

**PUBLIC COMPANY
LIETUVOS ELEKTRINĖ**

Company code 110870933, Elektrinės St. 21, Elektrėnai LT-26108, tel. 8528-39533, fax. 8528-39733

**Annual Report
for the year-ended 31 December 2007**

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Main data about the Public Company Lietuvos elektrinė

Name of the Company	Public Company (AB) Lietuvos elektrinė (Lithuanian Power Plant – LPP), hereinafter referred to as the Company
Legal form	Public company
Code	110870933
VAT payer's code	LT108709314
Authorised capital	The authorized capital of AB Lietuvos elektrinė of LTL 145,800,689 is divided into 145,800,689 ordinary registered shares of LTL 1 nominal value.
Office address	Elektrinės St. 21, LT-26108 Elektrėnai
Telephone	(8~528) 39 066
Fax	(8~528) 39 733
E-mail	info@lelektrine.lt
Website	http://www.lelektrine.lt
Date and place of registration	31 December 2001; Ministry of Economy of the Republic of Lithuania
Register, in which data about the Company are stored	Register of Legal Entities
Type of the issuer's core activities	AB "Lietuvos Elektrinė" operates in the energy sector. The Company produces and sells electricity and thermal energy.

The Company is a member of the Lithuanian Electricity Association and an active participant in the activities of the Association representing the common interest of the European electricity sector (EUROELECTRIC).

The Company's General Meeting elects the Supervisory Board of 5 members for a term of four years.

THE SUPERVISORY BOARD (ELECTED ON 06.11. 2006):

Name, surname	Share of the capital/ votes held, %
Artūras Dainius, Chairman	-
Marija Siniavska	-
Nijolė Bujauskienė	-
Saulius Spėčius	-
Janina Butkevičienė (from 26.04.2007)	-
Audrius Bilys (before 26.04.2007)	-

The Supervisory Board elects and removes from office members of the Board. The Company's Board consists of 5 members.

THE BOARD (ELECTED ON 06.11.2006)

Name, surname	Share of the capital/ votes held, %
Pranas Noreika, Chairman	0,004
Arvydas Galinis	-
Domininkas Pečiulis	-
Rolandas Jankauskas	-
Vida Dzermeikienė	-

The Board elects and removes from office the Company's Director General, sets its salary and other terms of the Employment Contract, approves job descriptions, gives incentives and imposes penalties.

ADMINISTRATION

Name, surname	Share of the capital/ votes held, %
Pranas Noreika, Director General	0,004
Rolandas Jankauskas, Chief Financier	-

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Data about the Chairman of the Board, the Head of the Administration and the Chief Financier

Pranas Noreika – the Company's Director General, Chairman of the Board.

Educational background: higher education; profession: engineer; over the past 10 years has worked as Director General of AB Lietuvos Elektrinė.

Rolandas Jankauskas – Chief Financier of AB Lietuvos Elektrinė

Educational background: higher education; profession: engineer; over the past 10 years has worked as an expert for Vilniaus Bankas AB; as an engineer; Deputy Chief Financier; Chief Financier with AB Lietuvos Elektrinė.

The average number of managers in the Company in 2007 and 2006 was 3. Benefits to the managers during 2007 amounted to LTL 610 677 (LTL 517 678 in 2006).

Profit for the year 2007 allocation to yearly payoffs:	LTL 3 055 000
- support	LTL 500 000
- bonuses of employees and other purpose	LTL 2 500 000
- annual bonuses for the Board	LTL 55 000

No loans were granted, guarantees and warranties given to members of the Supervisory Board, the Board and the Administration of AB Lietuvos Elektrinė during 2006.

AB Lietuvos elektrinė has signed an agreement with the financial brokerage firm AB "Finasta" (Konstitucijos St. 23, Vilnius; tel. (+370~5) 278 68 33) concerning management of securities accounting, drawing up of the periodical reports and payment of dividends to the shareholders for the financial years 2002–2005.

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1. An objective review of the Company's position, its performance and business development, a description of the principal risks and uncertainties related to the operations of the Company.

As long as Ignalina nuclear power plant is working, the power plant Lietuvos Elektrinė essentially performs a function of a backup power plant.

After the projected decommissioning of the second reactor of Ignalina Nuclear Power Plant in 2010, the power plant Lietuvos Elektrinė will be the main producer of electricity in Lithuania.

During the last 10 years, the Company allocated LTL 500m for the upgrading of the plant. In the future all four energy blocks of 300MW are to be used to full capacity and a new combined cycle turbo unit of 400 MW will be built. The latter will require only one third of gas compared to the old units. The main fuel of Lietuvos elektrinė is natural gas. When the fume purification equipment is installed, it will be possible to fire crude oil and cheaper emulsions.

Main risk factors related to the issuer's activity

1. Economic risk factors.

In 2007, the sales of AB Lietuvos elektrinė under the electricity purchase quota approved by the Ministry of Economy of the Republic of Lithuania and of the reserve capacity accounted for 69.2% of all sales of the Company.

With a significantly increased prices of organic fuels, the price of the electricity produced by the plant at the moment cannot compete in its price with the cheap energy of Ignalinos NPP.

If it were to produce more electricity, Lietuvos elektrinė would have to buy carbon credits at USD 21–25 on the market, which would boost the costs by additional 7–8.5 cnt/kWh.

2. Political risk factors.

Currently the power transmission lines to Russia are of limited capacity, and Russia has no intention to increase it. Furthermore, the European part of Russia experiences shortages of electricity itself, therefore electricity import from Russia is hardly an option.

