

AB LINAS AGRO GROUP
CONSOLIDATED ANNUAL REPORT
FOR THE FINANCIAL YEAR 2010/2011

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





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1. MANAGING DIRECTOR'S ADDRESS



Dear shareholders,

In financial year 2010/2011, AB Linas Agro Group was further growing, despite the unfavorable market conditions.

In financial year 2010/2011 the Group reached the record sales of LTL 1,354 million, which is 62 % higher as compared to the previous year. Such growth was influenced by 22 % (up to 1.48 million tons) increase in our trade volumes and growing worldwide grain prices.

The biggest growth was achieved in the areas of strategic importance to the Group. We sold 4.7 times more fertilizers than last year. The trade in fertilizers was successful in Lithuania and Latvia, which grew one fifth times as compared to the previous year. Successful investment in the Ukrainian fertilizer production and trade company PJ-SC UKRAGRO NPK, the trade volumes of which grew 49 % during the reporting period, had the greatest effect on growth of fertilizer trade volumes.

We earned LTL 81 million of gross profit, which went up by 15 % since the last year. Agricultural inputs and agricultural production were the most profitable segments and totaled LTL 64 million of gross profit. However, trade in grains and oilseeds was not profitable for the first time in twenty years of the Company's history. Very poor grain harvest in Lithuania and Latvia (30 % decrease compared to 2009/2010 season) and non-standard quality of grains were among the negative factors that affected the business.



The biggest challenge was to secure the contract performance by our counterparties – we had never encountered such a mass of contract breach from our suppliers. We did not expect such behavior from partners whom we had built long-term cooperation with. The gross loss from these activities amounted to LTL 6.5 million and this was a good lesson for the future. The risk management policy was reviewed. We hope that additional risk management tools will help us avoid similar situations in the future.

Such extreme situation in grain and oilseed segment had a negative effect on Group's net profit, which was 43 % less than last year and totaled LTL 18.9 million.

This year we opened a department for trade with Poland and strengthened our position on Polish market, where trade in feedstuffs was successful.

Although we had lower profit from some of the business segments, we did not stop the planned investments in the development of grain processing infrastructure. The construction works of new grain storage facilities of total capacity of 25 thousand tons in Pasvalys, Vilkaviškis and Šakiai districts were started in 2010/2011 financial year and have already been finished. We invested LTL 14 million and the total capacity of the Group's storage facilities now amounts to almost 175 thousand tons.

We are glad that, despite the poor trading year, SEB bank increased a 2011/2012 financial year credit limit by LTL 52 million up to LTL 132 million for our Group company AB Linas Agro, engaged in international trade in agricultural produce. This will help us to further strengthen important business directions, i.e. fertilizer trade in Lithuania and Latvia and feedstuff trade on Polish market.

The business of our Group is diversified, as our activities are concentrated on five business segments and each of them earns profit every year. All our business areas are related to an end product – food. We are part of a food production chain that is important to all mankind and our mission is to create added value in the chain of agricultural produce, processing and trade. Today, we are increasing this value by strengthening our infrastructure. Being familiar with strong sides of the Group's employees, I can assure that we will have work to do in the future. We have a motivated team, strong asset base and ambitious targets, therefore are planning further successful growth.

Sincerely yours,

Managing Director
Darius Zubas

A handwritten signature in black ink, consisting of a large, stylized initial 'D' followed by a series of loops and a final horizontal stroke.



2. REPORTING PERIOD OF THE ANNUAL REPORT

Financial year of AB Linas Agro Group starts on 1 July of each calendar year and ends on 30 June of the next year; therefore, this Report has been prepared for 2010/2011 financial year, and all the figures are stated as of 30 June 2011 unless it is indicated otherwise.

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

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

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

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

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4. ABOUT THE COMPANY

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

AB Linas Agro Group together with its subsidiaries and joint ventures is an integrated agribusiness developing Group of companies engaged in the production of and trade in agricultural produce, feed raw materials and other agriculture-related products. The Group is the leading exporter of grains and secondary products of food industry in the Baltic countries and the leader in supplies of agricultural inputs (such as certified seeds, fertilisers and agricultural machinery) in Lithuania. The Group carries out its trading operations mostly through AB Linas Agro (Lithuania) and Linas Agro A/S (former Rosenkrantz A/S, Denmark). Both companies enhance the international reputation, are GTP (European Good Trading Practice) certified companies and ensure their position among the key players of the European market. The Group is a major grains and milk producer in Lithuania. In order to improve its operations, the Group has formed and further expands an extensive network of grain storages.

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

The total headcount of the Group amounts to 775 employees performing their functions in four countries. The financial year of most of the companies of the Group begin on 1 July.

4. 2. HISTORY AND DEVELOPMENT OF LINAS AGRO GROUP

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

With a view to ensuring supplies of grains and rapeseed, in 1993 the Group started concluding cooperation agreements with Lithuanian farmers, which later on developed into the Rapeseed and Grains Cultivation Programme. The Programme was aimed at developing the relationships with farmers by consulting them on yield improvement issues as well as at expanding the Group's activities in the area of agricultural inputs covering such products as certified seeds, fertilisers, agricultural machinery etc. In 1998, by acquiring a 50 % stake in UAB Dotnuvos projektai, the Group started its operations in the agri-supplies



market. The initial business model of UAB Dotnuvos Projektai was based on the resale of agricultural machinery and agricultural produce of other producers to Lithuanian farmers; however, in 2001 the company put into operation its own seed processing factory and started trade in certified seeds of own processing.

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

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

In 2006, the Group started trading in solid biofuel. The same year, the legal form of UAB Linas ir Viza was changed, and the company was renamed as AB Linas Agro. The new name provided a better reflection of the direction and activities of the Group. In 2007, the Group strengthened its positions in the area of rapeseed processing by launching UAB MESTILLA, the operator of the biggest rapeseed processing and bio-diesel production facility in the Baltic countries (the company operates in Klaipėda). Shareholders of UAB MESTILLA include Akola ApS (the majority holder in AB Linas Agro Group) and Statoil. UAB MESTILLA is not a part of the Group although remains an important trading partner and client.

In 2008, the Group acquired a grain storage facility in Šiauliai. The same year, the Company was reorganised by changing its legal form and was renamed from UAB Agriveta into AB Linas Agro Group. In September 2008, all shares of AB Linas Agro were contributed to the authorised capital as an asset contribution. Finally, in 2008, the Group acquired 60 % of its long-term trading partner Rosenkrantz A/S (since 01-07-2011 Linas Agro A/S). In 2010, AB Linas Agro Group completed initial public offering of shares and attracted LTL 98 million. Starting from 17 February 2010, the Company has been listed on NASDAQ OMX Vilnius Stock Exchange.

In 2010, the Company acquired UAB Lignineko, a lignin biofuel feedstock operator, and Farmer Service centres in Joniškis and Kėdainiai, acquired additional 50 % of PJ-SC UKRAGRO NPK shares and obtained control of the company. UAB Dotnuvos projektai in Estonia established its subsidiary AS Dotnuvos Projektai.

In 2011, the Group together with partners established Užupės ŽŪB and acquired 70 % of its shares. In the last quarter of the financial year, the Company started construction works of grain storage facilities in Pasvalys, Šakiai district and accomplished expansion works at the Vilkaviškis elevator.



4.3. STRATEGY AND GOALS

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

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

4.4. MISSION AND VISION

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

The mission of the Group:

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

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

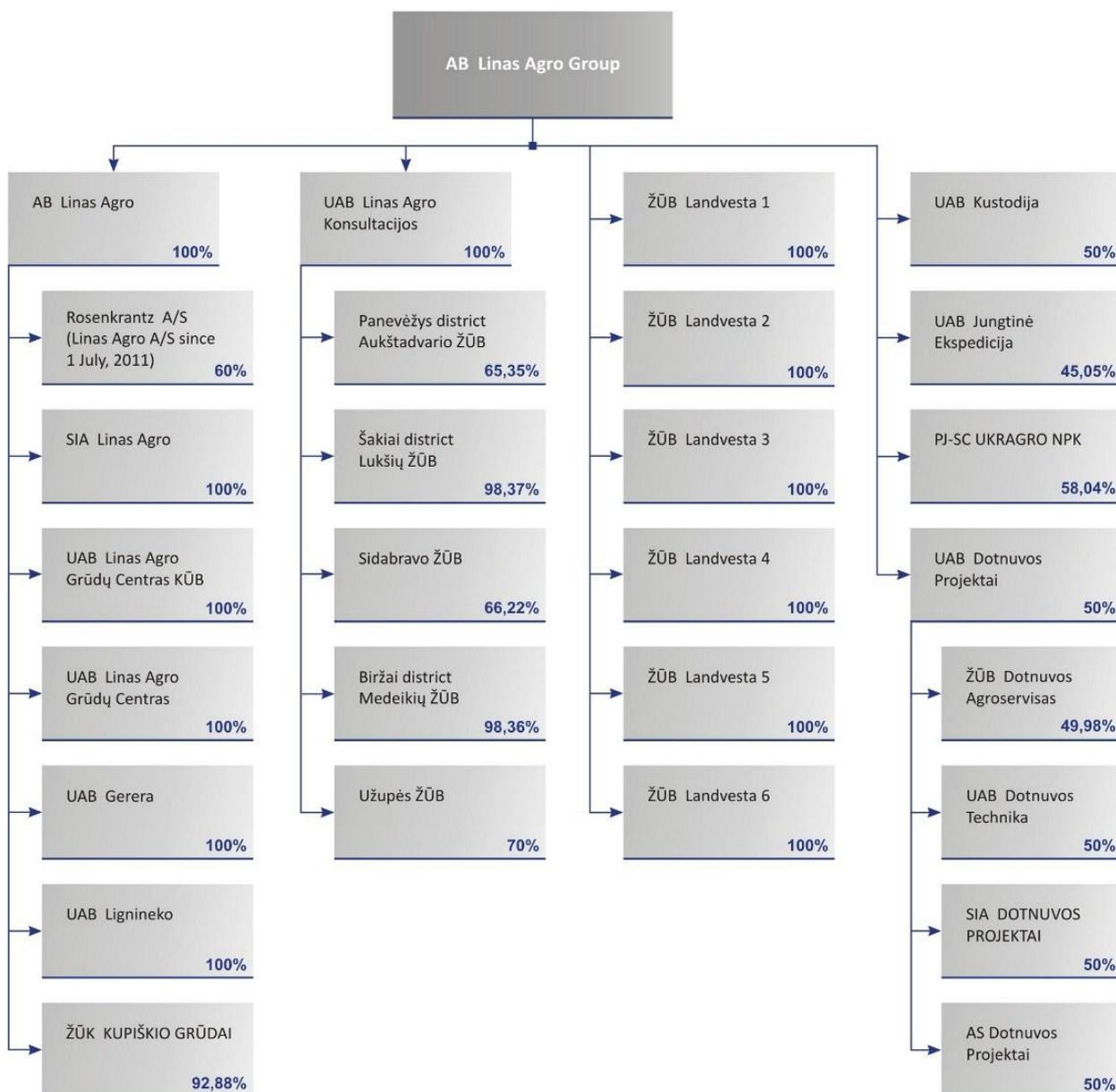


The Company’s vision is the ambitious dream to become the leader of the agribusiness in the Baltic countries not only in terms of size or turnover, but also in terms of the number of satisfied employees and customers as well as constant innovation.

4.5. STRUCTURE OF THE GROUP OF COMPANIES

Controlling company AB Linas Agro Group consolidates twenty one subsidiaries; six joint ventures and one associated company in Lithuania, Latvia, Estonia, Ukraine and Denmark.

STRUCTURE OF AB LINAS AGRO GROUP (AS OF 30 JUNE 2011):





4.6. KEY EVENTS

On 1 June 2010, AB Linas Agro Group from UAB Arvi ir ko acquired 50 % of shares of the Ukrainian company CJ-SC UKRAGRO NPK (present company name – PJ-SC UKRAGRO NPK) in amount of EUR 3,694,800 (LTL 12,757,405). On 30 December 2010 and 10 January 2011, AB Linas Agro a part of shares – accordingly 381 and 489 units transferred to the CJ-SC UKRAGRO NPK management.

On 10 July 2010, AB Linas Agro increased share capital of UAB Lignineko, from LTL 1,229.6 thousand to LTL 1,729.6 thousand. Part of authorized capital, i. e. LTL 25,000 was not paid until the end of the year.

