

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

Invalida

Consolidated Annual Report of Invalida AB for the year 2010

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

Approved by the Board decision No. 2011-04 passed on 8 April, 2011

Translation note:

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

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

Independent Auditor's Report

To the shareholders of Invalda AB

We have audited the accompanying stand alone and consolidated financial statements (together 'the Financial statements') of Invalda AB ('the Company') and its subsidiaries (collectively 'the Group') which comprise the stand alone and consolidated statement of financial position as of 31 December 2010 and the stand alone and consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and which are published separately from the consolidated Annual report. We expressed an unmodified opinion on the Financial statements in our report dated 8 April 2011.

Furthermore, we have read the consolidated Annual Report for the year ended 31 December 2010 set out on pages 5 - 65 and have not noted any material inconsistencies between the financial information included in it and the audited Financial statements for the year ended 31 December 2010.

For a better understanding of the financial position of the Company and the Group as of 31 December 2010, and of their financial performance for the year then ended, the consolidated Annual Report for the year ended 31 December 2010 should be read in conjunction with the Financial statements which are published separately.

On behalf of PricewaterhouseCoopers UAB

Christopher C. Butler
Director

Vilnius, Republic of Lithuania
8 April 2011

Rasa Radzevičienė
Auditor's Certificate No.000377

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I. GENERAL INFORMATION

1. Reporting period for which the report is prepared

The report is prepared for 2010.

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

2.1. Information about the Issuer

Name and legal form of the Issuer	Public company Invalda, hereinafter Invalda AB
Enterprise code	121304349
Address	Seimyniskiu str. 1A, LT-09312 Vilnius, Lithuania
Telephone	+370 5 279 0601
Fax	+370 5 279 0530
E-mail	info@invalda.lt
Website	www.invalda.lt
Date and place of registration	20.03.1992, Register of Enterprise of Vilnius
Register, in which data about the company are accumulated and stored	Register of Legal Entities

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

Invalda started the activity in 1991. Its equities have been traded on the NASDAQ OMX Vilnius Exchange since 1995. Since its incorporation Invalda has executed several tens of entity acquisition, sale and capital attraction transactions, the total value whereof would reach approximately LTL 1.7 bn.

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

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

Priority segments of Invalda AB are the following: pharmacy, road and bridge construction, furniture manufacturing, real estate and IT.