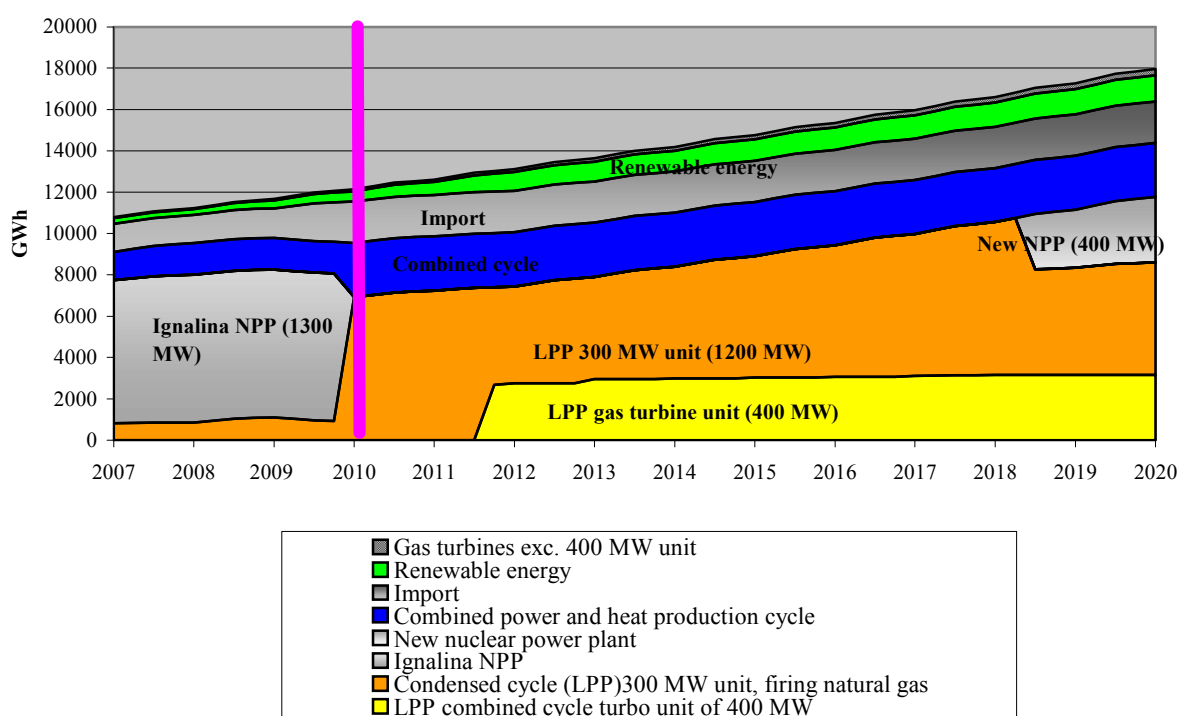
The link to the power grids of Poland and Sweden will be built later in the future. In winter time Scandinavian countries import energy themselves.

Chances of importing electricity from Ukraine are also limited, because of insufficient power grid capacity in Belarus. A prospect of importing energy from Estonia is not clear either.

As a result of a substantial surge in gas prices, the cost of energy has soared. Procurement of gas from one supplier country, i.e. Russia, is potentially risky as well.

AB Lietuvos elektrinė is searching for substitutes for natural gas and for possibilities to reduce costs.

Meeting Lithuania's power demand: scenario for the years 2007-2020



3. Social risk factors.

During the last few years the labour cost in Lithuania continued to grow. Therefore there is a need to increase labour efficiency at the plant. The Company has paid much attention to improvement of working conditions and employee training and know-how.

But the number of job vacancies has also been increasing, while due to rising prices employees demand higher salaries. In order to keep employees and attract new young specialists, managers are forced to increase wages and salaries. People's expectations, however, have grown considerably, both due to the fast growth rate in salaries and increasing inflation.

4. Technical and technological risk factors.

Acting in accordance with Paragraph 8 of Article 2 of Protocol No 4 of the Accession Treaty of the Republic of Lithuania and under provisions of the National Energy Strategy, after the closure of the Ignalina Nuclear Power Plant as of 31 December 2009, the Lithuanian Power Plant will be the main producer of electricity in Lithuania. In order to ensure a secure supply of electricity, a combined cycle turbo unit of about 400 MW has to be mounted at the power plant.

The Assembly of Donors approved the building of a new unit and adopted respective decisions. The framework/ main agreement was signed with the EBRD concerning financing of the project up to 70%. AB Lietuvos elektrinė signed loan agreements with 5 banks in Lithuania.

In 2007, a tender was announced for a building contractor. The building of the unit will commence in 2008.

As a unit of a combined cycle allows reduction of gas consumption by 30%, environmental pollution goes down accordingly.

This unit, being very economical, will be able to remain operational after a new nuclear power plant is launched. The Baltic Energy Strategy reveals that after the decommissioning of Ignalina NPP in 2009, the major part of electricity will be generated by existing power plants (having modernised the Lithuanian power plant and renovated units at Estonian power plants) the available capacities in the Baltic power system, including planned modern thermal power plants and power plants within the systems of central heating and industrial enterprises, will be sufficient to meet the regional demand only until 2015. The new nuclear power plant to be built will not be capable of satisfying Lithuania's needs either, because in 10 years they will increase by more than 800 MW. The analysis of the demand for energy shows that there is no ground to claim that the new unit of a combined cycle of 400 MW capacity, starting from 2010, will ensure Lithuania's sustainability with regard to power supply.

5. Ecological risk factors.

Furthermore, AB Lietuvos elektrinė will be able to ensure a stable process of power generation, independent of the disruptions in gas supply, because two of the eight units of the plant may fire less ecological, but easily accessible and transportable fuel, i.e. crude oil and emulsions. Due to fume purification systems hazardous pollutants will not be emitted and, thus, there will be no violations of the EU environment laws.

6. Financial risk factors

Financial risk management policy are incorporated into the Financial Statements of AB Lietuvoes elektrinė for the year 2007.