On 13 July 2010, authorized capital of AB Linas Agro increased from LTL 7 million to LTL 31 million.

On 27 July 2010, UAB Linas Agro Konsultacijos increased share capital of Biržai district Medeikių ŽŪB LTL 920 thousand.

On 27 July 2010, Biržai district Medeikių ŽŪB has acquired 36.36% shares of ŽŪK KUPIŠKIO GRŪDAI for LTL 920 thousand, on 18 October 2010 AB Linas Agro has acquired additional 18.18 % shares of ŽŪK KUPIŠKIO GRŪDAI, the effective share of ŽŪK KUPIŠKIO GRŪDAI owned by the Group increased to 92.88 %.

On 9 August 2010 AB SEB bank increased credit limit to AB Linas Agro by LTL 52 million. More than 50 %, from LTL 80 to LTL 132 million, increased financing was committed to improve the activities and increase circulating assets.

On 11 November 2010 UAB Dotnuvos projektai established its subsidiary in Estonia AS Dotnuvos Projektai.

On 6 April 2011 UAB Linas Agro Konsultacijos together with partners established Užupės ŽŪB and acquired 70 % of shares.

On 30 June 2011, AB Linas Agro Group increased share capital of UAB Linas Agro Grūdų centras KŪB LTL 3,900 thousand.

In 2010/2011 financial year UAB Linas Agro Konsultacijos acquired additional 229,719.5 shares of Šakių district Lukšių ŽŪB and 133,490.38 shares of Sidabravo ŽŪB.

In 2010/2011 financial year AB Linas Agro Group increased share capital of ŽŪB Landvesta 1 LTL 109 thousand, ŽŪB Landvesta 2 – LTL 97,000, ŽŪB Landvesta 4 – LTL 90,000, ŽŪB Landvesta 5 – LTL 296,855 and ŽŪB Landvesta 6 – LTL 98,000.

MOST RECENT EVENTS

On 1 July 2011, AB Linas Agro has acquired additional 40 % shares of Rosenkrantz A/S and controls 100 % of this company. Company name Rosenkrantz A/S was changed into Linas Agro A/S.



5. THE COMPANY'S ACTIVITY RESULTS

5.1. INFORMATION ON ACTIVITY RESULTS OF THE COMPANY

In 2010/2011 financial year, the Group's reached the record sales of LTL 1,354 million, which makes it 62 % higher as compared to the previous year. Growth in sales was influenced by increase in trade volumes and worldwide grain prices. The trade volumes of AB Linas Agro Group grew up to 1.48 million tons and were 22 % higher as compared to the respective period last year (1.21 million tons). The biggest trade volumes were in grains and oilseeds, amounting to LTL 579 million (or 41 % of total sales), and agricultural inputs, amounting to LTL 481 million (or 34 % of total sales). The growth was most extensive in fertilizer trade, the tonnage of which increased almost 4.7 times. Such growth in sales was influenced by successful fertilizer trading in Lithuania and Latvia (19 % growth) and growing trade volumes of the Ukrainian daughter company PJ-SC UKRAGRO NPK that sold 335 thousand tons of fertilizers (225 thousand tons in financial year 2009/2010).

Lithuania was the Group's biggest supply market, providing 418 thousand tons of products, mostly wheat (209 thousand tons) and rapeseed (71 thousand tons). The second largest supplier was represented by the CIS member countries, where 226 thousand tons of various products were sourced, with protein raw materials for feedstuffs accounting for 76 % of the volume. European countries (other than Scandinavian countries and Lithuania) were the third largest supply market with a purchase volume of 115 thousand tons of products, mostly maize (105 thousand tons).

Highest export volumes were taken by the European Union countries (products worth LTL 432 million were sold) and CIS countries (products worth almost LTL 400 million were sold). Major part of products was shipped through Baltic Sea and Black Sea ports. Cargoes dispatched through Baltic Sea ports amounted to 486 thousand tons, with the biggest volumes transhipped by the Lithuanian ports. Black Sea ports handled goods from Ukraine, Russia, Moldova and Romania totaling to 156 thousand tons. 55 thousand tons of products were shipped from Western European ports.

The Group earned LTL 80.9 million of gross profit, which went up by 15 % since the last year (LTL 70.3 million). The biggest growth in gross profit was from agricultural inputs and agricultural production and totaled LTL 44.6 million and LTL 19.2 million respectively. However, trade in grains and oilseeds was not profitable for the first time in the Company's history. Gross loss in this segment amounted to LTL 6.5 million.

Even though the sales volumes were increasing, due to unfavourable market situation the Group's earnings before tax (EBT) totaled LTL 14.5 million and dropped by almost 64 % as compared to the respective previous period (LTL 39.9 million). The Group's profitability was negatively affected by provision for bad debts, amounting to LTL 18.9 million (AB Linas Agro – LTL 1.5 million, SIA Linas Agro – LTL 1.3 million



and Linas Agro A/S (former Rosenkrantz A/S) – LTL 15.6 million). Provisions were necessary because of the suppliers' failure to carry out their obligations to the Group (the major sum is from Linas Agro A/S (former Rosenkrantz A/S) suppliers in Serbia). The Group's profit before tax, financial costs and depreciation (EBITDA) went down from LTL 49.7 million to LTL 30.1 million.

The gross profit of the whole Group totaled LTL 18.9 million and dropped 43 % as compared to gross profit of 2009/2010 season (LTL 33.5 million).

The performance of all companies controlled by the Group (except Linas Agro A/S (former Rosenkrantz A/S)) was profitable.

KEY PERFORMANCE INDICATORS

	2010/2011	2009/2010
Sales (LTL)	1,353,976,000	834,116,000
Operating profit (LTL)	80,969,000	70,341,000
Net profit (loss) attributable to the Group (LTL)	19,563,000	30,826,000
Turnover (in tons)	1,483,064	1,211,865

One of the major negative factors affecting profitability of the Group was an extremely rapid rise in worldwide agricultural commodity prices placing the Company at higher risk of breach of contracts by counterparties and generating unexpected loss. The UN's Food Price Index indicated sharp price rise throughout 2010 and reached its highest level since its records began in 1990 (it was 107). The index rose to 231 in December 2010, and went up 38 % over the 2010/2011 season (Cereals Price Index grew 67 %). The increase in worldwide grain prices was different for each grain type, exceeding 55 % on the average. The price increase of the Group's most important segment of wheat, rapeseed and maize was respectively 88 %, 55 % and 40 %. To control the risk of price fluctuations, the Group followed conservative risk management policy and hedged major part of its forward contracts at commodity exchange (NYSE Euronext). Under bullish market conditions, accounting losses from commodity exchange contracts grew correspondingly. Usually, such losses are compensated when commodities are sold in the physical market (spot market). However, the Group faced the risk of contract breach conditioned by increased grain prices when part of the clients did not deliver their production at the contracted prices that were markedly lower than current market prices.



Another important factor that negatively impacted the profitability of the Group was very poor grain harvest in Lithuania and Latvia – decrease of 30 % from the 2009/2010 season – and non-standard quality of grains related to unfavorable weather conditions.

The Group has successfully accomplished investment program, the major investments were made to finance the development of fertilizer segment and grain storage network. The construction of new grain storages of total capacity of 25 thousand tons in Pasvalys, Vilkaviškis and Šakiai districts was started in spring and finished after the end of financial year 2010/2011. Since then the total capacity of UAB Linas Agro Grūdų Centras KŪB storage facilities is almost 175 thousand tons. As every year, the modernization works of grain storage facilities were performed. The renovation of Šiauliai elevator was finished: the facade of administration building was renewed, automatic sample mixer was purchased to accelerate the work workflow of the laboratory and increase analysis precision, weighing and laboratory works were reorganized by shifting them to new premises, therefore, one-stop principle is now applied when providing services to farmers. The construction works of ŽŪK KUPIŠKIO GRŪDAI administration building with new spacious laboratory and modern domestic premises were also finished. Storages in Kėdainiai and Vilkaviškis were first in Lithuania to have purchased unique grain analyzers Infratec 1241 that are capable of measuring hectolitre mass together with other grain parameters.

In order to improve service to farmers, the Group has continued the e-communication project since the beginning of 2009, by providing clients with useful information by e-mail and on www.rapsai.lt website. A similar website www.rapsim.lv was launched in Latvia.

UAB Dotnuvos projektai continued its expansion in the Baltic region and established a daughter company in Estonia AS Dotnuvos projektai in the end of autumn 2010. At present UAB Dotnuvos projektai performs its activities in all Baltic States.

AB Linas Agro, SIA Linas Agro, UAB Dotnuvos projektai and UAB Kustodija took part in exhibitions “Agrovizija 2010”, “Sprendimų ratas 2010”, “Ką pasėsi 2011” and “Pavasaris 2011”. Not only new products that received gold medals were introduced, but also the scope of partners was expanded.

The validity period of Good Trading Practice certificates to Group companies AB Linas Agro and Linas Agro A/S (former Rosenkrantz A/S) was extended. AB Linas Agro has also received International Sustainability and Carbon Certification.

The former interest of farmers in solutions implemented in demo crop fields and the continuation of tradition encouraged 2010 -2011 the Group to introduce rapid rapeseed growing technologies used in demo crop fields to the Lithuanian farmers in Panevėžys district Aukštadvario ŽŪB. Rapeseed growers had a possibility to evaluate the effects of agrotechnological solutions and agrochemical products offered by the Group and the advantages of linear and hybrid rapeseed varieties.

2010/2011 financial year was most unsuccessful throughout the Group’s history. The Group is planning considerably better activity results in 2011/2012 financial year. The major influential factors will



be reorganized risk management policy, growing trade volumes and return on investments made. The Group has a sufficiently strong team and assets to expand fertilizer and grain trading volumes and further implement the planned investment programme.

5.2. ACTIVITY RESULTS BY SEGMENTS

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

ACTIVITY PROFIT (LOSS) (LTL) BY SEGMENTS:

	2010/2011	2009/2010
Grains and oilseeds	-33,303,000	11,657,000
Feedstuffs	878,000	5,069,000
Agricultural inputs	27,543,000	10,428,000
Farming	15,475,000	5,856,000
Other products and services	6,022,000	7,994,000

GRAINS AND OILSEEDS

The segment of grains and oilseeds is formed by supplies of and international trade in various grains and oilseeds. Grains mean wheat, barley, maize, and some other types of grains. Oilseeds mean rapeseed, sunflower seed, and linseed. The Company has been operating in this sector since 1991, and this activity generates its biggest incomes. Trade of grains grown in Lithuania and Latvia form the major part of this segment's activities.



GRAINS AND OILSEEDS ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	564,324	868,486	770,618	695,847	(74,771)	-10%
Sales (LTL in thousands)	476,096	662,145	450,736	579,480	128,744	29%
Gross profit (LTL in thousands)	17,679	33,513	26,925	-6,481	(33,406)	-124%
Gross margin	3.7%	5.1%	6.0%	-1.1%	-7.1%	-119%

The largest business segment of the Group generated the sales of LTL 579 million in 2010/2011 financial year (LTL 451 million in 2009/2010 season, respectively) and the operating loss amounted to LTL 33.3 million (operating profit in 2009/2010 totaled LTL 11.7 million). More than 696 thousand tons of various grain crops and oilseeds were sold (771 thousand tons in 2009/2010 season). The leading position was held by rapeseeds and wheat. The decline in segment sales is mainly explained due to bad harvest in Lithuania and Latvia.

The trade in grains and oilseeds was unprofitable for the first time in the Company's history and generated gross loss of LTL 6.5 million. The biggest losses of this segment were recorded in barley from the Baltic region and maize purchased in Serbia due to failure to deliver the products under conditions of forward contracts and provision for bad debts. The losses were also experienced due to wash-outs that the Group had to pay for failing to fulfill its obligations to the buyers, poor grain quality as well as provisions for bad debts. The Group has made provision for bad debts from Lithuanian (LTL 1.5 million), Latvian (LTL 1.3 million) and Serbian (LTL 15.6 million) activity. Under such complicated conditions, the Group decided to discontinue trading with the Serbian suppliers or trade only with full hedging mechanism.