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

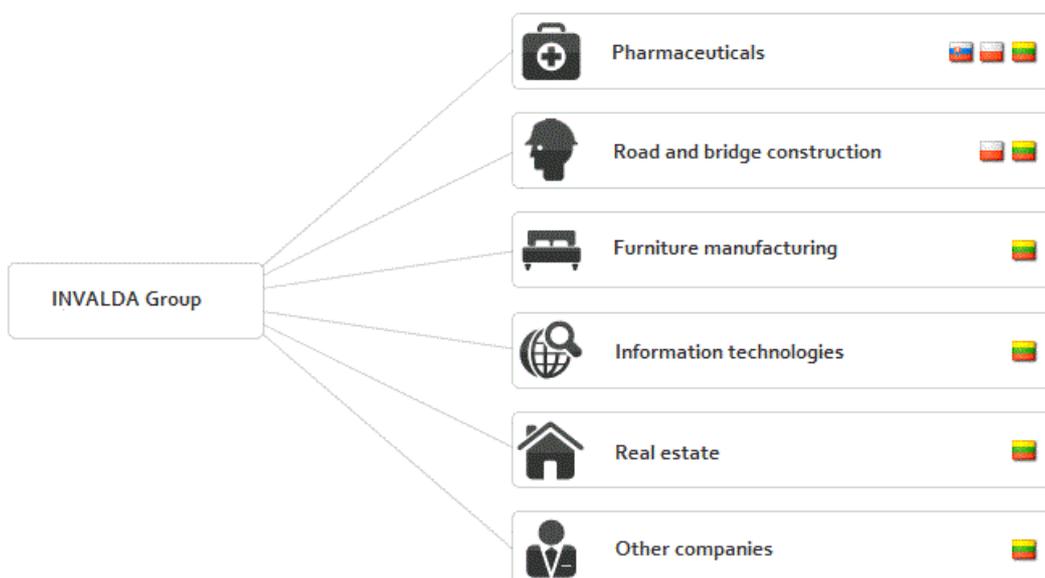
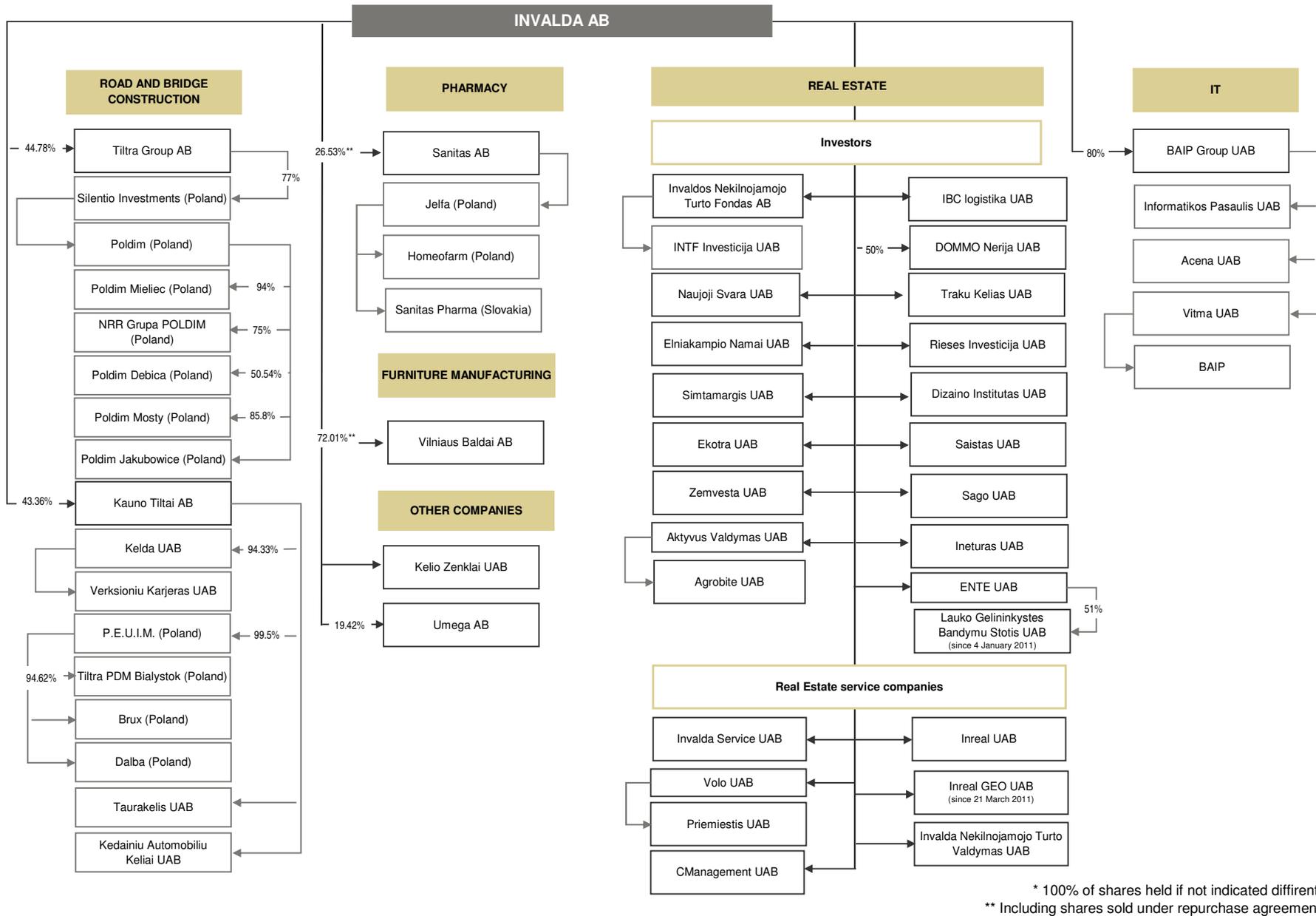


Fig. 2.2.1. The main sectors of Invalda Group as of 31.12.2010

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Picture 2.2.2. Simplified structure of Invalda AB group as of 31.12.2010

3. Agreements with intermediaries on public trading in securities

Invalda AB has signed agreements with these intermediaries:

- Finasta AB FMI (Maironio str. 11, Vilnius, Lithuania, tel. +370 5 278 6833) – the agreement on investment services, the agreement on management of securities accounting, the agreement on payment of dividends;
- Bank Finasta AB (Maironio str. 11, Vilnius, tel. +370 5 203 2233) – the agreement on management of securities account, the agreement on investment services;
- Siauliu Bankas AB (Tilzes str. 149, Siauliai, Lithuania, tel. +370 41 595 607) – the agreement on management of securities account and intermediation;
- Bankas Snoras AB (A. Vivulskio str. 7, Vilnius, Lithuania, tel. +370 5 232 7224) – the agreement on customer services (for professional investor);
- DnB NORD Bankas AB (J. Basanaviciaus str. 26, Vilnius, Lithuania, tel. +370 5 239 3503) – the agreement on financial instruments account management, implementation of orders and offering recommendations;
- SEB Bankas AB (Gedimino ave. 12, Vilnius, Lithuania, tel. +370 5 268 2370) – the agreement on securities accounting;
- MP Investment Bank hf. acting via MP Investment Bank hf. Baltic branch (A.Tumeno str. 4, Vilnius, tel. +370 5219 55 00) – the agreement on investment services;
- Medicinos Bankas UAB (Pamenkalnio str. 40, Vilnius, Lithuania, tel. +370 5 264 4845) - the agreement on management of securities account.