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2. Analysis of financial and non-financial performance and information relating to environmental and employee matters

2.1. Indicators, characterizing the Company's performance in 2005–2007

	2007 (LTL)	2006 (LTL)	2005 (LTL)
Turnover, LTL	305,058,255	264,086,686	205,268,393
Gross profit, LTL	17,367,686	(26,182,376)	27,887,604
Operating profit, LTL	43,759,548	32,085,749	15,518,070
Profit before taxes, LTL	42,467,779	31,173,600	20,546,965
Net annual profit, LTL	33,916,710	25,007,221	17,229,842
EBITDA, LTL	69,476,407	58,093,421	40,397,794
Assets, LTL	1,569,500,120	1,410,906,882	1,340,453,811
Equity, LTL	980,406,862	946,490,152	1,025,288,857
Lowest price, LTL	4.00	2.80	3.56
Highest price, LTL	7.38	4.54	5.35
Closing price	6.10	4.49	4.02
Capitalization (LTL m)	889.38	654.65	586.12

2.2. Operations

2.2.1. Performance in 2007

During 2007, AB Lietuvos elektrinė had a profit of LTL 5.044m from core operating activities. The Company also generated extra revenues from additionally sold electricity during the repairs of Ignalina NPP. Having sold carbon credits and having received a compensation for a breach of contract to supply orimulsion, AB Lietuvos elektrinė earned a profit of LTL 42.468m., a substantial increase from the planned LTL 22.588m.

AB Lietuvos elektrinė had a profit of LTL 37.424m from ancillary activities, mostly from the sales of carbon credits.

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The Company's Performance in 2007

No.	Indicators	Unit of measurement	Planned for 2007	Actual result
I. TECHNICAL INDICATORS				
1.	Electricity supplied to:	kWh thou	700,000	868,181
1.1.	AB Lietuvos energija, of it:	-"-	700,000	866,880
	<i>under PSO ¹ quota</i>	-"-	<i>700,000</i>	<i>698,173</i>
1.2.	Other consumers	-"-	-	1,301
2.	Capacity sold:	MW*h		
2.1.	Warm capacity reserve	-"-	876,000	673,546
2.2.	Cold capacity reserve	-"-	8,698,680	8,478,836
3.	Thermal energy sold	Gcal	140,000	126,764
4.	Fuel costs in production of contractual electricity	g/kWh	398.1	395.4
5.	Fuel costs in production of contractual thermal energy	kg/Gcal	165.7	169.9
II. REVENUES – total:		LTL thou	247,814	306,201
1.	Electricity sold	-"-	133,000	170,189
2.	Cold capacity reserve	-"-	73,939	73,939
3.	Warm capacity reserve	-"-	7,972	7,972
4.	Thermal energy	-"-	13,103	10,128
5.	Revenues from ancillary activities	-"-	19,800	42,831
6.	Revenues from financial investment activities	-"-	-	1,910
III. COSTS – total:		LTL thou	225,226	264,500
1.	Variable	-"-	141,702	176,346
1.1.	For electricity	-"-	128,793	166,403
1.2.	For thermal energy	-"-	12,909	9,942
2.	Relatively fixed	-"-	83,524	85,498
2.1.	Amortization	-"-	27,619	25,717
2.2.	Wages and salaries	-"-	21,848	21,856
2.3.	Social insurance	-"-	6,992	7,246
2.4.	Taxes	-"-	2,565	3,261
2.5.	Material costs	-"-	23,700	27,418
3.	Other activities	-"-	-	1,364
4.	Financial investment activities	-"-	-	1,292
IV. PROFIT (total):		LTL thou	22,588	42,468
1.	From core activities	-"-	22,588	383
2.	From other activities	-"-	-	41,466
3.	From financial investment activities	-"-	-	619

¹ PSO – Public Service Obligation

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2.2.2. Emissions of the power plant into the atmosphere in 2007

Pollutants	Current emissions, tonnes:
1. Flue gas emissions into the atmosphere, t:	
SO ₂	2,182.133
NO _x	914.524
CO	110.517
Solid particles from crude oil and orimulsion	1.730
including V ₂ O ₅	1.096
2. Hydrocarbon vapour, tonnes:	0.006
3. Emissions into the atmosphere from small sources, t:	
NO _x	0.023
CO	0.065
Solid particles	0.034
Iron compounds	0.048
Manganese compounds	0.007
Sulphuric anhydride	0.026
Volatile organic compounds	0.016
Sulphuric acid	0.003
4. Emissions to the river of Strēva:	
BOD ₇ , t	0.016
Sinking substances, t	2.486
Oil substances, kg	0.059

2.2.3. Staff

2.2.3.1. Average number of employees and average monthly wages by employee groups at AB Lietuvos elektrinė in 2007

	2006	2007
Total number of employees	706	673
of them:		
- specialists	197	218
- workers	509	455
Average monthly wages (LTL)	2592	3179
of them:		
- specialists	3118	3863
- workers	2382	2836

2.2.3.2. Breakdown of the staff by education:

- Higher education – 163 employees;
- Vocational education – 146 employees;
- Secondary school education – 299 employees.

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

The data in the annual financial statements and the Explanatory Notes are sufficient, comprehensive and require no additional explanations.

4. The number of the shares acquired by the Company and the Company's own shares as well as nominal value thereof and a part of the authorised capital made up by these shares; the number of own shares acquired and transferred during the reporting period, where they are acquired or transferred against payment; information about payment for own shares, where they are acquired or transferred against payment; reasons for acquiring the Company's own shares during the reporting period.

4.1. Data about the secondary trading in the issuer's securities.

4.1.1. Securities admitted to the trading lists of stock exchanges.

All ordinary registered shares of AB Lietuvos Elektrinė are on the Current List of the Vilnius Stock Exchange (hereinafter – VSE) (admitted to the List on 1 February 2002).

Table 4.1. Main characteristics of the shares of AB Lietuvos elektrinė.

Type of shares	ISIN code	Ticker	Number of shares	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	LT0000126351	LEL1L	145 800 689	1	145 800 689

4.2. Trading in the issuer's securities on the VSE and other organized markets

4.2.1. Traded on the VSE

Table 4.2. Trading in the Company's shares 2004 – 2007.