The Group reviewed its risk management policy, formed strict crediting conditions to the farmers, reviewed sales contracts, implemented farmer solvency analysis system and hired a risk evaluation expert. It is expected that these measures will prevent or minimize product non-delivery risk.

FEEDSTUFFS

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



FEEDSTUFFS ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	420,791	412,688	284,072	246,028	(38,044)	-13%
Sales (LTL in thousands)	329,983	349,382	254,745	265,138	10,393	4%
Gross profit (LTL in thousands)	30,628	18,395	12,156	15,156	3,000	25%
Gross margin	9.3%	5.3%	4.8%	5.7%	0.9%	20%

Sales of feedstuffs amounted to LTL 265 million and the profit from this activity reached LTL 0.9 million, which was a big drop from the last year's profit (LTL 5.06 million). The sales volumes totaled 246 thousand tons or 13 % less than in the corresponding period of the previous year (284 thousand tons). The main reason was decreased sales volumes in vegetable oil (by 19 %) due to export ban for this product from Belarus. The trade of all other feedstuffs was quite successful. The Group expanded its sales area by opening a department for feedstuff trade on Polish market, which generated sales of LTL 43 million. Poland is expected to become quite an important trade region for this activity segment in the future.

AGRICULTURAL INPUTS

This segment covers supplies of such important products for crop production as certified seeds, fertilizers, plant protection products, and agricultural machinery to farmers.

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

AGRICULTURAL INPUTS ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	52,840	33,971	95,595	450,006	354,411	371%
Sales (LTL in thousands)	73,314	58,176	101,644	481,260	379,616	373%
Gross profit (LTL in thousands)	7,560	3,817	12,638	44,593	31,955	253%
Gross margin	10.3%	6.6%	12.4%	9.3%	-3.1%	-25%

During financial year 2010/2011, this segment grew more than 4 times as compared to the previous financial year and left behind the feedstuffs segment in terms of sales volumes and tonnage, which used to be the second best activity segment of the Group by sales volumes and operating profit. After consolidation of the Ukraine based company PJ-SC UKRAGRO NPK the segment's turnover totaled LTL 481 million (LTL



101.6 million last year) and the sales volumes of fertilizers increased to 447 thousand tons. The operating profit of the segment grew from LTL 10.42 million to LTL 27.5 million. The year was especially successful to PJ-SC UKRAGRO NPK that earned LTL 12.6 million profit before tax.

The sales of agricultural inputs was also successful in the Baltic countries – more than 112 thousand tons of fertilizers were sold in Lithuania and Latvia, which is a 19 % increase from last year's figures. Plant protection products worth LTL 22 million were sold, i. e. 28 % more than last year. The sales of seeds reached LTL 7 million and were 67 % higher than last year. The total turnover from these activities amounted to LTL 114 million in Lithuania and LTL 34 million in Latvia.

Group plans further expand this important segment of the business.

FARMING

This segment covers primary production of agricultural produce: dairy production as well as cultivation of grains, rape, and sugar beet. The Group controls four agricultural companies which are based in the most yielding Lithuanian areas – Panevėžys district Aukštadvario ŽŪB, Šakiai district Lukšių ŽŪB, Biržai district Medeikių ŽŪB and Sidabravo ŽŪB. In spring, together with partners the Group established Užupės ŽŪB which cultivates more than 1,000 ha of land, therefore the Group's agricultural companies cultivated land area exceeded 11,000 ha.

These enterprises provide a part of resources required by the Grains and Oilseed Segment. They also produce various types of feedstuffs which are mostly used for feeding the Company's own livestock.

FARMING ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	36,628	49,332	42,335	41,221	(1,114)	-3%
Sales (LTL in thousands)	32,644	37,056	31,021	39,446	8,425	27%
Gross profit (LTL in thousands)	11,978	5,368	8,694	19,247	10,553	121%
Gross margin	36.7%	14.5%	28.0%	48.8%	20.8%	74.1%

Activity results of this segment were among the best results of 2010/2011 financial year. Due to growing grain prices the sales of the segment grew from LTL 31 million to LTL 39 million. The operating profit totaled LTL 15.5 million and was 2.6 times higher than last year (LTL 5.85 million). The activities of all agricultural companies controlled by the Group were profitable and the total gross profit amounted to LTL 6.2 million.



The companies together produced 32 thousand tons of grains and rapeseeds. Winter and spring wheat matched best of all, with yields reaching 4.9 t/ha and 4.4 t/ha correspondingly, the overall production reaching 16.5 thousand tons.

In autumn 2010, the agricultural companies sowed over 6 thousand ha of winter crops and rapeseeds. 1,060 ha of rapeseed and 1,770 ha of winter wheat were destroyed by winter frost and were re-sown with spring wheat and rapeseed. In spring 2011, almost 7 thousand ha were sown up for 2011 harvest, mostly with summer rapeseed (2.4 thousand ha) and wheat (2 thousand ha). The agricultural companies sowed up 9.4 thousand ha of land in total.

The Group sold 11.8 thousand tons of milk, i. e. 14.5 % more than in 2009/2010 (10.3 thousand tons). The growth of milk production was conditioned by 8 % increase of the number of dairy cows and increased milk yield. During the financial year Group sold 476 tons of meat.

OTHER PRODUCTS AND SERVICES

This segment includes all other activities which cannot be attributed to any of the aforementioned key segments. This segment covers sales of solid biofuel, services of grain storage facilities as well as other products and services. This business segment is dominated by services provided to farmers by the Group's grain storage facilities (grain cleaning, drying, storing, loading).

OTHER PRODUCTS AND SERVICES ACTIVITY RESULTS

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales (in tons)	13,933	22,244	19,245	49,962	30,717	160%
Sales (LTL in thousands)	32,172	43,216	33,040	38,280	5,240	16%
Gross profit (LTL in thousands)	8,084	14,645	9,928	8,454	(1,474)	-15%
Gross margin	25.1%	33.9%	30.0%	22.1%	-8.0%	-26.5%

The total income from sales of this segment reached LTL 38 million, the greatest portion of which was generated by income from Group's grain storage facilities. The profitability of this business segment remained in the leading position as compared to other business segments and reached 16 %. The profit of the segment totaled LTL 6 million (LTL 7.9 million in 2009/2010 financial year).

The segment was less profitable than last year with gross profit amounting to LTL 8.4 million, i. e. 15 % less than last year (LTL 9.9 million). The profit earned from grain storage facilities was lower due to dryer season and less income from grain drying services. The profit of the segment was also negatively affected by investments in processing of lignin biofuel.



5.3. FINANCIAL REVIEW

Main financial indicators	2007/2008	2008/2009	2009/2010	2010/2011	Change 2010/2011 compare to 2009/2010 (LTL in thousands)	Change 2010/2011 compare to 2009/2010 (%)
Sales	907,006	1,113,880	834,116	1,353,976	519,860	62%
Gross profit	75,929	75,739	70,341	80,969	10,628	15%
EBITDA	66,331	56,001	49,740	30,120	(19,620)	-39%
Profit from operations	52,201	44,531	39,684	15,215	(24,469)	-62%
Earnings before taxes (EBT)	49,986	40,348	39,988	14,522	(25,466)	-64%
Net profit	41,269	31,771	33,510	18,970	(14,540)	-43%
Margins						
Gross margin	8.4%	6.8%	8.4%	6.0%	-2.4%	-29%
EBITDA margin	7.3%	5.0%	6.0%	2.2%	-3.7%	-63%
Operating profit margin	5.8%	4.0%	4.8%	1.1%	-3.6%	-76%
Earnings before taxes margin	5.5%	3.6%	4.8%	1.1%	-3.7%	-78%
Net profit margin	4.6%	2.9%	4.0%	1.4%	-2.6%	-65%
Solvency ratios						
Current ratio	1.2	1.2	1.95	1.44	-0.51	-26%
Debt / Equity ratio	1.4	1.0	0.5	0.8	0.28	53%
Net financial debt / EBITDA	2.7	2.6	2.1	7.3	5.18	247%
ROE	31.2%	20.4%	12.7%	7.4%	-5.3%	-42%
ROCE	20.0%	16.0%	10.6%	4.0%	-6.6%	-63%
Basic and diluted earnings per share (LTL) (EPS)						
	0.94	0.69	0.30	0.12	-0.18	-60%
Total volume (in tons)	1,088,516	1,386,721	1,211,865	1,483,064	271,199	22%

Alongside with increased sales, the cost of the Group's products and services also grew to LTL 1,273 million (LTL 764 million in 2009/2010). The cost of inventory increased from LTL 678 million to LTL 1,135 million, i. e. by 67 %. Logistics expenses, which normally account for up to 10 % of the total cost, amounted to LTL 85 million, i.e. 16 % up from the previous year (LTL 73 million) as a result of higher transportation rates and volumes. The Group earned LTL 80.9 in gross profit, or 15 % more than in 2009/2010 season (LTL 70.2 million). Under the influence of the mentioned negative factors, the gross profitability of the Group dropped from 8.4 % to 6 %, but surpassed the sector's currently prevailing gross profitability level of 5.5-6.5 %.

Operating expenses reached LTL 65.6 million and were twice as high as last year (LTL 32 million). The increase is mostly attributed to consolidation of the Ukrainian company PJ-SC UKRAGRO NPK into the Group (LTL 12.7 million) and provisions for bad debts (LTL 18.9 million).

As a result of increasing prices of grains and fertilizer sales volumes, the Group's demand for working capital increased correspondingly. This became one of the main reasons that predetermined higher financial expenses. Interest expenses went up from LTL 5.1 million to LTL 8.3 million. The average interest rate of the Group reached 3.7 %.



CASH FLOW AND LIQUIDITY

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

As of the balance-sheet date, the Group had LTL 7.6 million in cash and money equivalents, and its current solvency ratio was 1.44 (compared to 1.95 in 2009/2010 season). The debt to equity ratio was 0.8 (in the previous year, it was equal to 0.5). The Group's relative net debt to EBITDA ratio was 7.3, the growth of which was the result of lower profitability. The Group's financial net debts totaled LTL 224 million (LTL 137 million in 2009/2010 season) with long-term debts accounting for 12.6 %. All short-term debts of the Group, the major part of which is allocated to financing of working capital, are covered with inventories and receivables.

Cash flows from operating activities before the changes in the working capital amounted to LTL 35.9 million and minus LTL 34.6 million after the changes (minus LTL 21.9 million in 2009/2010 financial year). Such changes were mainly caused by an increase in trade receivable and inventories accounts. The increase in trade receivable amounts is related to the expansion of the fertilizers activities, while the increase in inventories accounts is conditioned by increased level of grain prices. Farmers are the main buyers of fertilizers, and this service is critical for them; however, they lack financial resources for making payments within a short period of time. Such form of providing credits to farmers enables the Group to expand its client base and plan larger volumes of grain purchase in the future.

The Group's investment cash flow was negative and amounted to LTL 10.8 million. This was the result of the Group's expansion. Agricultural companies of the Group invested up to LTL 4.9 million in tangible fixed assets (modernization and purchase of agricultural machinery and equipment). LTL 14 million was invested in the expansion of the Group's grain storage network.

The Group's cash flows from financial activities were positive and amounted to LTL 19.1 million. Such cash flows were determined by increased loans for current assets to finance the demand of working capital. The Group finances its working capital in three banks: AB SEB Bankas, BNP Paribas, and ABN Amro Bank N.V, Bank of Netherlands. The credit limits in the aforementioned banks exceeds LTL 250 million.



6. SCOPE OF RISK AND MANAGEMENT THEREOF

In 2010/2011 financial year, the Company did not succeed in avoiding the risks declared by the Company.

6. 1. MARKET RISK

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

In 2010/2011 financial year, this risk did not manifest itself as regards the Company and its Group companies.

6. 2. RISK RELATED TO ACTIVITIES OF CONTROLLED COMPANIES

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

In 2010/2011 financial year, this risk did not manifest itself as regards the Company and its Group companies.

6. 3. POLITICAL RISK

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



For example, reduction of subsidies to agriculture may affect the activities of agricultural companies controlled by the Group.

In 2010/2011 financial year, this risk did not manifest itself as regards the Company and its Group companies.

6. 4. SOCIAL RISK

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

In 2010/2011 financial year, this risk did not manifest itself as regards the Company and its Group companies.