4. Information on Issuer's branches and representative offices

Invalda AB has no branches or representative offices.

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

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

During the reporting period company's Articles of Association were changed one time. On 3 February, 2010 new Articles of Association of Invalda AB were registered. The share capital of Invalda AB was increased from 42 568 849 LTL till 51 659 758 LTL.

Actual wording is dated 3 February, 2010. Articles of Association are available on the company's website.

II. INFORMATION ABOUT SECURITIES

6. Information about Issuer's authorised capital

6.1. Structure of the authorised capital

Table 6.1.1. Structure of Invalda AB authorised capital as of 31-12-2010

Type of shares	Number of shares, units	Nominal value, LTL	Total nominal value, LTL	Portion of the authorised capital, %
Ordinary registered shares	51,659,758	1	51,659,758	100,00

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

6.2. Adjustments of the authorised capital

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

- From 15.10.1996 till 01.10.2004 the authorised capital of Invalda AB amounted to LTL 38,000,000, it was divided into 38,000,000 ordinary registered shares of nominal value of LTL 1.

- On 01.10.2004 the increased authorised capital of LTL 40,417,339 was registered, it was divided into 40,417,339 ordinary registered shares of nominal value of LTL 1. The emission of 2,417,339 shares was issued during the process of reorganisation changing Kreimi AB shares into Invalda AB ones.
- Invalda AB General Meeting held on 21.11.2005 passed the resolution to increase the authorised capital of the Company by LTL 1,317,323 from LTL 40,417,339 up to LTL 41,734,662, by issuing 1,317,323 shares of nominal value LTL 1. The amended Articles of Association were registered in Register of Legal Entities on 21.11.2005. The increased authorised capital amounted to LTL 41,734,662 and was divided into 41,734,662 ordinary registered shares of LTL 1 nominal value at par.
- On 30.06.2006 Invalda AB and Pozityvios Investicijos AB reorganization was completed – Pozityvios Investicijos AB was merged to Invalda AB. During reorganisation shares of Pozityvios Investicijos AB were changed into Invalda AB shares – the emission of 3,273,714 Invalda AB shares was issued. After the reorganisation the authorised capital of Invalda AB amounted to LTL 45,008,376 and was divided into 45,008,376 shares of nominal value of LTL 1.
- On 28.09.2007 the reorganisation of Invalda AB and one of the major shareholders Nenuorama AB was finished – Nenuorama AB was merged to Invalda AB. Changing Nenuorama AB shares into Invalda AB ones, the emission of 19,866,060 shares was issued. Following the terms of the reorganisation 22,305,587 Invalda AB shares held by Nenuorama AB were annulled. After reorganisation the authorised capital of Invalda AB amounted to LTL 42,568,849 and was divided into 42,568,849 shares of nominal value of LTL 1.
- On 03.02.2010 the share capital of Invalda AB was increased by 9 090 909 LTL, from 42 568 849 LTL till 51 659 758 LTL issuing 9 090 909 ordinary registered 1 LTL nominal value shares. New shares were issued after conversion of 50 mln. LTL bonds issue.

6.3. Rights and obligations carried by the shares

6.3.1. Rights of the shareholders

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

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

6.3.2. Obligations of the shareholders

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

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

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

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

7. Shareholders

There are no shareholders entitled to special rights of control.

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

As of 31.12.2010 the total number of shareholders was 6,814 (as of 31.12.2009 it was 6,676).

Table 7.1. Shareholders who held title to more than 5% of Invalda AB authorised capital and / or votes for the 31.12.2010

Name of the shareholder or company	Number of shares held by the right of ownership, units	Share of the authorised capital held, %	Share of the votes, %		
			Share of votes given by the shares held by the right of ownership	Indirectly held votes	Total (together with the persons acting in concert)
Mr. Vytautas Bucas	9,585,803	18.56	18.56	-	26.85
Mr. Darius Sulnis	2,945,500	5.70	5.70	2.18	
Mr. Dalius Kazius	213,294	0.41	0.41	-	
Ms. Dovile Kaziuniene	380	0.001	0.001	-	
Ms. Irena Ona Miseikiene	13,787,985	26.69	25.52	-	25.52
Lucrum Investicija UAB, ent. code 300806471, Seimyniskiu str. 3, Vilnius, Lithuania	500,000	0.97	0.97	9.41	10.38
Ms. Daiva Baniene	1,836,234	3.55	3.55	-	8.29
Mr. Alvydas Banys	3,180,769	6.16	3.93	-	
LJB Investments UAB, ent. code 300822575, P. Smugleviciaus str. 20, Vilnius	418,144	0.81	0.81	-	
Mr. Algirdas Bucas	4,658,544	9.02	6.63	-	6.63