Price	2004	2005	2006	2007
Open	-	-	4,02	4,49
High	4,83	5,35	4,54	7,38
Low	1,49	3,56	2,80	4,00
Last	4,80	4,02	4,49	6,10
Traded volume	1 644 886	731 316	817 722	466 291
Turnover, LTL million	4,32	3,09	3,13	2,57
Capitalisation, LTL million	699,84	586,12	654,65	889,38



Fig. 4.1. Trading in the Company's shares

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4.2.2. Trading on other exchanges

Shares of AB Lietuvos elektrinė are not traded on any other exchanges.

4.2.3. Trading on other organised markets

Shares of AB Lietuvos elektrinė are not traded on any other organised markets.

4.3. Trading in the issuer's securities on the OTC market

As the securities issued by AB Lietuvos Elektrinė are admitted to the Current List of the Vilnius Stock Exchange, OTC trades are allowed only if settlement is made in kind (by donation, inheritance, exchange). Settlement in cash is possible only in the case of REPO trades.

After the Law on Markets in Financial Instruments of the Republic of Lithuania became effective on 8 February 2007, the requirement to conclude secondary market sale and purchase trades concerning listed securities only on the exchange is no longer valid: trades can be concluded both on the VSE and OTC.

OTC trades in the ordinary registered shares of AB Lietuvos elektrinė (LT0000126351 AB LIETUVOS ELEKTRINĖ PVA, Baltic Secondary List):

Settlement in cash			Settlement in kind		Total amount
Amount	Price, LTL	Number of trades	Amount	Number of trades	
65 180	279 535.66	16	90 189	81	155 369

4.4. All shares in Company are book-entry shares. All shares of AB Lietuvos elektrinė are ordinary registered shares of the same class. All holders of shares have equal rights and duties.

4.4.1. Shareholders

The Annual General Meeting (AGM) of AB Lietuvos Elektrinė shareholders was held on 21 April 2008. The Registration Day: 14 April 2008. Total number of shareholders: 4,567.

Main characteristics of the shares issued for public trading:

On 22 December 2001, the Lithuanian Securities Commission registered 150,743,012 ordinary registered shares of AB Lietuvos Elektrinė of one litas nominal value (Share Registration Certificate No. AB-5018; registration of the securities issue No. A01011524). The Company's shares were issued for the formation of the authorised capital at the time of the Company founding after the reorganisation of the special purpose public company "Lietuvos Energija" following the company division method. The Company was registered on 31 December 2001.

In 2003, the authorised capital of AB "Lietuvos Elektrinė" was reduced by LTL 4,942,323, i.e. by the value of the property transferred to Elektrėnai municipality when reducing the number of shares held. Amendments to the Articles of Association were registered on 9 May 2003.

After the reduction, the Company's authorized capital amounts to LTL 145,800,689. It is divided into 145,800,689 ordinary registered shares of LTL 1 nominal value.

Rights and Duties of Shareholders

The Shareholders of the Company shall have the following property rights:

- 1) to receive a part of the Company's profit (dividends);
- 2) to receive a part of assets of the Company in liquidation;
- 3) to receive the company funds if the statutory capital is reduced to pay the company funds to the shareholders;
- 4) to receive shares without payment if the statutory capital is increased out of the company funds;
- 5) to have the pre-emption right in acquiring shares or convertible debentures issued by the company, except in cases when the General Meeting decides to withdraw the pre-emption right in acquiring the company's newly issued shares or convertible debentures for all the shareholders;
- 6) to sell or transfer all or a portion of shares into the ownership of other persons according to the procedure laid down in the legal acts of the Republic of Lithuania;
- 7) to lend to the company in the manner prescribed by law; however, when borrowing of its shareholders, the company may not pledge its assets to the shareholders;
- 8) other property rights established by the laws and the Statutes of the company.

Shareholders shall have the following non-property rights:

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- 1) to attend the General Meetings
- 2) to vote according to voting rights carried by their shares;
- 3) to receive the information on the company specified in the Law of the Republic of Lithuania on Companies;
- 4) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the company manager and Board members of their obligations prescribed the laws and the Statutes of the company as well as in other cases laid down by laws.

4.4.2. All shares in Company are ordinary registered of the same class. A shareholder shall not be entitled to transfer his partly-paid shares to other persons. A person who subscribed for the shares before the registration in the Register of Legal Entities of the amendments to the Articles of Association as the result of the increase in the authorised capital shall not be entitled to transfer his shares to other persons. A shareholder must give a written notice to the head of the Company of his intention to transfer all or a part of the shares in a company and indicate the number of shares being disposed of according to their classes and selling price.

Table 4.3. At 31 December 2007, the Company's shareholders were:

Shareholders i	Holding in the authorized capital	
	LTL	Percent
State represented by the Ministry of Economy of the Republic of Lithuania	140 576 934	96.42
Other	5 223 755	3.58
Total	145 800 689	100.00

Table 4.4. Shareholders who held title to more than 5 percent of the issuer's authorized capital or votes on the Registration Day (2008-04-14).

Name of the shareholder (type, address of registered office and code of the enterprise)	Number of ordinary registered shares the shareholder holds by the right of ownership, units	Portion of the authorised capital held, %	Portion of the votes attaching to the shares held by the right of ownership, %	Portion of votes held by the shareholder together with the persons acting in concert, %
The state, represented by the Ministry of Economy of the Republic of Lithuania 38/2 Gedimino St., Vilnius 188621919	140 552 224	96.40	96.40	----

4.4.3. There have been any shareholders with the special rights of control.

4.4.4. The right to vote at the General Meeting may be withdrawn or restricted in the cases established by the Law on Companies and other laws, also in case share ownership is contested. The right to vote at other General Meetings shall be granted only by fully paid shares. All voting shares of the company are of equal nominal value, and each share gives its holder one vote at the General Meeting. A shareholder shall not be entitled to vote on the decision to withdraw the right of pre-emption in acquiring the shares or convertible debentures issued by a company if according to the agenda of the General Meeting it is intended to grant the right to acquire the above securities to the shareholder, the shareholder's close relatives, the shareholder's spouse or cohabitee, where the shareholder's and the cohabitee's partnership has been registered in accordance with the procedure established by law, and a close relative of the spouse, if the shareholder is a natural person, also to the shareholder's parent company or subsidiary, if the shareholder is a legal person, unless the shareholder has acquired all the shares in the company.

