

Translation from Lithuanian language:

APPROVED:

By the resolution of the Annual General Meeting of Public Limited Company "Lifosa" on 29th April, 2009 Protocol No.: 1

**REGULATIONS OF ACTIVITIES OF THE AUDIT COMMITTEE
OF PUBLIC LIMITED COMPANY "LIFOSA"**

I. General

1. The present Regulations (hereinafter referred to as the Regulations) of Activities of the Audit Committee (hereinafter referred to as the Committee) of Public Limited Company "Lifosa" (hereinafter referred to as the Company) is arranged under the Article 52 of the Law on Audit of RL and following the Resolution of Lithuanian Securities Commission: "Re: Requirements for the Audit Committees".
2. The Regulations shall be approved, amended and cancelled by the Company's General Meeting of Shareholders.
3. The Regulations define the rights and duties, the size of the Committee, period of membership at the Audit Committee, requirements for education, professional experience of the members of the Audit Committee, principles of independence applied to the independent member of the Audit Committee and other issues related to composition of the Audit Committee and organization procedures thereof.
4. Key objectives of the Committee – monitor the processes and procedures of the activities and financial reporting of the Company and of the audit, if they meet the requirements of legal acts, provide the Board of the Company with the recommendations regarding the improvement of the effectiveness of the internal control and management of risks of the Company.

II. Procedure of Composition of the Audit Committee

5. The Committee is a collegial body and shall consist of 3 (three) members, one of which is independent.
6. The members of the Committee shall be elected by the General Meeting of Shareholders at the proposal of the Board of the Company under the election procedure determined for the election of Supervisor Council following the Article 31, part 3 of LR Law on Companies. In case the individual Committee members are elected, they are elected only for the period until the end of term of office of the operating Audit Committee.
7. Every candidate to the members of the Committee is supposed to inform the Board about his/her education, qualification, work experience and position held, while the independent candidate – to verify his/her conformance to the criteria of independence under the Regulations.
8. The members of the Committee are elected for the period of 4 (four) years. The first period of the elected Committee coincides with the Company's Board cadence. The number

of periods is not limited for the member of the Committee save the exceptions for the independent member specified hereunder.

9. The elected new Committee (its members) start its activities from the moment, the General Meeting of Shareholders, when he (they) have been elected, is over.

10. The Committee member or the Company's employee may be appointed the Secretary of the Committee under the resolution of the Committee.

11. The General Meeting of Shareholders may recall all the Committee or individual members of the Committee before the end of the period.

12. Any member of the Committee shall have the right to resign upon submitting a 14 (fourteen) days written notice to the Board of the Company and to the Committee.

III. Requirements for the Members of the Committee

13. Persons with appropriate qualification shall be persons with the university degree in economics, finances or law.

14. Persons with appropriate experience shall be persons with at least 5 (five) years of work experience in the field of audit, accounting, finances, or law. Independent member is supposed to have at least 5 years of work experience in the field of accounting or audit.

15. Information and data, confirming the qualification, experience, the position and independence of the person suggested as a member of the Committee shall be provided to the Board by the body or shareholder suggesting the person to be elected. The person suggesting the candidate of the independent member to the Committee shall submit a written confirmation of the candidate stating his independence.

16. The person who is not bound by business, blood or other relationship with the Company, the controlling shareholder or top management that could give rise or may be the reason of a conflict of interests, and who could affect the opinion of the member, and who satisfies other criteria of independence specified hereunder shall be considered an independent member of the Committee.

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

17.1. he cannot be the head of the Company and of an associated company and could not have occupied such a position within the last 5 (five) years;

17.2. he cannot be an employee of the Company and of an associated company and could not have occupied such a position within the last 3 (three) years;

17.3. he should not receive and could not have received significant additional remuneration from the Company and from an associated company, except for remuneration for the post of the member of the Committee;

17.4. he should not be a controlling shareholder, and should not represent any such a shareholder;

17.5. he should not have and has not had important business relations with the Company and with an associated company within the last year neither directly nor as a partner, shareholder, head or employee of the administration of a subject with such relationships. A subject that is considered an important supplier of goods or services (including financial, legal, advisory and consultation services), a significant client or organization, which receives significant contributions from the Company or its group, shall be considered as a subject having business relations;

17.6. he cannot be and could not have been within the last 3 (three) years a partner or employee of the current or former audit company of the Company and of an associated company;

17.7. he could not have occupied the position of a member of the Audit Committee of the Company for over 12 years;

17.8. he should not be a close family member of the head of the Company or the persons specified in paragraphs 17.1. through 17.6. The spouse (cohabitant), children and parents shall be considered close family members.