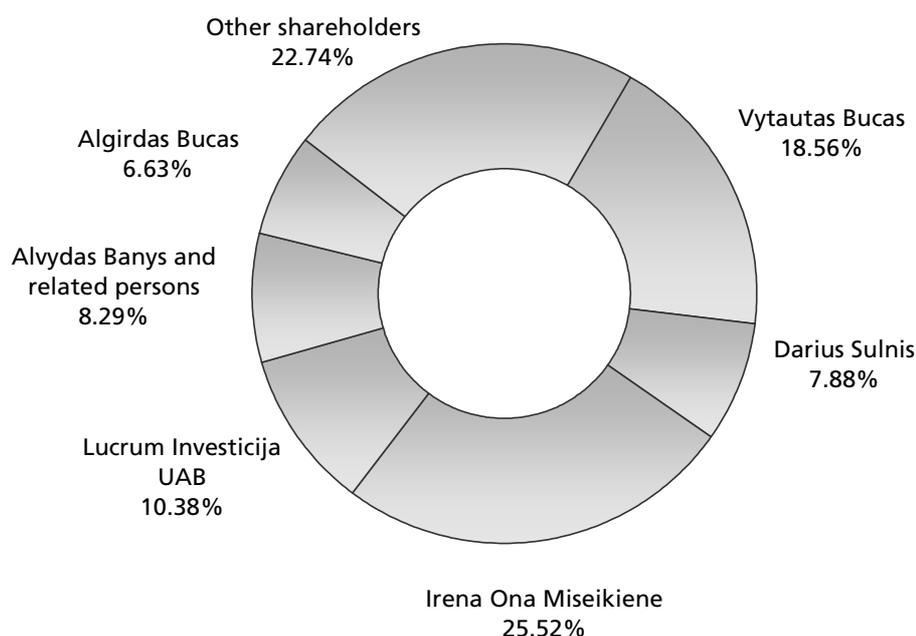


Fig. 7.1. Votes as of 31.12.2010

Table 7.2. Distribution of securities according to investors' groups

Investors	Shareholders		Share of votes given by the owned shares	
	number	part, %	amount	part, %.
Households	6.740	98,91	43.907.834	84,99
Private corporations	49	0,72	6.086.063	11,78
Financial institutions and insurance corporations	25	0,37	1.665.861	3,23
Total	6.814	100,00	51.659.758	100,00

8. Information about the Issuer's own shares

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

9. Data on trading in securities of the Issuer and its group companies in the regulated markets

9.1. Trading in securities of the Issuer

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

ISIN code	LT0000102279
Name	IVL1L
Exchange	NASDAQ OMX Vilnius
List	Baltic Main List (from 01.01.2008)
Listing date	19.12.1995
Shares issued, units	51,659,758
Nominal value, LTL	1
Total nominal value	51,659,758

Company uses no services of liquidity providers.

Table 9.1.2. Trading in Invalda AB shares

	2006	2007	2008	2009	2010
Share price, EUR					
- open	4.011	3.591	4.967	0.484	0.533
- high	4.344	5.876	5.022	1.075	2.546
- low	2.578	3.475	0.298	0.319	0.521
- average	3.360	4.576	2.743	0.565	1.130
- last	3.614	4.967	0.484	0.533	1.989
Turnover, units	3,279,888	5,085,097	4,973,647	7,273,279	6,509,830
Turnover, EUR	11,467,801	23,274,450	13,635,456	4,108,353	8,245,131
Traded volume, units	8,808	11,508	9,162	8,443	12,768

Table 9.1.3. Trading in the Company's shares, 2006–2010 (quarterly)