4.4.5. As far as the Company knows, there exist no shareholders arrangements that might serve as grounds for the securities disposal restrictions and/or voting right restrictions.

5. Information about the Company's subsidiaries and representative offices

The Company has no subsidiaries or representative offices.

6. Corporate events since the end of the last financial year

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January:

- The Company's Board approved the Organisation Chart and the list of job functions.

February:

- Unaudited results of AB Lietuvos elektrinė were announced for the year 2006. AB Lietuvos elektrinė in 2006 earned a net unaudited profit of LTL 25.03m (EUR 7.23m) (LTL 17.23m (EUR 4.99m) in 2005). In 2006, the revenues amounted to LTL 264.09m (EUR 76.48m) (LTL 205.27m (EUR 59.45m) in 2005). Due to the sale of unused carbon credits the profit before taxes in 2006 was by LTL 31.20m (EUR 9.03m) higher than planned LTL 22.00m (EUR 6.37m).

March:

- The agreement for the supply of orimulsion was terminated.
- The Corporate Action Plan for the year 2007 was approved.
- At the initiative of the Company's Board and by their decision, the Annual General Meeting of the shareholders of AB Lietuvos elektrinė was convened to take place at 11 am, on 26 April 2007, at the Company's office at Elektrinės St. 21, Elektrėnai.

April:

- AB Lietuvos elektrinė announced the net profit for the year 2006 in the amount of LTL 25,007,221 (twenty five million seven thousand two hundred and twenty one) (EUR 7,242,592).
- On 26 April 2007, the Annual General Meeting of the Company's shareholders resolved to: approve the annual financial statements of 2006, approve the profit appropriation, remove from office Audrius Bilis, Member of the Supervisory Board, elect Janina Butkevičienė, Chief specialist of the Electricity and Heat Division of the Energy Department, Ministry of Economy of the Republic of Lithuania, to the Supervisory Board.
- The unaudited profit before taxes of AB Lietuvos elektrinė during the first quarter of 2007 amounted to LTL 28.8m (EUR 8.3m) (a year ago it was LTL 46.5m (EUR 13.5m)).

July:

- The unaudited profit before taxes of AB Lietuvos elektrinė during the first half of 2007 amounted to LTL 44.7m (EUR 12.9m) (a year ago it was LTL 36.1m (EUR 10.4m)).
- The Board approved the technical and economic feasibility study of the combined cycle turbo generator at the power plant Lietuvos elektrinė.

August:

- The Board agreed to stop implementation of the second part of the flue gas desulphurisation plant construction and decided to build a combined cycle turbo generator of 400 MW capacity instead.

September:

- The Board approved the relatively fixed costs and the remuneration fund for the year 2008.
- On 26 September 2007, AB Lietuvos elektrinė received the decision of the Vilnius Regional Administrative Court, obligating the Lithuanian Securities Commission, against the application of Vidmantas Martikonis, to approve the price of LTL 7.39 per each ordinary share of AB Lietuvos elektrinė.

October:

- The result of the three quarters 2007 of AB Lietuvos elektrinė, i.e. the unaudited profit before taxes, totalled LTL 56.3m (EUR 16.3m) (LTL 27.3m (EUR 7.9m) in 2006 respectively).
- The National Control Commission for Prices and Energy set the purchase price of electricity produced by AB Lietuvos elektrinė, where electricity production is necessary to ensure the energy reserves of the system, for the year 2007 at 29.18 ct/kWh, excluding VAT.

December:

- An agreement for natural gas supply, transmission and distribution in the year 2008 was signed with AB Lietuvos dujos.
- On 12 December 2007, AB Lietuvos elektrinė signed a syndicated loan agreement of EUR 81.4m with the banks AB Hansabankas, AB SEB Vilniaus bankas, AB DnB NORD bankas, AB Sampo bankas and Nordea Bank Finland Plc for financing the construction of a combined cycle turbo generator of 400 MW capacity.

For more information:

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<http://www.baltic.omxnordicexchange.com>

7. Information about activities of the Company in the field of Research and Development

7.1. Investment absorption in 2007

No.	Project	2007 (LTL)
I. On-going projects		
I.1.	Flue gas desulphurisation plants (electrostatic precipitators)	116,950,476
I.2.	Installation of burners of low nitrogen oxide output and booster fans	29,140,800
I.3.	Upgrading of the control system in Units 5, 7 and 8	8,643,469
I.4.	Upgrading of regenerative air preheaters	15,163,327
I.5.	Project management (quality assurance and eco management)	3,019,260
I.6.	Equipment not requiring installation	1,500,000
II. New projects		
II.1.	Fencing part of the territory	500,000
Total I and II:		174,917,332

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8. The Corporate Action Plan and Projections

8.1. The Corporate Action Plan for the year 2008

In 2008, AB Lietuvos elektrinė approved the Corporate Action Plan, which projected revenues in the amount of LTL 395,896 thousand, costs of LTL 393,641 thousand (of them LTL 87,431 thousand of relatively fixed costs) and a profit of LTL 2,255 thousand.