6. 5. COUNTERPARTY RISK

The Group enters forward contracts with more than 1,300 clients who commit the delivery of production under terms and conditions of the contract. As the prices of products increase, the risk of breach of forward contracts and non-delivery of production by counterparties emerges. The bigger the difference between the contract price and the current market price on the day of delivery, the higher is the risk.

In 2010/2011 financial year, the companies of the Group encountered counterparty risk and it was important throughout the whole season. In order to control counterparty risk, the Group revised the contracts signed with the clients, was constantly analyzing and observing the situation, assessed possible losses and took respective decisions to control it (for example, setting limits on forward contracts, evaluation and assessment of client's credit rating, capacity of cultivated land etc.).

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

In 2010/2011 financial year, the Company and its Group companies did not avoid this kind of risk, which resulted in losses.



7. EMPLOYEES

As of 30 June 2011 the number of employees of the Group was 775 or 243 employees more as of 30 June 2010 (at that time was 532). This increase is the result of acquiring 50 % of shares PJ-SC UKRAGRO NPK. As at 30 June 2011 AB Linas Agro Group owned 58.04% of shares, thus 222 employees of PJ-SC UKRAGRO NPK were included in the total number of employees of the Group.

As of 30 June 2011 the number of employees of the Company was 9 (9 as of 30 June 2010).

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

	The number of employees at the end of financial year		Average monthly salary before taxes in LTL	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Managers	43	36	8,503	7,639
Specialists	259	164	2,855	3,037
Workers	473	332	1,507	2,060
Total for the Group	775	532		

Distribution of employees of the Group by education degree held:

	Employee education	
	30 June 2011	30 June 2010
Graduate academic	244	151
Higher education	138	104
Secondary education	369	251
Primary	24	26
Total for the Group	775	532

Distribution of employees of the Group by geographical locations:

	Geographical distribution employees	
	30 June 2011	30 June 2010
Lithuania	533	515
Latvia	12	9
Denmark	8	8
Ukraine	222	
Total for the Group	775	532

AB Linas Agro Group has no collective agreement.

All employment contracts concluded by AB Linas Agro Group with the Company's employees are entered into in accordance with the Labour Code of the Republic of Lithuania. Both hiring and dismissal of



employees is carried out pursuant to the requirements of the Labour Code. No special rights or obligations of employees are provided for in employment contracts.

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

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

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

8. MANAGEMENT BODIES AND COMPANY MANAGEMENT

8.1. STRUCTURE OF THE BOARD

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

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

As of 30 June 2011 (as well as currently), the Board of the Company consisted of the following members:

Chairman of the Management Board **Darius Zubas**, born in 1965, is the main founder of the Group. Graduated from Veterinary Academy of Lithuanian University of Health Sciences (former Lithuanian Veterinary Academy) in 1988 and obtained a diploma of Veterinarian. Darius Zubas has 21 years of experience in strategic management and business organization.



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

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

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



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

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

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



twenty one year of experience in project, production and business management.

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

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

Responsible for the formation and implementation rapeseed processing strategy development.

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

He joined the Group in 1991 started as the Commerce Director in AB Linas Agro (former UAB Linas ir Viza).

Since 2006 he was promoted to and currently serves as the Trade Director for Baltic States and a Member of the Management Board in AB Linas Agro.

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

Arūnas Jarmolavičius, Member of the Management Board, born in 1964, in 1991 graduated from Vilnius University and holds a diploma in Economics and Industry Planning. His experience in business, marketing and investments fields already counts for 18 years.

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



Arūnas Jarmolavičius joined the Group 10 years ago. In 2001 he started his carrier within the Group as the Project Director in AB Linas Agro. In 2008 he was elected as a Member of the Management Board.

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

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



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

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

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

Tomas Tumėnas, Member of the Management Board, born in 1972, holds the diploma in Economics from Vilnius University (in 1995) and a certificate in International Business Economics from Aalborg University (in 1995). Since 2007 he studies at Manchester Business School and expects to obtain MBA in finance. Tomas Tumėnas works in the spheres of investments and finance management for more than 16 years.



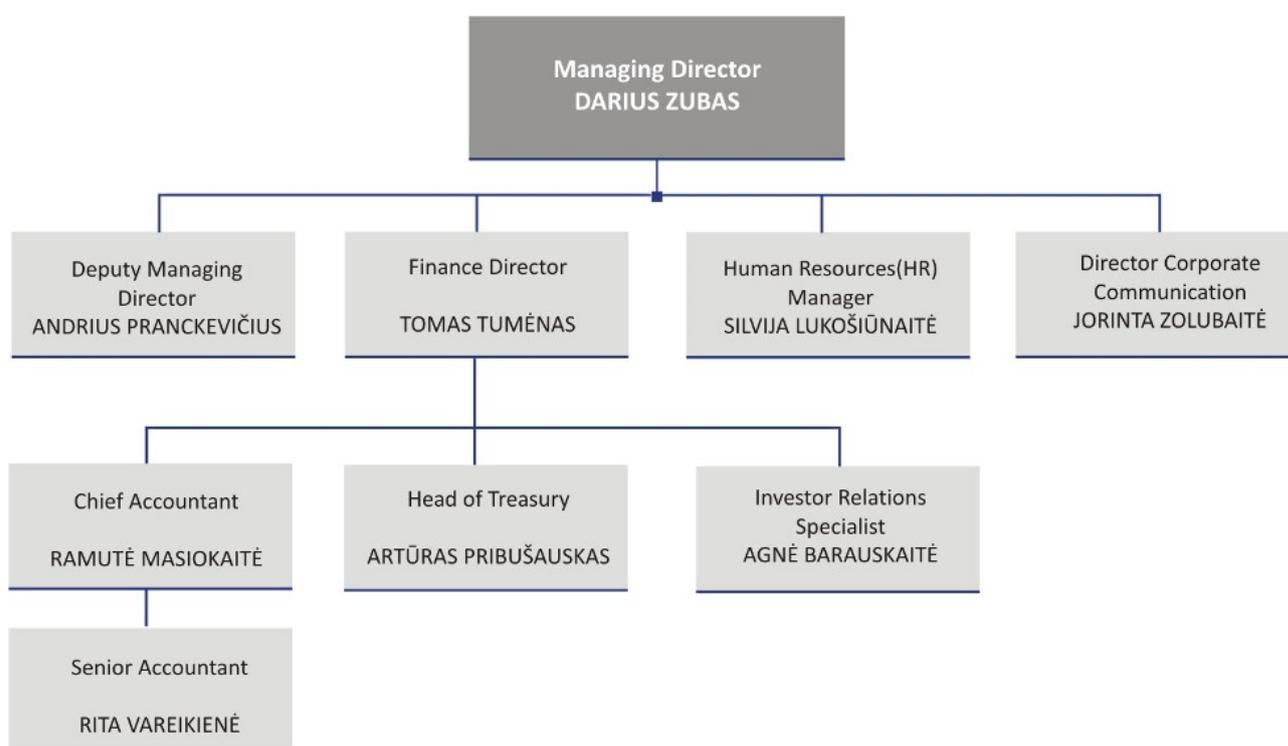
Prior to joining the Group he was the Financial Broker Analyst in AB Akcinis inovacinis bankas (1995-1996), Insurance Analyst in ADB Preventa (1996) and the Financial Analyst in the Representative Office of Baltic Management LLC (1996-2001). Since 2003 he was the Director in UAB Baltic Fund Investments.

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

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

8.2. COMPANY ADMINISTRATION

THE SCHEME OF ADMINISTRATIVE MANAGEMENT



COMPANY MANAGEMENT

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



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

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

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

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

INFORMATION ON THE PAYMENTS TO THE MANAGERS DURING THE REPORTING PERIOD:

	Group company	Position	Amount LTL in thousand	Type of payment
MANAGEMENT BOARD				
Darius Zubas	AB Linas Agro Group	Chairman of the Management Board, Managing Director	12	Salary
	AB Linas Agro	Chairman of the Management Board, Managing Director	312	Salary
			350	Bonus
Total			674	
Vytautas Šidlauskas	AB Linas Agro	Deputy Chairman of the Management Board, Trade Director	228	Salary
			245	Bonus
	UAB Gerera	Managing director	12	Salary
Total			485	
Dainius Pilkauskas	AB Linas Agro	Member of the Management Board, Trade Director for Baltic States	265	Salary
			427	Bonus
Total			692	
Arūnas Zubas	AB Linas Agro	Member of the Management Board	161	Bonus
Total			161	
Andrius Pranckevičius	AB Linas Agro Group	Member of the Management Board,	1	Salary



	Group company	Position	Amount LTL in thousand	Type of payment
		Deputy Managing Director		
	AB Linas Agro	Member of the Management Board, Deputy Managing Director	238	Salary
			150	Bonus
Total			389	
Tomas Tumėnas	AB Linas Agro Group	Member of the Management Board, Finance Director	1	Salary
	AB Linas Agro	Member of the Management Board, Finance Director	260	Salary
			340	Bonus
Total			601	
Arūnas Jarmolavičius	AB Linas Agro	Member of the Management Board, Project Director	203	Salary
			35	Bonus
Total			238	
ADMINISTRATION (CHIEF ACCOUNTANT)				
Ramutė Masiokaitė	AB Linas Agro Group	Chief Accountant	1	Salary
	AB Linas Agro	Finance Controller	150	Salary
Total			151	

ACTIVITIES OF THE BOARD MEMBERS AND COMPANY MANAGEMENT IN OTHER COMPANIES

Person / Companies	Position	Since	Until	Held currently
Darius Zubas				
<i>Group companies:</i>				
AB Linas Agro	Managing Director	1991	-	Yes
	Chairman of the Management Board	2006	-	Yes
Linus Agro A/S (former Rosenkrantz A/S)	Chairman of the Management Board	2005	-	Yes
<i>Other companies:</i>				
UAB MESTILLA	Chairman of the Management Board	2006	-	Yes
Vytautas Šidlauskas				
<i>Group companies:</i>				
AB Linas Agro	Trade Director	1999	-	Yes
	Deputy Chairman of the Management Board	2006	-	Yes
UAB Gerera	Managing Director	1993	-	Yes
Linus Agro A/S (former Rosenkrantz A/S)	Member of the Management Board	2004	-	Yes
<i>Other companies:</i>				



Person / Companies	Position	Since	Until	Held currently
UAB MESTILLA	Member of the Management Board	2006	-	Yes
Arūnas Zubas				
<i>Group companies:</i>				
AB Linas Agro	Member of the Management Board	2006	-	Yes
	Commerce Director	1995	2005	-
<i>Other companies:</i>				
UAB MESTILLA	Managing Director	2005	-	Yes
Dainius Pilkauskas				
<i>Group companies:</i>				
AB Linas Agro	Trade Director for Baltic States	2006	-	Yes
	Member of the Management Board	2006	-	Yes
	Commerce Director	1991	2006	-
Arūnas Jarmolavičius				
<i>Group companies:</i>				
AB Linas Agro	Project Director	2001	-	Yes
	Member of the Management Board	2006	-	Yes
<i>Other companies:</i>				
UAB MESTILLA	Member of the Management Board	2006	-	Yes
Akola ApS	Authorised Representative in Lithuania and Ukraine	2001	-	Yes
Andrius Pranckevičius				
<i>Group companies:</i>				
AB Linas Agro	Deputy Managing Director	2005	-	Yes
	Member of the Management Board	2006	-	Yes
	Business Development Manager	2003	2005	-
<i>Other companies:</i>				
Lithuanian agricultural companies association	Member of the Management Board	2008	-	Yes
Tomas Tumėnas				
<i>Group companies:</i>				
AB Linas Agro	Finance Director	2001	-	Yes
	Member of the Management Board	2009	-	Yes
<i>Other companies:</i>				
UAB Baltic Fund Investments	Director	2003	-	Yes
Ramutė Masiokaitė				
<i>Group companies:</i>				
AB Linas Agro	Finance Controller	2001	-	Yes



9. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

9.1. SOCIAL RESPONSIBILITY

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

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

This year the Group contributed to financing the publishing of a book about Panevėžys Puppet Wagon Theater, supported Sūduva Cultural Foundation, the staging of performance "Onegin" by Bohemiečiai group and charity concert "Ateitis gyvai" arranged by association Mentor Lietuva, undertaking youth drug prevention programs. It has also become a tradition to support the events dedicated to Panevėžys City birthday.