Reporting period	Price, EUR			Turnover, EUR			Last trading date	Total turnover	
	high	low	last	high	low	last		units	EUR
2006, 1 st Q	4.344	3.591	4.127	131,237	5,455	91,759	31-03-2006	705,443	2,820,566
2006, 2 nd Q	4.257	2.578	3.012	360,597	2,024	14,438	30-06-2006	845,884	2,826,370
2006, 3 rd Q	3.675	2.899	3.446	157,620	572	7,860	29-09-2006	506,497	1,644,945
2006, 4 th Q	3.803	3.157	3.614	765,232	6,011	15,477	29-12-2006	1,222,064	4,175,920
2007, 1 st Q	4.069	3.475	3.693	535,787	6,376	94,375	30-03-2007	1,551,078	5,962,453
2007, 2 nd Q	4.880	3.664	4.750	557,465	1,739	52,249	29-06-2007	1,384,470	5,817,286
2007, 3 rd Q	5.876	4.634	5.697	634,956	5,737	41,237	28-09-2007	1,380,783	7,505,897
2007, 4 th Q	5.706	4.643	4.967	228,316	1,541	41,421	28-12-2007	768,766	3,988,814
2008, 1 st Q	5.022	4.055	4.185	183,066	6,412	45,536	31-03-2008	616,706	2,688,970
2008, 2 nd Q	4.764	3.389	4.761	1,240,187	801	102,319	30-06-2008	1,035,248	4,051,223
2008, 3 rd Q	4.953	2.143	2.201	755,441	4,904	281,133	30-09-2008	1,342,266	4,952,848
2008, 4 th Q	2.520	0.298	0.484	302,649	1,820	7,495	30-12-2008	1,979,427	1,942,415
2009, 1 st Q	0.571	0.319	0.449	44,993	181	3,040	31-03-2009	825,996	400,801
2009, 2 nd Q	0.608	0.353	0.379	161,582	439	46,920	30-06-2009	1,907,207	836,172
2009, 3 rd Q	1.075	0.379	0.933	186,227	810	28,126	30-09-2009	2,948,823	1,884,303
2009, 4 th Q	0.933	0.501	0.533	90,785	730	16,183	30-12-2009	1,591,253	987,077
2010, 1 st Q	0.941	0.521	0.860	113,067	2,990	9,820	31-03-2010	2,227,864	1,804,818
2010, 2 nd Q	0.956	0.811	0.857	53,728	551	12,738	30-06-2010	768,037	676,519
2010, 3 rd Q	1.335	0.759	1.205	85,491	437	16,292	29-09-2010	1,197,017	1,310,740
2010, 4 th Q	2.546	1.196	1.989	267,088	5,745	17,358	30-12-2010	2,316,912	4,453,054

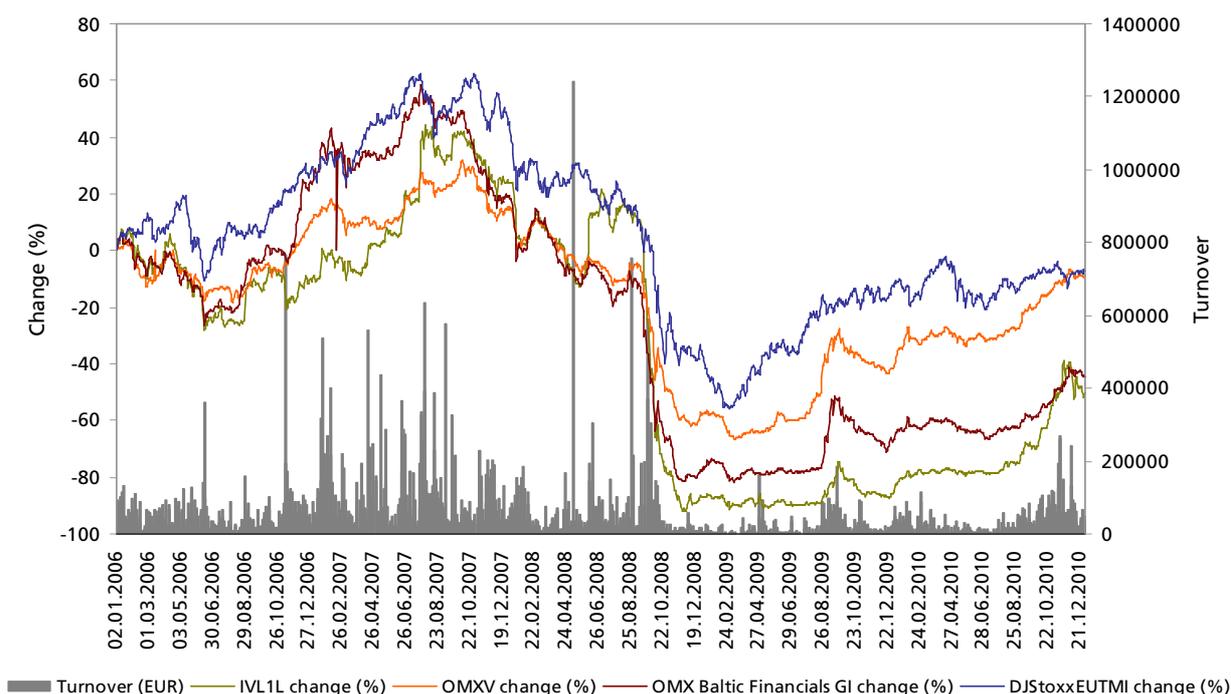


Fig. 9.1.1. Turnover of Invalda AB shares, change of share price and indexes, 2006-2010