Main indicators as planned for 2008

No.	Indicators	Unit of measurement	Achieved in 2007	Planned in 2008
1.	Relatively fixed costs:	LTL m	85.50	87.43
1.1.	Material costs:		27.42	20.90
1.1.1.	Repair works by contracts	-"-	6.93	7.00
1.1.2.	Maintenance costs	-"-	9.96	8.90
1.1.3.	Other material costs	-"-	10.52	5.00
1.2.	Depreciation and amortisation	-"-	25.72	27.62
1.3.	Wages and salaries	-"-	21.86	26.22
1.4.	Social insurance	-"-	7.25	8.39
1.5.	Taxes	-"-	3.26	2.90
1.6.	Interest	-"-	-	1.40
2.	Fuel costs	-"-	176.35	306.21
2.1.	Fuel for production of electricity	-"-	166.40	290.60
2.2.	Fuel for production of thermal energy	-"-	9.94	15.60
3.	Total costs of core activities	-"-	261.84	393.64
4.	Other operational costs	LTL m	1.36	-
5.	Costs of financial and investment activities	-"-	1.29	-
6.	Total costs	-"-	264.50	393.64
7.	Cold capacity reserve ordered	MW	993.00	993.00
8.	Warm capacity reserve	-"-	100.00	100.00
9.	Capacity used	-"-	99.10	108.20
10.	Electricity sold, of it	kWh m	868.20	950.00
	under PSO ² quota	-"-	700.00	700.00
11.	Price for cold capacity reserve and for the capacity used	LTL/MWh	8.50	10.00
12.	Price for warm capacity reserve	-"-	9.10	10.70
13.	Average price for electricity	cnt/kWh	19.60	30.19
14.	Revenues from reserves and capacity used	LTL m	82.23	103.62
14.1.	Of them for: cold capacity reserve	-"-	73.94	87.23
14.2.	Warm capacity reserve	-"-	7.97	9.40
14.3.	Capacity used, collected through payments for electricity	-"-	0.32	7.00
15.	Thermal energy sold	MWh	157,000	139,560
16.	Revenues from thermal energy	LTL m	10.13	12.51
17.	Total revenues for electricity	-"-	252.10	286.76
18.	Total revenues from core activities	-"-	262.23	395.90
19.	Other operating revenues	LTL m	42.83	0.0
21.	Revenue from financial investment activities	-"-	1.91	0.0
22.	Total revenues	-"-	306.97	395.90
23.	Profit before taxes	-"-	42.47	2.26

² PSO – Public Service Obligation

Emissions into the atmosphere planned for the year 2008, tonnes

Pollutants	2008
1. Planned flue gas emissions into the atmosphere, t:	
SO ₂	401.920
NO _x	1,415.080
CO	239.760
Solid particles from crude oil and orimulsion	6.830
including V ₂ O ₅	3.284
2. Planned hydrocarbon vapour, t:	0.308
3. Planned emissions into the atmosphere from small sources, t:	
NO _x	0.023
CO	0.065
Solid particles	0.034
Iron compounds	0.048
Manganese compounds	0.007
Sulphuric anhydride	0.026
Sulphuric acid	0.003
Volatile organic compounds	0.020
4. Emissions will contain, g/kWh:	
SO ₂	0.211
NO _x	0.741
CO	0.126
Solid particles from crude oil and orimulsion	0.004
including V ₂ O ₅	0.002

Ash in boilers K-2 and K-8 will be precipitated in an electrostatic filter, granulated, packed into hermetic plastic bags and sent abroad for recycling.

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8.2. Description of the measures on the Investment plan of AB Lietuvos elektrinė for the period 2008–2009

Investment plan 2008–2009

No.	Project	2008 (LTL)	2009 (LTL)	Sources of financing			TOTAL (LTL)
				Own funds (LTL)	National Ignalina decommissi oning fund (LTL)	International Ignalina decommissio ning support fund (LTL)	
I. On-going projects							
I.1.	Flue gas desulphurisation plants (electrostatic precipitators)	57,989,346	-	-	29,800,000	188,326,630	218,126,630
I.2.	Installation of burners of low nitrogen oxide output and booster fans	10,967,393	26,959,462	75,794,759	2,350,000	-	78,144,759
I.3.	Upgrading of the control system in Units 5, 7 and 8	10,373,178	6,572,128	32,539,186	-	-	32,539,186
I.4.	Upgrading of regenerative air preheaters	4,291,084	-	20,684,391	-	-	20,684,391
I.5.	Project management (quality assurance and eco management)	3,561,560	1,641,648	3,396,700	-	5,095,051	8,491,751
I.6.	Equipment not requiring installation	1,500,000	1,500,000	4,500,000	-	-	4,500,000
II. New projects							
II.1	Replacement of an ejector pump 5A	-	-	430,000	-	-	430,000
II.2	Up-grading of high pressure preheater valves	-	-	2,600,000	-	-	2,600,000
II.3	Replacement of an electric feed pump	-	-	1,900,000	-	-	1,900,000
II.4	Construction of a 400MW combined-cycle gas turbine	345,280,000	345,280,000	233,064,000	-	543,816,000	776,880,000
II.5	Replacement of a 300MW generator	-	36,000,000	36,000,000	-	-	36,000,000
Total I and II:		433,962,561	417,953,238	410,909,036	32,150,000	737,237,681	1,180,296,717

9. Where the Company uses financial instruments and where this is of importance for the evaluation of the Company's assets, equity capital, liabilities, financial position and performance, the Company shall disclose financial risk management objectives, its policy for hedging major types of forecasted transactions for which hedge accounting is used, and the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk.

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The Company did not use any financial instruments of importance for the evaluation of the Company's assets, equity capital, liabilities, financial position and performance.

10. The procedure for amending the Articles of Association of the company.

10.1. A notice of amendment to the Articles of Association of the Company must be published in the daily „Lietuvos rytas“.

10.2. To amend the Statutes of the Company may only the General Meeting by a qualified majority vote that shall be not less than 2/3 of all the votes carried by the shares held by the shareholders attending the Meeting.

10.3. A General Meeting may take decisions about the amendment of the Issuer's Statutes and shall be held valid if attended by shareholders who hold shares carrying not less than 1/2 of all votes. After the presence of a quorum has been established, the quorum shall remain continuously throughout the Meeting. If a quorum is not present, the General Meeting shall be considered invalid and a repeat General Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the meeting that has not been held and to which the quorum requirements shall not apply.

10.4. The General Meeting decision to amend the Statutes of the company shall be adopted according to the procedure laid down in Article 27 or 30 of the Law of Republic of Lithuania on Companies.

