to or after the trade sessions on the NASDAQ OMX Vilnius. The company does not disclose information that may have an effect on the price of shares in the commentaries, interview or other ways as long as such information is publicly announced via NASDAQ OMX news distribution service.</p>
<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.</p>	<p>Yes</p>	<p>The information is disclosed in Lithuanian and English simultaneously via NASDAQ OMX news distribution service. It is also published on company's website.</p>
<p>10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.</p>	<p>Yes</p>	<p>The company publishes all information indicated in this recommendation on its website.</p>



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	The annual Company's and consolidated financial statements and consolidated annual report are conducted by the independent audit company. The interim financial statements are not conducted by the audit company.
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	The candidate audit company is suggested to the General Shareholders' Meeting by the Board.
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.	Not applicable	The audit company does not provide non-audit services to the Company.

The President

Dalius Kaziusas