Table 9.1.4. Capitalisation

Last trading date	Number of issued shares, units	Last price, EUR	Capitalisation, EUR
31-03-2006	41,734,662	4.127	172,238,950
30-06-2006	45,008,376	3.012	135,565,229
29-09-2006	45,008,376	3.446	155,098,864
29-12-2006	45,008,376	3.614	162,660,271
30-03-2007	45,008,376	3.693	166,215,933
29-06-2007	45,008,376	4.750	213,789,786
28-09-2007	42,568,849	5.697	242,514,733
28-12-2007	42,568,849	4.967	211,439,473
31-03-2008	42,568,849	4.185	178,150,633
30-06-2008	42,568,849	4.761	202,670,290
30-09-2008	42,568,849	2.201	93,694,037
30-12-2008	42,568,849	0.484	20,603,323
31-03-2009	42,568,849	0.449	19,113,413
30-06-2009	42,568,849	0.379	16,133,594
30-09-2009	42,568,849	0.933	39,716,736
30-12-2009	42,568,849	0.533	22,689,197
31-03-2010	51,659,758	0.860	44,427,392
30-06-2010	51,659,758	0.857	44,272,413
30-09-2010	51,659,758	1.208	62,404,988
30-12-2010	51,659,758	1.989	102,751,259

9.2. Trading in securities of the Issuer's group companies

Shares of Invalda AB group companies Sanitas AB and Vilniaus Baldai AB are admitted to trading in NASDAQ OMX Vilnius Main List.

9.2.1. Trading in shares of Sanitas AB

Table 9.2.1.1. Main characteristics of Sanitas AB shares admitted to trading

ISIN code	LT0000106171
Name	SAN1L
Exchange	NASDAQ OMX
List	Baltic Main List
Listing date	13.09.1994
Share issue, units	31,105,920
Nominal value, LTL	1
Total nominal value, LTL	31,105,920

Table 9.2.1.2. Trading in Sanitas AB shares

	2006	2007	2008	2009	2010
Share price, EUR					
- open	4.055	3.939	8.399	2.517	2.760
- high	4.924	10.542	10.122	3.331	6.024
- low	3.571	3.765	2.027	1.767	2.731
- last	3.939	8.660	2.517	2.760	5.496
Turnover, units	1,461,782	3,204,531	1,267,264	1,477,584	861,186
Turnover, mEUR	5.98	18.46	8.02	3.57	3.75
Capitalisation, mEUR	122.52	269.37	78.29	85.85	170.96

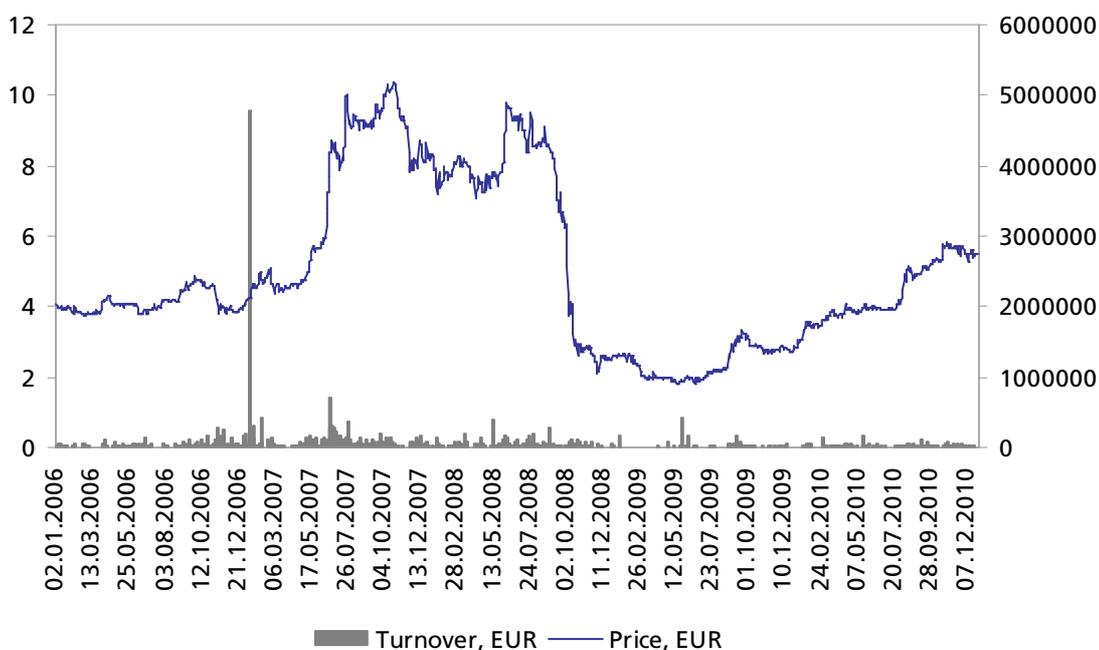


Fig. 9.2.1. Turnover and share price of Sanitas AB, 2006-2010

9.2.2. Trading in shares of Vilniaus Baldai AB

Table 9.2.2.1. Main characteristics of Vilniaus Baldai AB shares admitted to trading