Part of support funds were allocated to Aukštaitija Cerebral Palsy Society, Panevėžys Disabled Centre, the support project dedicated to children suffering from diabetes "Dia Bitės", children cancer charity and support foundation Rugutė etc.

The Group has also traditionally contributed to the financing of the Lithuanian national environment cleaning campaign "We Do It 2011" and invited employees of the companies of the Group, partners and customers to take an active part in and contribute to the cleaning of Lithuania's environment.

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

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

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

9.2. ENVIRONMENTAL RESPONSIBILITY

In the course of performing their activities, the companies of the Group follow various environmental regulations stipulating the marking, use, storage, and disposal of various hazardous substances used in the activities of a certain company (with application of the Procedure for the Classification and Marking of Hazardous Chemical Substances and Preparations approved in the Republic of Lithuania by Order No



532/742 of the Minister of Environment and the Minister of Health of 29 December 2000 with regard to Directives 67/548/EEC and 1999/45/EC and others).

In order to meet environmental requirements, agricultural companies of the Group invested in implementation of Nitrates Directive. In the following two years, the Group is planning additional investments in environmental protection.

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

AB Linas Agro received ISCC (International Sustainability and Carbon Certification) confirming that rapeseed, triticale and rye purchased by the company from farmers are grown following ISCC requirements, i. e. not using underage workforce, deforestation nor releasing excessive amounts of CO₂ into the atmosphere.

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

All the shares of the Company are ordinary shares with the nominal value of LTL 1 as of 30 June 2011. The shares are subscribed and were fully paid as of 30 June 2011.

During the reporting period from 1 July 2010 to 30 June 2011, all 158,940,398 ordinary registered shares of the Company were included in the Official List of NASDAQ OMX Vilnius Stock Exchange (ISIN Code of the shares is LT0000128092). The ticker of the shares on NASDAQ OMX Vilnius Stock Exchange is LNA1L.

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

10. 1. TRADE IN THE COMPANY'S SHARES

During the reporting period, the highest price of the Company's shares was EUR 0.614, the lowest one was EUR 0.489, and the average price was EUR 0.549.

Information on the automated execution transactions, prices of shares sold on Vilnius Stock

Exchange and turnovers during the period from 1 July 2010 to 30 June 2011 is provided in the table below:



Year and quarter	Price LTL		Turnover LTL		Last trading days of the period			Total turnover	
	Max.	Min.	Max.	Min.	Price LTL	Turnover LTL	Date	Units	LTL
2010 III	1.97	1.69	3,464,952.91	0.00	1.92	85,827.65	30-09-2010	9,369,353	16,679,496.37
2010 IV	2.13	1.89	3 180 697,09	0.00	2.10	907,078.73	30-12-2010	8,164,771	16,044,763.21

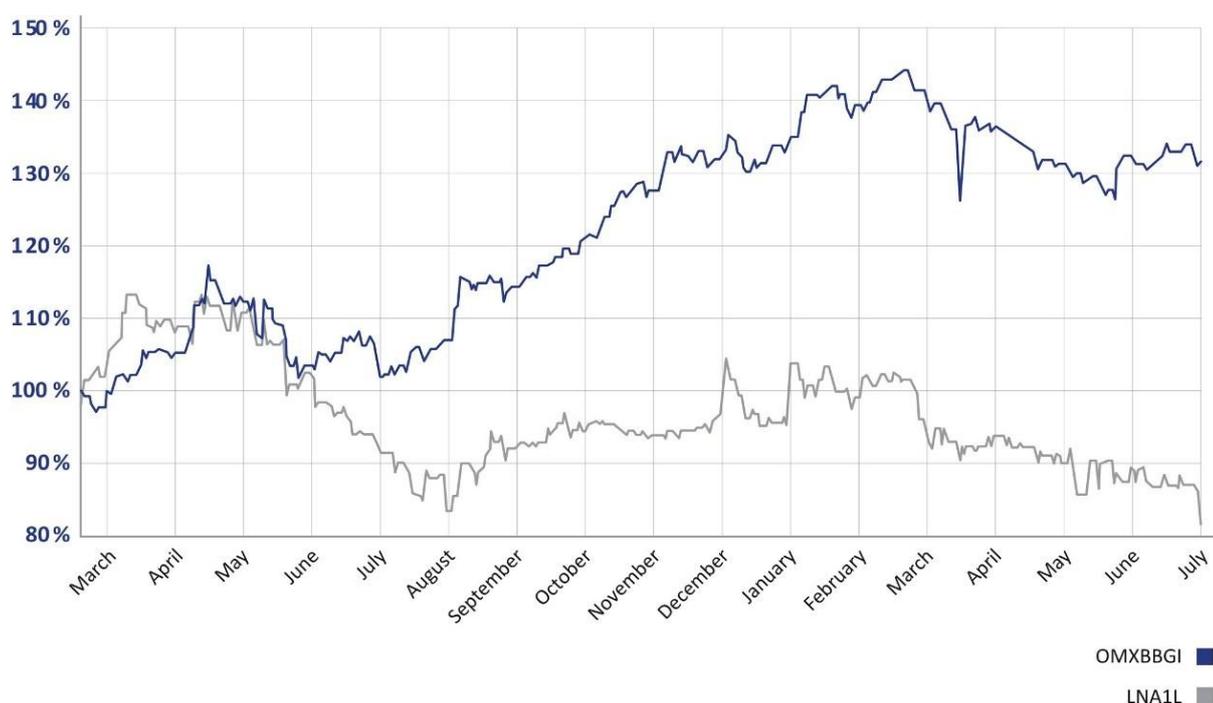
Year and quarter	Price EUR		Turnover EUR		Last trading days of the period			Total turnover	
	Max.	Min.	Max.	Min.	Price EUR	Turnover EUR	Date	Units	EUR
2011 I	0.609	0.52	405,615.7	0.00	0.55	11,617.96	31-03-2011	4,603,560	2,676,032.33
2011 II	0.56	0.469	1,017,241.5	0.00	0.48	332,823.51	30-06-2011	4,935,131	2,513,947.38

AB LINAS AGRO GROUP SHARE PRICE AND TURNOVER





AB LINAS AGRO GROUP SHARE PRICE VS OMX BALTIC BENCHMARK GI INDEX FLUCTUATION



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

10. 2. CAPITALISATION OF THE COMPANY'S SHARES

The capitalisation of ordinary registered shares in 2010 - 2011 is provided in the following table:

Date	Capitalization, LTL	Share Price, LTL
30-09-2010	305,165,564.16	1.92
31-12-2010	333,774,835.80	2.10

Date	Capitalization, EUR	Share Price, EUR
31-03-2011	87,417,218.90	0.55
30-06-2011	76,291,391.04	0.48



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

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

Year and quarter	Price, LTL		Total turnover for the quarter units	
	Max.	Min.	Cash payments	Non-cash payments
2010 III	1.95	0.87	7,873,718	6,000
2010 IV	1.97	0.56	8,853,943	187,769
2011 I	2.20	0.54	5,871,019	103,000
2011 II	2.24	0.50	7,439,215	2,138,133

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

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

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

On 30 June 2011, the authorised capital of the Company amounts to LTL 158,940,398.00 (one hundred and fifty-eight million, nine hundred and forty thousand, three hundred and ninety-eight litas). The authorized capital of the Company is divided into 158,940,398 ordinary registered non-certificated shares. The nominal value of one share is LTL 1.00 (one litas).

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

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



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

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

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

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

Property rights of the shareholders:

- 1) to receive a part of the Company's profit (dividend);
- 2) to receive a part of the funds of the Company when the authorised capital of the Company is being reduced with a view to paying out the Company's funds to the shareholders;
- 3) to receive a part of the shares without payment when the authorised capital of the Company is increased from the funds of the Company, with the exception of the cases stipulated in the Law on Companies of the Republic of Lithuania;
- 4) to have the pre-emption right in acquiring newly issued shares or convertible debentures of the Company except in case when the General Meeting of Shareholders decides, in accordance with the procedure stipulated by the Law on Companies of the Republic of Lithuania, to withdraw the pre-emption right for all shareholders;
- 5) to lend money to the Company in the manners and in accordance with the procedure stipulated by the laws of the Republic of Lithuania; however, the Company shall not have the right to pledge its assets to its shareholders when borrowing from the shareholders. When the Company borrows from a shareholder, the interest rate may not exceed the average interest rate of commercial banks located in the place of residence or business of the lender effective at the moment of the conclusion of the loan agreement. In this case, the Company and shareholders shall be prohibited to agree on higher interest rates;
- 6) to receive a part of the assets of the Company in liquidation;
- 7) other property rights provided for by the laws and the Articles of Association.

Non-property rights of the shareholders:

- 8) to take part in the General Meeting of Shareholders;
- 9) to submit in advance to the Company any questions related to the issues of the agenda of the General Meetings of Shareholders;



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

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

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

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

12. SHAREHOLDERS POSSESSING SPECIAL CONTROL RIGHTS AND AGREEMENTS BETWEEN SHAREHOLDERS

12. 1. SHAREHOLDERS POSSESSING SPECIAL CONTROL RIGHTS

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

12. 2. AGREEMENTS BETWEEN SHAREHOLDERS

The General Meeting of Shareholders of the Company has approved the Company's Dividend Payment Plan, according to which up to 20 (twenty) per cent of the net consolidated Company's profit of each financial year will be allocated for paying dividends to shareholders during 3 years in succession starting from the approval of the Company's Set of Annual Financial Statements for 2009/2010. Taking into consideration current financial year results, the Board of the Company does not plan to pay the dividends.

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



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

AB Linas Agro Group Public Share Offering Prospectus of 7 January 2010 stipulates that the Company and Akola ApS, the shareholder of the Company that provided the Company's shares for the public share offering, without a prior written consent of AB Swedbank (code: 112029651) will not issue, offer, sell, contract to sell, nor otherwise dispose of any shares of the Company owned by them at any time or any securities convertible into or exercisable or exchangeable for the shares of the Company, nor enter into any swap or other agreement or any transaction to transfer the economic consequence of ownership of the shares of the Company, nor publicly announce an intention to effect any such transaction, during the period that commenced on the date of approval of the aforementioned Prospectus (07 January 2010) and ended 9 months after the commencement of trading in the shares of the Company on NASDAQ OMX Vilnius, i. e. 17 November 2010. This Agreement did not apply to the shares of the Company that were offered at the time of the initial public offering.

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

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

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

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

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



15. THE COMPANY'S MANAGEMENT BODIES AND THEIR COMPETENCE

The Company's bodies shall be as follows:

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

The Supervisory Board shall not be formed in the Company.

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

1. The activities of all bodies of the Company should be focused on the implementation of the strategic goals of the Company taking into account the need of increasing the equity of the Company's shareholders.
2. The Company's management and supervisory bodies should maintain close mutual cooperation seeking maximum possible benefit to the Company and shareholders.
3. The Company's bodies should ensure that not only the rights and interests of the shareholders would be respected, but also those of other persons participating in the activities of the Company or related to those activities (employees, creditors, suppliers, customers, and local communities).
4. A member of a management body of the Company may not use the assets of the Company for private purposes, the use whereof was not discussed with him/her specifically, with his/her own assets or to use such assets or information received by such person in the capacity of a member of a body of the Company for personal benefit or for the benefit of a third person without consent of the Board of the Company.
5. A member of a management body of the Company should refrain from voting when decisions related to transactions or other issues, wherewith he/she is related by personal or business interest, are to be adopted.
6. The Company's bodies should act in a fair, diligent and responsible manner in respect to the benefits and interests of the Company and its shareholders taking into account the interests of the employees and public welfare.
7. The Company's management bodies, when adopting decisions assigned to their competence, should follow the recommendations specified in the Management Code for companies listed on Vilnius Stock Exchange as far as it is reasonable and relevant according to the activities carried out by the Company and its objectives.



15. 1. THE COMPANY'S SHAREHOLDERS

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

The rights of the shareholders are specified in Part 11 *STRUCTURE OF THE AUTHORISED CAPITAL AND SHARES OF THE COMPANY* of this Annual Report.