18. A company associated with the Company as specified in paragraph 17 shall be one which:

18.1. directly or indirectly controls the Company or is controlled by it;

18.2. has a significant influence on the Company;

18.3. jointly controls the Company under a joint activity agreement;

18.4. is controlled by the same legal or natural person (their group) as the Company;

18.5. is an associated company;

18.6. is a company controlled under a joint activity agreement;

18.7. is a company, accumulating and at the end of the service, paying pensions and other benefits.

19. In case it becomes known, that the independent member of the Committee submitted false data about himself or they changed and due to that this person can no longer be considered independent, such a member of the Committee loses the empowerment as a Committee member from the date the information became known to the Company. The Board of the Company declares the fact and the date of lost empowerment and must convene the General Meeting of Shareholders to elect the new independent member of the Committee.

IV. Functions, Rights and Duties of the Committee

20. The main functions of the Committee:

20.1. to provide the Board of the Company with recommendations related to selection, appointment and cancellation of an external audit company as well as the terms and conditions of the agreement with the audit company;

20.2. to monitor the process and the effectiveness of carrying out an external audit;

20.3. to review how the external auditor and audit company follow the principles of independence and objectivity;

20.4. to review the process of preparation of financial reports of the Company;

20.5. to inform the Company's Board of the significant internal control weaknesses related to the financial accounts and related reporting controls as established by internal and external audit and provide recommendations how to correct them;

20.6. at least once a year, check the control and risk management and internal audit systems to ensure the main risks (including risk related to the observation of legal laws and regulations) are properly assessed, managed and the information disclosed;

20.7. to fulfil other functions specified in the legal acts of the Republic of Lithuania and the recommendations of the Code of management of companies listed with Vilnius Stock Exchange.

21. The members of the Committee shall:

- 21.1. act honestly, carefully and responsibly for the benefit and in the interest of the Company and shareholders taking into account the interests of employees and the welfare of the society;
 - 21.2. dedicate time and attention enough to fulfill the duties of the Member;
 - 21.3. follow the legal acts of RL and EU and the internal documents of the Company in performing their functions.
22. The independent member of the Committee shall:
- 22.1. under any conditions keep the independence of his analysis, decision-making and actions;
 - 22.2. neither seek after nor accept any ungrounded benefits, that may discredit his independence;
 - 22.2. openly express disagreement in case its obvious that the resolution of the collegial body may affect the interests of the Company.
23. The Committee shall inform the Board about its activities at least once a year by submitting written reports.
24. The Rights of the Committee:
- 24.1. to receive from the Company the necessary documents and/or their copies and information necessary to fulfil the functions of the Committee;
 - 24.2. to receive exhaustive information, related to peculiarities of the Company's accounting, finances and activities. The Head of the Company has to assure that the Committee will be informed of important and unusual methods of transactions accounting, when the accounting may be exercised differently;
 - 24.3. duly receive the information about the performance programme of the external auditors and about all the issues related to the Company's audit and to receive the report of the auditing company which includes the description of all the relations between the independent audit company and the Company;
 - 24.4. to demand the employees of the Company to provide verbal and written explanations;
 - 24.5. to invite or demand the particular employees, board members, external auditors or experts to participate at the Committee's meetings;
 - 24.6. to demand to exercise the actions necessary to perform the functions of the Committee;
 - 24.7. to receive the annual remuneration at the rate approved by the General Meeting of Shareholders;
 - 24.8. other rights specified in the present Regulations and valid legal acts.

V. Procedure of activities of the Committee

25. The Committee shall absolutely fix the methods and procedures of its activities.
26. The resolutions of the Committee shall be taken during meetings. The Committee may take decisions and its meeting shall be considered valid, when at least 2 (two) members of the Committee participate in it. The resolution shall be passed when at least 2 (two) of the participating members of the Committee vote for it.
27. Meetings of the Committee shall be convoked no less than twice (2 times) a year. The right of initiative of convoking the meetings of the Committee is held by all of the members of the Committee. The other members of the Committee shall be informed about the convoked meeting, questions that will be discussed there and the suggested drafts of resolutions not later than 3 (three) business days in advance in writing (by e-mail or fax).

28. The member of the Committee may express his will – “for” or “against” the resolution in question, with the draft of which he is familiar with – by voting in advance in writing. Voting in writing shall be considered equal to voting by telecommunication terminal devices, provided text protection is ensured and it is possible to identify the signature.

29. The meetings of the Committee shall be recorded. The Protocol shall be written down and signed by participating members of the Committee no later than during 5 (five) business days from the date of the Committee’s meeting. The member of the Committee, who has voted against the adopted resolution, has a right to express his opinion on the resolution in written and the latter is attached to the protocol.

Person empowered by AB “Lifosa”
Annual General Meeting of the 29th April, 2009,
AB “Lifosa” General Director Jonas Dastikas