ISIN code	LT0000104267
Name	VBL1L
Exchange	NASDAQ OMX Vilnius
List	Baltic Main List
Listing date	05.06.2000
Share issue, units	3,886,267
Nominal value, LTL	4
Total nominal value, LTL	15,545,068

Table 9.2.2.2. Trading in Vilniaus Baldai AB shares

	2006	2007	2008	2009	2010
Share price, EUR					
- open	10.43	5.219	6.227	3.475	2.604
- high	10.72	7.241	6.661	3.186	10.426
- low	4.92	4.932	3.360	1.741	2.462
- last	5.24	6.372	3.475	2.607	9.500
Turnover, units	204,787	297,985	160,117	136,738	206,393
Turnover, mEUR	1.42	1.70	0.83	0.32	1.22
Capitalisation, mEUR	20.37	24.76	13.51	10.13	36.92

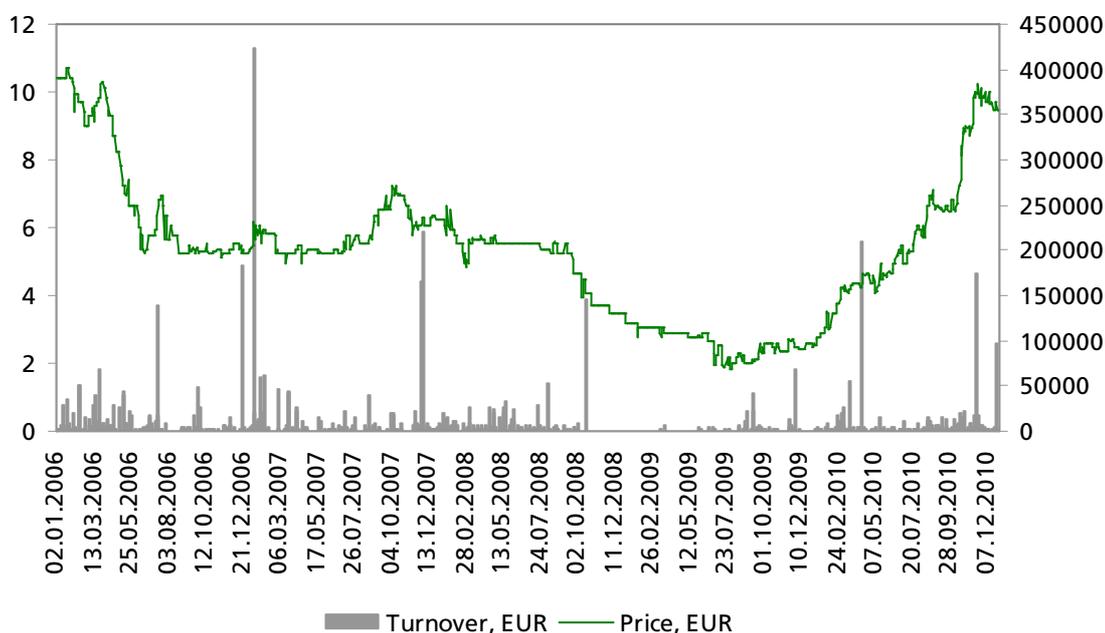


Fig. 9.2.2.1. Turnover and share price of Vilniaus Baldai AB, 2006-2010

10. Dividends

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



Persons have the right to receive dividends if they were shareholders of the Company at the end of the tenth day of the General Meeting that declared dividends.

According to the Law on Personal Income Tax and the Law on Corporate Income Tax, 20% tax (until 2009 it was 15%) is applied to the dividends. The taxes are calculated, withdrawn and transferred (to the State) by the Company¹.

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

Dividends for 2008 and 2009 were not allocated.

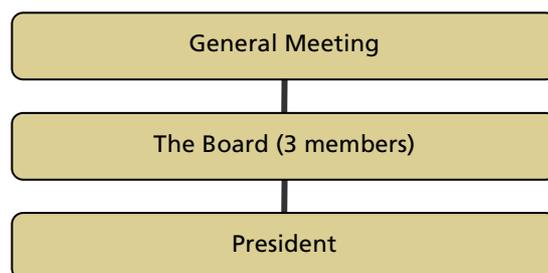
Table 10.1. Dividends

	Financial year				
	2006	2007	2008	2009	2010
Ordinary shareholder's meeting date	11.05.2007	30.04.2008	30.04.2009	30.04.2010	29-04-2011
Total sum of dividends, LTL	11,252,094	12,770,655	-	-	-
Dividends per share, LTL	0.25	0.30	-	-	-
Net dividends per share (15% of Personal Income tax or Corporate Income tax is withdrawn), LTL	0.2125	0.255	-	-	-
Share of nominal value, %	25	30	-	-	-
Dividend yield (dividend per share / share price for the last day of the period), %	2.0	1.7	-	-	-
Dividend payment rate (total sum of the dividends / net profit)	0.39	0.15	-	-	-

III. ISSUER'S MANAGING BODIES

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

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



11.1. General Meeting

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

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

¹This information should not be treated as tax consultation.