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

1. The Company's Remuneration Policy or any material change in the Company's Remuneration Policy as well as the report on the Remuneration Policy;
2. Schemes (including changes thereof), under which the Head of the Company and Board Members of the Company are to be remunerated in the form of the Company's shares, share options or other rights for the acquisition of shares, or are to be remunerated on the basis of changes in share prices. The approval should be related to the scheme itself, and the shareholders shall not be entitled to decide on the share-based benefit to be granted to separate persons according to that scheme;
3. In addition to the aforementioned schemes and changes thereof:
 - a. Allocation of the remuneration to the Head of the Company and Board Members of the Company on the basis of share-based schemes including share options;
 - b. Establishment of the maximum number of shares and basic conditions of the procedure for the granting of shares;
 - c. The period during which options can be exercised;
 - d. Conditions for establishing the change in the price of each further exercise of options provided that it is allowed by laws;
 - e. All other long-term schemes for the motivation of the Head of the Company and Board Members of the Company which are not offered to all other employees of the Company on similar conditions.

As of the end of the reporting period, i.e. 30 June 2011, the number of the Company's shareholders totalled to 1,016.

The shareholders controlling more than 5% of the Company's shares directly on the basis of the right of ownership or jointly with other related parties included Akola ApS, Company Code: 2517487; registration address: Sundkrogsgade 21, DK-2100 Copenhagen, Denmark; as well as the natural persons related to the aforementioned company as of 30 June 2011, who are indicated in the table below and Skandinaviska Enskilda Banken (Sweden), Swedbank AS (Estonia).



As of 30 June 2011, the Company's shareholders were as follows:

	Financial year ended on 30 June 2011	
	Number of shares held	Portion in the authorised capital and voting rights
Akola ApS (Denmark)	86,081,551	54.16%
Skandinaviska Enskilda Banken (Sweden) clients	21,221,849	13.35%
Darius Zubas	17,049,995	10.73%
Swedbank AS (Estonia) clients	9,816,217	6.18%
Other shareholders (private and institutional investors)	24,770,786	15.58%
Total	158,940,398	100.00%

15. 2. THE COMPANY'S BOARD

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

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

1. The Company shall be obliged to disclose to the Company's General Meeting of Shareholders all reasonably required information about the candidates to the Company's board members in order to enable the Company's General Meeting of Shareholders to adopt a document decision on the election of the Company's board members. The information should be provided prior to the Company's General Meeting of Shareholders, while providing the shareholders with a sufficient time reserve for deciding as for which candidate to vote.
2. During the election of the Company's board members, each shareholder of the Company shall have the number of votes which is equal to the number of votes carried by the shares held by him/her as multiplied by the number of members of the Board being elected. The shareholder shall distribute the votes at his/her own discretion, giving them for one or several candidates. Candidates who receive the greatest number of votes shall be elected.
3. If the number of candidates who received an equal number of votes is larger than the number of vacancies on the Company's Board, a repeat voting shall be held in which each shareholder may vote only for one of the candidates who received an equal number of votes.



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

The number of terms of Board members shall be unlimited.

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

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

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

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

As of 30 June 2011, the number of the Company's board members was 7.

Name	Participation in Company's authorized capital	Cadence starts	Cadence ends
Darius Zubas	10,73 % shares and votes	12 September 2008	11 September 2012
Vytautas Šidlauskas	3,78 % shares and votes	12 September 2008	11 September 2012
Andrius Pranckevičius	-	12 September 2008	11 September 2012
Arūnas Jarmolavičius	0,025 % shares and votes	12 September 2008	11 September 2012
Arūnas Zubas	0,3 % shares and votes	12 September 2008	11 September 2012
Dainius Pilkauskas	0,3 % shares and votes	12 September 2008	11 September 2012
Tomas Tumėnas	0,001 % shares and votes	1 October 2008	11 September 2012

Darius Zubas is the Company's Board Chairperson.

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

The Board shall consider and approve the following:

1. The Company's business strategy. The Board shall be responsible for preparing the Company's Business strategy. The Company's business strategy and objectives shall be made public. Shareholders shall be familiarised with the implementation of the strategy at the General Meeting of Shareholders.
2. The Company's annual report.
3. The Company's management structure and personnel positions.



4. Positions to which employees shall be employed only by holding competitions.
5. The Company's Remuneration Policy.
6. Reports on the Company's Remuneration Policy (with regard to the voting of the General Meeting of Shareholders).
7. The regulations of the Company's branches and representative offices.

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

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

The Board shall adopt the following:

1. Decisions on the Company's becoming an incorporator or participant of other legal entities;
2. Decisions on the establishment of branches and representative offices of the Company;
3. Decisions on the investment, transfer, and lease of fixed assets, the book value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas) (to be calculated separately for each type of the transactions).
4. Decisions on the pledge or mortgage of fixed assets, the book value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas) (to be calculated for the total amount of the transactions).
5. Decisions on offering surety or guarantee for the discharge of obligations of third persons, the amount whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas).
6. Decisions on the acquisition of fixed assets, the price whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas).
7. Decisions on the Company's transactions, the value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas).
8. Decisions on taking and providing loans, the value whereof exceeds LTL 2,050,000.00 (two million fifty thousand litas).
9. Decisions to issue the Company's debentures.
10. Decisions to restructure the Company in the cases stipulated by the Law of the Republic of Lithuania on Restructuring of Enterprises.
11. Other decisions assigned to the competence of the Board in the Articles of Association and decisions of the General Meeting of Shareholders.



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

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

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

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

15. 3. THE HEAD OF THE COMPANY

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

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

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

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



8. Provision of information to shareholders.
9. Performance of other duties stipulated in the Law on Companies and other laws and legal acts of the Republic of Lithuania as well as in the Company's Articles of Association and office regulations of the Head of the Company.

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

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

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

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

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

15.4. COMMITTEES FORMED BY THE COMPANY

The Ordinary General Meeting of the Company's Shareholders held on 28 October 2010 formed the Audit Committee and elected the members of the Audit Committee. The Audit Committee consists of 3 members, including an independent member. The members of the Committee are elected for the term of office of 4 (four) years. The elected members of the Committee began their service from the moment the General Meeting of the Company's Shareholders during which they had been elected was over.

THE MEMBERS OF AUDIT COMMITTEE as of 30 June 2011:

Andrius Drazdys – independent member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Does not own any shares of the Company. Employed at UAB Vilniaus margarino gamykla as a Chief Finance Officer.



Artūras Pribušauskas – member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Treasury Manager of the Company and shareholder of the Company – owns 5,000 shares of the Company or 0.003% of all shares and votes of the Company. Also employed as a Treasury Manager at AB Linas Agro.

Kristina Prūsienė – member of the Audit Committee. Term of office began on 28 October 2010, term of office ends on 27 October 2014. Does not own any shares of the Company. Employed at AB Linas Agro as an Accountant.

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

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

17. MAJOR TRANSACTIONS WITH RELATED PARTIES

Major transactions of the Company with related parties are provided in Note No.34 of the Explanatory Note to the Consolidated Annual Financial Statements for 2010/2011 financial year.

18. INFORMATION ABOUT THE COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

19. DATA ON THE PUBLICLY DISCLOSED INFORMATION

During the reporting period ended 30 June 2011, the Company publicly disclosed and distributed via NASDAQ OMX GlobeNewswire system the following information:

AB Linas Agro Group to strengthen its name in international trade buying 40 pct. shares of Danish company Rosenkrantz A/S	Notification on material event	En, Lt	2011-06-09 09:00:30 EEST
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AB Linas Agro Group sells shares of UAB Kustodija	Other information	En, LT	2011-06-02 09:00:32 EEST
AB Linas Agro Group notification about interim nine months financial results of the financial year 2010/2011	Interim information	En, Lt	2011-05-30 09:00:30 EEST
SEB bank issued a LTL 16.4 million loan for the expansion of Linas Agro Grūdų centras	Notification on material event	En, Lt	2011-04-06 09:00:33 EEST
AB Linas Agro Group notification about interim six months financial results of the financial year 2010/2011	Interim information	En, Lt	2011-02-25 09:00:34 EET
AB Linas Agro Group Notification about acquisition of voting rights	Notification about acquisition (disposal) of a block of shares	En, Lt	2010-12-01 09:00:33 EET
AB Linas Agro Group notification about interim 3 month financial results of the financial year 2010-2011	Interim information	En, Lt	2010-11-22 09:00:30 EET
Procedure for the payout of dividends for the financial year ended 30 June 2010	Notification on material event	En, Lt	2010-10-29 09:49:35 EEST
AB Linas Agro Group notification about the Annual information of the financial year 2009/2010	Annual information	En, Lt	2010-10-29 09:48:36 EEST
Decisions of the Annual General Meeting of AB Linas Agro Group Shareholders, held on 28 October 2010	Notification on material event	En, Lt	2010-10-29 09:45:35 EEST
Notice on Annual General Meeting of Shareholders of AB Linas Agro Group	Notification on material event	En, Lt	2010-10-06 17:15:32 EEST
AB Linas Agro Group sells a part of Ukrainian company's shares to its management	Other information	En, Lt	2010-10-04 09:00:30 EEST
CORRECTION: AB Linas Agro Group notification about interim 12 month financial results of the financial year 2009-2010	Interim information	En	2010-08-30 11:56:31 EEST
AB Linas Agro Group notification about interim 12 month financial results of the financial year 2009-2010	Interim information	En, Lt	2010-08-30 09:00:30 EEST
SEB Bank increased lending volume to PLC "Linas Agro Group" up to LTL 132 million	Other information	En, Lt	2010-08-16 09:00:30 EEST
AB Linas Agro Group completed the takeover of Ukraine-based producer and trader of fertilizers	Notification on material event	En, Lt	2010-07-01 17:56:30 EEST



Inclusion of the stock exchange's newcomer into the list of OMX Baltic Benchmark index - a good sign to investors

Other information

En, Lt

2010-07-01 09:00:31
EEST

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

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

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

20. 2. GROUP OF COMPANIES LINAS AGRO GROUP AND ITS CONTACT INFORMATION

As of 30 June 2011, AB Linas Agro Group controlled, either directly or indirectly, the following companies:

Company	Status	Share of the stock held by companies					Share of the stock held by the Group
		AB Linas Agro Group	AB Linas Agro	UAB Linas Agro Konsultacijos	UAB Linas Agro Grūdų Centras	UAB Dotnuvos Projektai	
AB Linas Agro	Subsidiary	100%					100%
Rosenkrantz A/S(Linas Agro A/S as of 01/07/2011)	Subsidiary		60%				60%
SIA Linas Agro	Subsidiary		100%				100%
UAB Linas Agro Grūdų Centras	Subsidiary		100%				100%



UAB Linas Agro Grūdų Centras KŪB*	Subsidiary	24.69%	75.29%	0.02%	100%
UAB Gerera	Subsidiary		100%		100%
UAB Lignineko	Subsidiary		100%		100%
UAB Linas Agro Konsultacijos	Subsidiary	100%			100%
Panevėžys district Aukštadvario ŽŪB	Subsidiary			65.35%	65.35%
Sidabravo ŽŪB	Subsidiary			66.22%	66.22%
Šakiai district Lukšių ŽŪB	Subsidiary			98.37%	98.37%
Biržai district Medeikių ŽŪB	Subsidiary			98.36%	98.36%
Užupės ŽŪB	Subsidiary			70%	70%
ŽŪB Landvesta 1	Subsidiary	99.52%	0.48%		100%
ŽŪB Landvesta 2	Subsidiary	99.49%	0.51%		100%
ŽŪB Landvesta 3	Subsidiary	99%	1%		100%
ŽŪB Landvesta 4	Subsidiary	84.68%	15.32%		100%
ŽŪB Landvesta 5	Subsidiary	92.02%	7.98%		100%
ŽŪB Landvesta 6	Subsidiary	87.13%	12.87%		100%
ŽŪK KUPIŠKIO GRŪDAI	Subsidiary			Lukšių ŽŪB, Aukštadvario ŽŪB and Sidabravo ŽŪB holds 9.09%, Medeikių ŽŪB – 45.46%, AB Linas Agro – 27.27% of ŽŪK KUPIŠKIO GRŪDAI	92.88%
PJ-SC UKRAGRO NPK	Subsidiary	58.04%			58.04%
UAB Kustodija	Joint ventures	50%			50%
UAB Dotnuvos Projektai	Joint venture	50%			50%
SIA DOTNUVOS PROJEKTAI	Joint venture			100%	50%
ŽŪB Dotnuvos Agroservisas	Joint venture			99,95%	49,975%
UAB Dotnuvos Technika	Joint venture			100%	50%
AS Dotnuvos Projektai	Joint venture			100%	50%



UAB Jungtinė Ekspedicija	Associate	45,05%	45,05%
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* AB Linas Agro Group and UAB Linas Agro Grūdų Centras hold 50 % of votes each in UAB Linas Agro Grūdų Centras KŪB;

ACQUISITIONS AFTER THE REPORTING PERIOD:

On 1 July 2011, the Company acquired additional 40 % share Linas Agro A/S (former Rosenkrantz A/S) and controls 100 % of this company.