10.5. The Articles of Association of the company are being amended when:

- 1) the authorised capital of the company is being increased or decreased;
- 2) a possibility of conversion of the preference shares of the company into the ordinary shares is being to change;
- 3) its going to have an issue of ordinary shares having the status of employee shares;
- 4) the rights granted by shares of different classes are being changed;
- 5) the number of the company's Board members is being increased or decreased;
- 6) the number of the Supervisory Board members is being to changed;
- 7) the decision to issue debentures is being adopted.

Chairman of the Board
Pranas Noreika

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Annex 1 to the Annual report for the year ended 31 December 2007

Disclosure form concerning the compliance with the Governance Code for the companies listed on the regulated market

The public company Lietuvos elektrinė, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	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	Plans and forecasted results of the Company are published on an annual report.
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 Company's supervisory and management bodies are focused on the implementation of the main objectives and tasks of the Company.
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 of the Company, the Management Board and the Head of the Company cooperate in view of seeking the best benefit for the Company and its shareholders.
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 fully complies with these recommendations.
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 executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	Both the collegial supervisory body – the supervisory board and the collegial management body – the management board are formed in the Company.
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.	Yes	The supervisory board of the Company is responsible for the supervision of the Company's Board and general director. The management Board of the Company is responsible for the strategic management of the Company and other main functions of corporate government.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory	Not applicable	Both the collegial supervisory body – the supervisory board and the collegial

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body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.		management body - the management board are formed in the Company.
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.	Yes	The supervisory board of the Company (also the management board insofar as it is possible) is formed and operates in the manner defined in Principles III and IV.
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.	Yes	The supervisory board of the Company consists of 5 members. The management board of the Company also consists of 5 members. Such number of members of the collegial management body is optimal considering the Company's operation and particularity.
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.	Yes	The supervisory board of the Company shall be elected for the maximum period of 4 years. In accordance with the Law on Companies of the Republic of Lithuania the General meeting of shareholders is entitled to revoke all or individual members of the supervisory board before expiration of their tenure.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The chairman of the supervisory board is the representative of the main shareholder. The supervisory's chairman has not been the head of the Company, and his current office constitutes no obstacle to conduct independent and impartial supervision.
<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>		
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.	Yes	The supervisory board is elected in compliance with the procedure prescribed by the law on companies of the Republic of Lithuania. This mechanism ensure objective and fair monitoring of the company's. The member of the supervisory board can be a person with the right qualification. All members of the supervisory board are not the employees of the Company, and all of them are the representatives of the main shareholder - the State, represented by the Ministry of Economy of the Republic of Lithuania. Small shareholders can not be represented on supervisory board as their portion of the capital is only 3.54 %. However, the rights of the small shareholders' are protected by the main shareholder - the State.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background,	Yes	Information about the members of the supervisory board (their qualification, positions taken) is disclosed by the Company in its

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<p>positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>		<p>periodical reports, also is included in the agenda of the general shareholders' meeting.</p>
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	<p>Yes</p>	<p>Before a member is appointed to the supervisory board, the information about candidate's qualification, positions in other companies is presented for the shareholders at the nominating meeting. Information about the members to the supervisory board is disclosed by the Company in its periodical reports.</p>
<p>3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.</p>	<p>Yes</p>	<p>The supervisory board of the Company is formed taking into consideration the Company's structure and activities. The members have a recent knowledge and relevant experience for the proper performance of their tasks.</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>Yes</p>	<p>Present members of the supervisory board have experience of the companies' management. New members elected to the supervisory board of the Company are made familiar with the Company, its organization, activity specifics.</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>There has been any independent member in the supervisory board of the Company. All supervisory board's members are representative of the main shareholder. Nonetheless, all material conflicts of interest with a member of collegial body are resolved properly.</p>
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or 	<p>Yes</p>	<p>Independence of the members of the supervisory board of the Company evaluate in accordance with this recommendation. According to the criteria laid down in this paragraph, there has been any independent member in the supervisory board. All supervisory board's members are representative of the main shareholder.</p>

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<p>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;</p> <p>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);</p> <p>4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</p> <p>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years.</p> <p>He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p>		
<p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>	No	The Company has not defined the concept of independence.
<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</p>	No	The company has not applied so far the practice of evaluation of independence of the members of the supervisory board.

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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.		
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.	No	The company has not applied so far the practice of evaluation of independence of the members of the supervisory board.
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.	Not applicable	Members of the supervisory board are not remunerated from the Company's funds for their work and participation in the meetings of the collegial body.
<p>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</p> <p>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.	Yes	The supervisory board of the Company regularly makes recommendations to the managing bodies of the Company.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	To the best knowledge of the Company, all members of the supervisory board act in a good will in respect of the Company, comply with the interests of the Company (not those of third parties) and take efforts to maintain independence in decision making.
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 the company, shareholders of the company should be notified.	Yes	Members of the collegial body properly perform the functions delegated to them: actively participate at the sitting of the collegial body and devote sufficient time for the performance of their duties as the members of the supervisory board.
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	Yes	The collegial body treat all shareholders in a fair and unbiased manner.

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<p>fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.</p>		
<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	Yes	<p>Transactions 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 are concluded and approved in accordance with the Lithuanian legislation and the Articles of the Association.</p>
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management 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.</p>	Yes	<p>There have been no restrictions for the supervisory board to receive all information they need to perform their duties. The collegial body is independent in making decision important for the activities and strategy of the Company.</p>
<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	No	<p>No nomination, remuneration and audit committees have been formed in the Company so far. Nonetheless, the members of the supervisory board have major influence in relevant aspects of the Company's activity, control the management board and head of the Company, offer the suggestions for their made decisions.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to</p>	No	<p>No committees have been formed in the Company so far.</p>

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<p>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>No</p>	<p>No committees have been formed in the Company so far.</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>No</p>	<p>No committees have been formed in the Company so far.</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>No</p>	<p>No committees have been formed in the Company so far.</p>
<p>4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following:</p> <ul style="list-style-type: none"> • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. <p>4.12.2. Nomination committee should consider proposals by other parties, including management and</p>	<p>No</p>	<p>No committees have been formed in the Company so far.</p>

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<p>shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>		
<p>4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following:</p> <ul style="list-style-type: none"> • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors 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>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>	No	No committees have been formed in the Company so far.
4.14. Audit Committee.	No	No committees have been formed in the Company so far.