SUBSIDIARIES OPERATING IN LITHUANIA:

Name:	AB Linas Agro
Legal form:	Public company (limited liability legal company)
Registration date:	08-07-1991
Company code:	1473 28026
Company VAT code:	LT473280219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT63 7044 0600 0263 5812, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 50 73 33
Fax:	+370 45 50 74 44
E-mail:	info@linasagro.lt
Website:	www.linasagro.lt
Activity:	Grain and rapeseed contracting, agricultural products trading company
Certificates:	GTP and ISCC certified company
Name:	UAB Linas Agro Grūdų Centras
Legal form:	Limited liability company
Registration date:	05-07-2002
Company code:	148450944
Company VAT code:	LT484509415
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT67 7044 0600 0280 9952, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507 365
Fax:	+370 45 507 344
E-mail:	grudai@linasagro.lt
Activity:	Management services



Name:	UAB Linas Agro Grūdų Centras KŪB
Legal form:	Limited partnership
Registration date:	10-07-2002
Company code:	148451131
Company VAT code:	LT484511314
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT18 7044 0600 0281 0640, AB SEB bankas, bank code 70440
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 45 507 343
Fax:	+370 45 507 344
E-mail:	grudu.centras@linasagro.lt
Activity:	Grain processing and storage
Name:	UAB Linas Agro Konsultacijos
Legal form:	Limited liability company
Registration date:	23-06-2003
Company code:	248520920
Company VAT code:	LT485209219
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT11 4010 0419 0010 9807, DnB NORD bankas, bank code 40100
The principal place of business:	Kėdainių elevator, Žibuoklių St. 1A, Kėdainiai, LT-57130, Lithuania
The registered address:	Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
Phone:	+370 688 67 429
Fax:	+370 347 41 528
E-mail:	konsultavimas@linasagro.lt
Activity:	Farming companies management and consulting company
Name:	Panevėžys district Aukštadvario ŽŪB
Legal form:	Agricultural company
Registration date:	09-03-1993
Company code:	168573274
Company VAT code:	LT685732716
Company register:	Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
Information on bank account:	LT94 4010 0412 0000 0143, AB DnB Nord bankas, bank code 40100
The registered address:	Pirties St. 3, Aukštadvario vill., Panevėžys district, LT-38255, Lithuania
Phone:	+370 45 59 26 51
Fax:	+370 45 59 26 51



E-mail: aukstadvaris@linasagro.lt
 Activity: Growing and sale of crops and cattle growing, including milk production

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

Name: Sidabravo ŽŪB
 Legal form: Agricultural company
 Registration date: 20-04-1993
 Company code: 171331516
 Company VAT code: LT713315113
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT40 4010 0448 0006 0085, AB DnB Nord bankas, bank code 40100
 The registered address: Pergalės St. 1A, Sidabravas, Radviliškis district, LT-82251, Lithuania
 Phone: +370 422 47 727
 Fax: +370 422 47 618
 E-mail: sidabravas@linasagro.lt
 Activity: Mixed agricultural activities

Name: Šakiai district Lukšių ŽŪB
 Legal form: Agricultural company
 Registration date: 30-10-1992
 Company code: 174317183
 Company VAT code: LT743171811
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT12 4010 0421 0005 0263, AB DnB Nord bankas, bank code 40100
 The registered address: Lukšių vill., Lukšių sen., Šakiai district, LT-71176, Lithuania



Phone: +370 345 44 288
 Fax: +370 345 44 225
 E-mail: luksiai@linasagro.lt
 Activity: Mixed agricultural activities

Name: Užupės ŽŪB
 Legal form: Agricultural company
 Registration date: 06-04-2011
 Company code: 302612561
 Company VAT code: LT100006041114
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT31 1010 0419 0037 1347, AB DnB Nord bankas, bank code 40100
 The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
 Phone: +370 45 507 333
 Fax: +370 45 507 444
 E-mail: uzupe@linasagro.lt
 Activity: Mixed agricultural activities

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

Name: UAB Lignineko
 Legal form: Limited liability company
 Registration date: 05-10-1994
 Company code: 134231520
 Company VAT code: LT342315219
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT82 7044060003200204, AB SEB bankas, bank code 70440
 The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania



Phone: +370 45 50 73 33
 Fax: +370 45 50 74 44
 E-mail: info@lignineko.lt
 Activity: Lignin biofuel trading company

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

Name: ŽŪB Landvesta 1
 Legal form: Agricultural company
 Registration date: 21-10-2005
 Company code: 300501060
 Company VAT code: LT100002055516
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT 62 4010 0412 0035 3120, AB Dnb NORD Bankas, bank code 40100
 The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
 Phone: +370 45 50 74 06
 Fax: +370 45 50 74 04
 E-mail: info@landvesta.lt
 Activity: Rent and management of agricultural purposes land

Name: ŽŪB Landvesta 2
 Legal form: Agricultural company
 Registration date: 21-10-2005
 Company code: 300501085
 Company VAT code: LT100003415619
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT 29 4010 0412 0036 3123, AB Dnb NORD Bankas, bank code 40100
 The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania



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

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

Name: ŽŪB Landvesta 4
 Legal form: Agricultural company
 Registration date: 23-04-2007
 Company code: 300709428
 Company VAT code: LT100003415710
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT59 7290 0000 0064 3914, AB „Parex“ bankas, bank code 72900
 The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania
 Phone: +370 45 50 74 06
 Fax: +370 45 50 74 04
 E-mail: info@landvesta.lt
 Activity: Rent and management of agricultural purposes land

Name: ŽŪB Landvesta 5
 Legal form: Agricultural company
 Registration date: 16-08-2007
 Company code: 301019661
 Company VAT code: LT100003415810
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT80 7290 0000 0064 3924, AB Parex bankas, bank code 72900
 The registered address: Smėlynės St. 2C, LT-35143, Panevėžys, Lithuania



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

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

JOINT VENTURES AND ASSOCIATES OPERATING IN LITHUANIA:

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

Name: UAB Jungtinė Ekspedicija
 Legal form: Limited liability company
 Registration date: 17-02-1998



Company code: 141642963
 Company VAT code: LT416429610
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT58 7044 0600 0053 4300, AB SEB bankas, bank code 70440
 The registered address: Plytų g. 10 Klaipėda, Lithuania
 The principal place of business: I. Kanto 12-3, LT-92235, Klaipėda, Lithuania
 Phone: +370 46 310163
 Fax: +370 46 312529
 E-mail: info@je.lt
 Website: www.je.lt
 Activity: Expedition and representation services

Name: UAB Dotnuvos projektai
 Legal form: Limited liability company
 Registration date: 05-03-1996
 Company code: 261415970
 Company VAT code: LT614159716
 Company register: Register of Enterprises of Republic of Lithuania, VĮ Registrų centras
 Information on bank account: LT62 7044 0600 0180 5025, AB SEB bankas, bank code 70440
 The registered address: Parko St. 6, Akademija, Kėdainiai district, LT-58351, Lithuania
 Phone: +370 347 37030
 Fax: +370 347 37040
 E-mail: info@dotnuvosprojektai.lt
 Website: www.dotnuvosprojektai.lt
 Activity: Sale of seeds, agricultural machinery

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



Phone: +370 347 37030
Fax: +370 347 37040
Activity: Dormant



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

SUBSIDIARIES OPERATING IN FOREIGN COUNTRIES:

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

Name:	SIA Linas Agro
Legal form:	Limited liability company
Registration date:	23-04-2003
Company code:	53603019011



Company VAT code: LV53603019011
 Company register: Register of Enterprises of Republic of Latvia
 Information on bank account: LV53HABA0551007915427, A/s Swedbank
 The registered address: Bauskas iela 2, Jelgava, LV-3001, Latvia
 Phone: +371 630 840 24
 Fax: +371 630 842 24
 E-mail: info@linasagro.lv
 Website: www.linasagro.lv, www.rapsim.lv
 Activity: Wholesale trade of grains and oilseeds, feedstuffs and agricultural inputs

Name: PJ-SC UKRAGRO NPK
 Legal form: Limited liability company
 Registration date: 28-03-2002
 Company code: 31961067
 Company VAT code: 32331820
 Company register: Unified State Register of Legal Entities and Natural Persons-Entrepreneurs of Ukraine
 Information on bank account: 26003010000642 Unikredit OOO bank branch in Kiev, MFO 300744, SWIFT: DEKRUA22KIE
 The registered address: Promyslova St. 1, Cherkasy district, Ukraine
 The principal place of business: Silver Center, av. I.Lepse 4, 03680Kiev, Ukraine
 Phone: +380 044 351 15 97
 Fax: +380 044 351 15 99
 E-mail: info@urozhai.ua
 Website: www.urozhai.ua
 Activity: Producer and trader of fertilizers

JOINT VENTURES AND ASSOCIATES OPERATING IN FOREIGN COUNTRIES

Name: SIA DOTNUVOS PROJEKTAI
 Legal form: Limited liability company
 Registration date: 26-04-2010
 Company code: 43603041881
 Company VAT code: LV43603041881
 Company register: Register of Enterprises of Republic of Latvia
 Information on bank account: LV88 UNLA 0050 0153 60381 „AS „SEB Banka”



The principal place of business:	Jūrmalas iela 13c, Pinki, Babītes novads, LV-2107, Latvia
The registered address	Bauskas iela 2, Jelgava, LV-3001, Latvia
Phone:	+371 679 131 61
Fax:	+371 677 602 52
E-mail:	info@dotnuvospro.lv
Website:	www.dotpro.lv
Activity:	Sale of seeds, agricultural machinery

Name:	AS Dotnuvos Projektai
Legal form:	Limited liability company
Registration date:	11-11-2010
Company code:	12019737
Company VAT code:	EE101409762
Company register:	Business Register
Information on bank account:	10220121562226 AS SEB Pank
The principal place of business:	Technika 2, Viljandi 71011, Estonia
Phone:	+372 661 2800
Fax:	+372 661 8004
E-mail:	info@dotpro.ee
Website:	www.dotnuvosprojektai.ee
Activity:	Sale of seeds, agricultural machinery

ANNEX 1
TO ANNUAL REPORT
OF AB LINAS AGRO GROUP
FOR FY 2010-2011

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





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

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

Principle I: Basic Provisions

The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.

1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	YES	The main trends of the Company's development are publicly announced in Company's annual reports and interim reports. Also, the trends of the Company's development are disclosed by its corporate actions and reports to investors about the activities of the Company, communications presented in the statements of the Company's management in the press.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	YES	The Board of the Company has formed the long-term and short-term strategic objectives of the development of the Company's activities. The Company's management and managers of respective fields make every effort for the implementation of those objectives. Managers of the Company and the Group's companies are responsible for the furtherance of the objectives and the optimization of shareholder value.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	YES	The Board is formed in the Company, which represents the interests of the Company's shareholders. The Board makes the strategic decisions, adopts the strategy of the Company's activities, annual budget, main material contracts, etc. The decisions adopted by the Board are implemented by the Company's Director General, who is directly responsible to the Board, and



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

Principle II: The corporate governance framework

The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders’ meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.</p>	NO	<p>There is one collegiate managing body in the Company – the Board, which consists of 7 (seven) members. The collegiate supervisory body, or the Supervisory Board, is not formed.</p> <p>The Board of the Company performs certain functions of the Supervisory Board as far as it concerns the supervision of the activities of the Company and complies with the provisions of the Law on Companies.</p> <p>The Company’s Director General is responsible to the Board and periodically reports to the Board on the Company’s activities and implementation of the strategic decisions.</p>
<p>2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company’s management bodies.</p>	NOT APPLICABLE	<p>The Board performs these functions in the Company, as specified in Clause 2.1.</p>
<p>2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company’s chief executive officer.</p>	NO	<p>So far the Board is able to properly perform the supervision of implementation of adopted strategic decisions and the control of the management of the Company.</p> <p>If needed, the Supervisory Board may be formed in the future.</p>
<p>2.4. The collegial supervisory body to be elected by the general shareholders’ meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not</p>	YES	<p>The set principles are followed as specified in Clauses 2.1. and 2.3. The essential requirements are not violated.</p>

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

contradict the essence and purpose of this body.¹

2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.²

YES

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

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

2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.

NOT APPLICABLE

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

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

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	NO	<p>The head of the Company – Director General - and the Chairman of the Board is the same person. Thus the impartiality of the decision-making is ensured. The decisions are adopted in compliance with the order stipulated in the Articles of the Association of Company, which clearly indicates the competence as well as its limits of the manager's decision-making.</p>

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

The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.³

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	YES	These provisions are set in the Articles of the Association of Company and are followed.
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	YES	The Company follows this provision.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.</p>	YES	<p>The composition of the Board and the number of its members meets the scope of the Company's activities and the size of the current structure.</p> <p>The members of the Company's Board have sufficient experience in the fields, where the Company performs its main activities; also, all members have versatile knowledge in the fields of finance, economics, investment management and maintenance.</p> <p>The Audit Committee members have experience in the fields of finance and accounting of the listed companies.</p> <p>Remuneration Committee has not been formed yet.</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>	NOT APPLICABLE	<p>Members of the Company's Board are employees of the Group's companies; therefore, they are well aware of the Company's activities.</p> <p>The Board's members update their skills and knowledge while performing their functions.</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 sufficient⁴ number of independent⁵ members.</p>	NO	<p>The issue of independent members as well as their sufficient number in the collegiate managing body (the Board) may be discussed in the future.</p> <p>The Audit Committee has one independent member.</p>

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

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:

NOT APPLICABLE

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

- 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;

- 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;

3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);

4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);

5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

organization receiving significant payments from the company or its group;

6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;

7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;

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

9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.

NOT APPLICABLE

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.⁶ The general</p>	NOT APPLICABLE	According to the comment of Clause 3.6., the provision is not applicable to the Company.

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

shareholders' meeting should approve the amount of such remuneration.

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring⁷ of the company's management bodies and protection of interests of all the company's shareholders.

4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.⁸

YES

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

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

⁷ See Footnote 3.

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).</p>	YES	The members of the Board act responsibly and in goodwill in favor of the Company and its shareholders, seek to maintain their independence in making the decisions and taking into consideration the interests of the third parties.
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half⁹ of the meetings of the collegial body throughout the financial year of the company, shareholders of the company</p>	YES	Members of the Company's Board, each individually and all collectively, pay sufficient time and attention to have the function attributed to the competence of the Board duly performed. The members of the Board take part in the sessions, the time of which is agreed among the members so that all members of the Board could take part in the session. If any of the members cannot participate in the session due to a valid excuse, the conditions are arranged for the member to cast his advance vote in writing.

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

should be notified.

4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.

YES

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

4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.

YES

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<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 bodies¹⁰. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.</p>	YES	<p>The Board of the Company adopts the decision following only the interests of the Company, therefore, the independence of the members in making the decision significant to the activities and strategy of the Company have to be assessed in accordance with the interest of the Company and its shareholders. The members of the Board are provided with all possibilities and they have the right to all resources necessary to properly perform their duties, including the possibilities to apply to the independent external legal, accounting and other specialists. The Company's Director General ensures that the managers or employees of separate fields provide the members of the Board with all required information directly or through the Director General so that they are able to duly perform their functions and solve the issues attributed to their competence.</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</p>	YES	<p>The Company has formed the Audit Committee.</p> <p>According to the scope of the Company's activities, results and objective needs as well as the fact that the Board consists of 7 (seven) members, the Company is not in need of establishment of other committees indicated in this recommendation though the foundation of Nomination and Remuneration Committees will be</p>

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees¹¹. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.

considered in the future.

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	YES	The Audit Committee chooses its operation order and procedures autonomously and operates in accordance with the Regulations of the Audit Committee.
<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. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that</p>	YES	The Audit Committee is composed of three members, including one independent member.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

committee membership is refreshed and that undue reliance is not placed on particular individuals.

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.

YES

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.

YES

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ol style="list-style-type: none"> 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior</p>	<p>NOT APPLICABLE</p>	<p>The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.</p>



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.

4.13. Remuneration Committee.

NOT APPLICABLE

The Nomination Committee was not formed according to the circumstances set out in Clause 4.7.

4.13.1. Key functions of the remuneration committee should be the following:

- 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;
- 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;
- 3) Ensure that remuneration of individual executive directors or members of management body is



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

proportionate to the remuneration of other executive directors or members of management body and other staff members of the company;

- 4) Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation;
- 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;
- 6) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);
- 7) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.

4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:

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

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.</p> <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p> <p>4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ol style="list-style-type: none"> 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, 	YES	



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;

- 4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;
- 5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

without referral to the committee;

- 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor’s management letter.

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

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

4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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.

4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.

4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body’s structure, work organization and ability to act as a group, evaluation of each of the collegial body member’s and committee’s competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of

NO

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

The Company’s management structure is



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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.

announced in the Company's report.

Principle V: The working procedure of the company's collegial bodies

The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.

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.

YES

The Chairman of the Board heads the Board, he implements all the requirements set out in this clause.

5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential

YES

The sessions of the Company's Board are held once a quarter according to the Schedule approved in advance. In need, the sessions of the Board are held more frequently.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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 month¹².

5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.

YES

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

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

5.4. In order to co-ordinate operation of the company’s collegial bodies and ensure effective decision-making process, chairpersons of the company’s collegial bodies of supervision and management should closely co-operate by co-ordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company’s board should be free to attend meetings of the company’s supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.

NOT APPLICABLE

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

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	The Company's capital consists only of ordinary nominal intangible shares which grant the same rights to the Company's shareholders.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The Articles of the Association of Company which complies with the Law on Companies guarantee the rights to shareholders. The Company's Articles of the Association are publicly accessed to all investors on the Company's website in the Lithuanian and English languages.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. ¹³ All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	NO	The approval of the indicated decisions in the general shareholders' meeting could interfere with the effectiveness and efficiency of the Company's activities.

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.</p>	YES	<p>The information about the general meeting of shareholders will be announced through the information system of NASDAQ OMX Globe Newswire as well as on the Company's website in the Lithuanian and English languages.</p> <p>The place for the general shareholders' meeting will be selected according to the shareholders' interests so that everyone willing to participate will be able to do that.</p> <p>The meetings will be held on the working day at 10 a.m. so that all shareholders could easily arrive and participate in the session.</p>
<p>6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>	YES	<p>The Company announces to the general meeting of shareholders the prepared draft decisions through the information system NASDAQ OMX Globe Newswire and on the Company's website in the Lithuanian and English languages. The decisions adopted by the general shareholders' meeting are announced through the information system NASDAQ OMX Globe Newswire no later than within one day since their adoption in the Lithuanian and English languages. The decisions adopted by the general meeting of shareholders are also provided on the Company's website.</p>



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

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within	YES	<p>The members of the Board avoid situations where their personal interests may conflict with the interests of the Company. The members of the Board abstain from voting or refuse to vote when the matter is related to his person.</p>
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PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>		
<p>7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.</p>	YES	The members of the Boart act in favour of the Company's interests, and their competence as well as their personal traits allow to claim that they conduct so that the conflicts of interest would not arise and they did not occur in the practice so far.
<p>7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>	YES	The members of the Company's Board have not concluded the transactions of high value of those under non-standrad conditions with the Company.
<p>7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>	YES	The Law on Companies stipulates that the member of the Board has no right to vote when the session of the Board deals with the question related to his activities or that of his liability. The members of the Board are aware of this provision and apply it



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

broader than required by the Law, i.e. they abstain from voting or refuse to vote when it is related to his person and the Company or when it may cause the conflict of interest.

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.

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

NO

The Company has not prepared the remuneration approval, revision and publication procedure; therefore, it does not prepare remuneration policy statement.

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

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



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.3. Remuneration statement should leastwise include the following information: <ol style="list-style-type: none"> 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) Sufficient information on deferment periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and performance; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code;		
11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned;		
12) A description of the main characteristics of supplementary pension or early retirement schemes for directors;		
13) Remuneration statement should not include commercially sensitive information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

be disclosed:

- 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting;
- 2) The remuneration and advantages received from any undertaking belonging to the same group;
- 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted;
- 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director;
- 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;
- 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.

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

- 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;
- 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</p> <p>4) All changes in the terms and conditions of existing share options occurring during the financial year.</p> <p>8.5.3. The following supplementary pension schemes-related information should be disclosed:</p> <p>1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;</p> <p>2) 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> <p>8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p> <p>8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.</p> <p>8.7. Award of variable components of remuneration should be subject to predetermined and measurable</p>	<p>NOT APPLICABLE</p> <p>NOT APPLICABLE</p>	<p>The Company has no remuneration statement due to the reasons specified in Clause 8.1.</p> <p>The Company has no remuneration statement due to the reasons specified in Clause 8.1.</p>



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
performance criteria.		
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NOT APPLICABLE	Clause 8.1. The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
8.19. Schemes anticipating remuneration	NOT	The Company has no remuneration



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	APPLICABLE	statement due to the reasons specified in Clause 8.1.
<p>8.20. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ol style="list-style-type: none"> 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors. 	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.

PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
<p>8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.
<p>8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue</p>	NOT APPLICABLE	The Company has no remuneration statement due to the reasons specified in Clause 8.1.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

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.

Principle IX: The role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.

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

YES

The Company performs its activities and is managed following the legal and other normative acts of the Republic of Lithuania, according to the reasonable and lawful interests of the community and the third parties, which do not contradict and do not cause the threat to violate the reasonable and lawful interests of the Company.

9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.

YES

All persons concerned and the third parties may access the announceable public information about the activities of the Company on the websites of NASDAQ OMX Vilnius Stock Exchange or the Company.

All persons concerned can address the Company's Investor Relations Specialist orally or in written form.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	All necessary information can be accessed on the websites of NASDAQ OMX Vilnius Stock Exchange and the Company.

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

10.1. The company should disclose information on:	YES	The information about the Company specified in this clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange, the reports (periodical information) of the Company prepared according to the order stipulated by the legal acts of the Republic of Lithuania, also, on the website of the Company. By presenting the information specified in this clause the Company announces the consolidated information of both the Company and the Group of companies.
1) The financial and operating results of the company;		
2) Company objectives;		
3) Persons holding by the right of ownership or in control of a block of shares in the company;		
4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration;		
5) Material foreseeable risk factors;		
6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations;		
7) Material issues regarding employees and other stakeholders;		
8) Governance structures and strategy.		

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.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	By presenting the information specified in this clause the Company announces the consolidated information of both the Company and the Group of companies.
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.	YES	The company supplies the information specified in this clause in its annual report.
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.	YES	The company supplies the information specified in this clause in its annual report.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	YES	The information specified in this clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange and on the Company's website in the Lithuanian and English languages. All corporate actions and information to investors are presented not during the trade session, in all cases – before the session starts or after it ends.
<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.</p>	YES	The Company ensures impartial, timely and inexpensive access to the information by announcing it on the Company's website or through NASDAQ OMX Vilnius Stock Exchange's information system in the Lithuanian and English languages.
<p>10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.</p>	YES	This recommendation is fully implemented in the Company.



PRINCIPLES/ RECOMMENDATIONS	YES	COMMENTARY
	NO	
	NOT APPLICABLE	

Principle XI: The selection of the company's auditor

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

<p>11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.</p>	<p>YES</p>	<p>This recommendation is implemented partly.</p> <p>The independent firm of auditors assesses the annual report and the annual statements. Since the legal acts of the Republic of Lithuania do not stipulate the assessment of interim financial reports and since it would cause additional costs and time expenses, the Company does not audit interim reports.</p> <p>Despite that, the Company's interim reports are prepared according to TFAS requirements.</p>
<p>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.</p>	<p>YES</p>	<p>This recommendation is fully implemented.</p>
<p>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.</p>	<p>YES</p>	<p>The firm of auditors provided the Company with the consultations on tax and hedging policy issues in the financial year 2010/2011.</p>