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

- Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);
- At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;
- Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;
- Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;
- Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;
- Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.

4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.

4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and

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<p>members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<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>	No	Such practice has not been applied in the Company.
<p>Principle V: The working procedure of the company's collegial bodies</p> <p>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 ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	Yes	The Company fully complies with these recommendations.
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene</p>	Yes	Sittings of the collegial bodies if the Company are held at such intervals as are necessary to guarantee an uninterrupted resolution of the essential corporate governance issues.

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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.		Meetings of the company's supervisory board are convened at least once in a quarter, and company's board meets at least once a month.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	The Company fully complies with these recommendations. Both the meeting of the supervisory board and the meeting of the management's board goes according to the agenda approved in advance. Members of the collegial bodies are notified on the sitting in advance. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting are submitted to the members of the collegial body.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	The chairpersons of the collegial supervisory and management bodies of the Company positively co-operate by resolving the issues of the corporate governance.
<p>Principle VI: The equitable treatment of shareholders and shareholder rights</p> <p>The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</p>		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The authorized capital of the Company consists of LTL 145 800 689 and is comprised of 145 800 689 ordinary shares. The par value of one share is LTL 1. All shareholders of the Company enjoy equal rights.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company fully complies with these recommendations.
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.	No	In accordance with the Lithuanian legislation and the Articles of the Association, the transactions that are important to the Company such as transfer, investment, and pledge of the company's assets or any other type of encumbrance are subject to approval of the management board.
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 Company fully complies with these recommendations. Procedures of the convening and conducting a general shareholders' meeting ensure equal opportunities for the shareholders to effectively participate at the meetings, and do not violate their rights and interests. Notice of convening a general shareholders' meeting are published in the Lietuvos rytas daily. This Information is also disclosed through the Company News Service (CNS) of the Vilnius Stock Exchange.
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the	Yes	At least 10 days before the general meeting, the draft resolution of the meeting is published through the Company News Service

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<p>publicly accessible website of the company 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 English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>		<p>of the Vilnius Stock Exchange. Before the meeting all shareholders are provided an opportunity to familiarize with all information about the draft resolution of the general meeting. The adopted resolutions are published also through the CNS. The information is published in Lithuanian and English languages. The Company has not so far the technical opportunity to disclose this information on the website of the Company. The Company is going to do it in the future.</p>
<p>6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	Yes	<p>Shareholders of the Company may exercise their right to attend the general meeting of shareholders personally or through a proxy. Also, the shareholders of the Company may vote by filling in common ballot-papers.</p>
<p>6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.</p>	Not applicable	<p>Based on current practice of the Company, there has been no need so far to comply with this recommendation.</p>
<p>Principle VII: The avoidance of conflicts of interest and their disclosure</p> <p>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>	Yes	<p>The Company fully complies with these recommendations. The most of the members of the collegial bodies are the public officials.</p>
<p>7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.</p>	Yes	
<p>7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>	Yes	
<p>7.4. Any member of the company's supervisory and</p>	Yes	<p>The members of the collegial bodies are</p>

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management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.		familiarized with these provisions and must fully comply these recommendation.
<p>Principle VIII: Company's remuneration policy</p> <p>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>		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	Such practice has not been applied in the Company so far.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	See commentary under item 8.1.
8.3. Remuneration statement should leastwise include the following information: <ul style="list-style-type: none"> • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • A description of the main characteristics of supplementary pension or early retirement schemes for directors. 	No	See commentary under item 8.1.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	See commentary under item 8.1.
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.		
8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	See commentary under item 8.1.
8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1	No	See commentary under item 8.1.

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<p>to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
<p>8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the</p>	<p>Not applicable</p>	<p>Such practice has not been applied in the Company so far.</p>

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<p>impact of the suggested changes.</p> <p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ul style="list-style-type: none"> • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors. 		
<p>8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>		
<p>8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>		
<p>8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>		
<p>Principle IX: The role of stakeholders in corporate governance</p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	<p>The Company complies with all statutory requirements aimed at ensuring the rights of interest holders.</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</p>		

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<p>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</p> <p>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:</p> <ul style="list-style-type: none"> • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p> <p>10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p> <p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.</p> <p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	<p>Yes</p>	<p>The Company fully complies with these recommendations.</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 Vilnius Stock Exchange, so that all the company's</p>	<p>Yes</p>	<p>The Company publishes information through the information system of the Vilnius Stock Exchange in Lithuanian and English simultaneously. The Company, if possible, publishes its information prior to or after trade session on the Vilnius Stock Exchange. The Company does not publish in</p>

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shareholders and investors should have equal access to the information and make informed investing decisions.		commentaries, interviews or otherwise any information, until such information is announced through the CNS of the Vilnius Stock Exchange.
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.	Yes	The Company, if possible, publishes information through the information system of the Vilnius Stock Exchange in Lithuanian and English simultaneously. The Company has not so far the technical opportunity to disclose this information on the website of the Company. The Company is going to do it in the future.
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.	No	The Company has not so far the technical opportunity to disclose this information on the website of the Company. The Company is going to do it in the future.
<p>Principle XI: The selection of the company's auditor</p> <p>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	An annual audit of the Company's financial statements and report is conducted by an independent firm of auditors.
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.	No	Primarily a tender for selection of the firm of auditors is conducted in accordance with the requirements prescribed by laws regulating public procurements. Following the selection of the firm of auditors, a candidate firm of auditors is proposed to the general meeting of shareholders.
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 firm of auditors has not provides any non-auditor services to the Company and has not received any fees thereon from the Company.