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

The General Meeting shall have the exclusive right to:

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

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

11.2. The Board

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

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

The General Meeting may remove from office the entire Board or its individual members before the expiry of their term of office. A member of the Board may resign from office prior to the expiry of his term of office upon giving a written notice thereof to the company at least 14 days in advance.

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

The Board shall consider and approve:

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

The Board shall elect and remove from office the Manager of the company, fix his salary and set other terms of the employment contract, approve his job description, provide incentives for and impose penalties against him. The Board shall be responsible for the effective supervision of the activities of the Manager of the company.

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

The Board shall take the following decisions:

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

Before adopting the decision on investment of funds or other assets in another legal entity, the Board must notify thereof the creditors wherewith the company failed to settle within the prescribed time limit, if the aggregate amount of arrears to these creditors to these creditors exceeds 1/20 of the authorised capital of the company.

The Board shall analyse and evaluate the information submitted by the Manager of the company on:

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

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

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

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

11.3. The President

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

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

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

The President shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion. The President may conclude the transactions to invest, dispose of or lease the fixed assets the book



value whereof exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction), to pledge or mortgage the fixed assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions), to offer surety or guarantee for the discharge of obligations of third parties the amount whereof exceeds 1/20 of the authorised capital of the Company, to acquire the fixed assets the price whereof exceeds 1/20 of the authorised capital of the Company, provided there is a decision of the Board to enter into these transactions.

The President shall be responsible for:

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

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

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

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

12.1. Information about the Board Members and CFO

Information about the management of the Company:



Chairman of the Board
Vytautas Bucas (1968)

Educational background and qualifications

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

Job experience

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

Owned amount of Invalda AB shares

9,585,803 units of shares and votes

Participation in other companies

Name of the company or organization	Duties	Start date
Invalda AB	Chairman of the Board	Since 05 2007
Tiltra Group AB	Member of the Supervisory Board	Since 06 2008
Invaldos Nekilnojamo Turto Fondas AB	Chairman of the Board	Since 06 2007
Vilniaus Baldai AB	Chairman of the Board	Since 04 2007
Invalda Service UAB	Board member	Since 03 2010
BAIP Group UAB	Chairman of the Board	Since 12 2010



Member of the Board,
president
Darius Sulnis (1971)

Educational background and qualifications

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

Job experience

Since 2006 president, member of the Board, Invalda AB
2002–2006 director, Invalda Nekilnojamojo Turto Valdymas UAB
1994–2002 director, FBC Finasta AB

Owned amount of Invalda AB shares

2,945,500 units of shares, 4,071,762 units of votes (1,126,262 votes are left to Darius Sulnis after the shares were transferred)

Participation in other companies

Name of the company or organization	Duties	Start date
Invalda AB	Board member	Since 02 2006
Tiltra Group AB	Supervisory board member	Since 06 2008
Invaldos Nekilnojamo Turto Fondas AB	Board member	Since 06 2007
Umega AB	Board member	Since 04 2007
Vilniaus Baldai AB	Board member	Since 04 2007
Sanitas AB	Board member	Since 05 2006
Burusala SIA	Chairman of the supervisory board	Since 05 2006
DOMMO SIA	Chairman of the supervisory board	Since 12 2005

Owned shares and votes of other companies:

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



Board member
Dalius Kazius (1976)

Educational background and qualifications

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

Job experience

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

Owned amount of Invalda AB shares

213,294 units of shares and votes

Participation in other companies

Name of the company or organization	Duties	Start date
Invalda AB	Board member	Since 07 2008
Ineturas UAB	Board member	Since 10 2009
Invalda Service UAB	Board member	Since 03 2010
Vilniaus Baldai AB	Board member	Since 05 2010
Kelio Zenklai UAB	Board member	Since 05 2010
BAIP Group UAB	Board member	Since 05 2010
Invetex AB	Board member	Since 07 2010



CFO
Raimondas Rajeckas (1977)

Educational background

2001, Vilnius University, Faculty of Economics

Job experience

Since 2006 CFO, Invalda AB
 2001-2006 CFO, Valmeda AB
 2000–2001 CFO, Galincius AB
 2000–2001 CFO, Invaldos Marketingas UAB (current name Invaldos Nekilnojamojo Turto Valdymas UAB)
 2000–2002 accountant, Gildeta AB
 1998–2000 accountant, Invalda AB

Owned amount of Invalda AB shares

1,200 units of shares and votes

Participation in other companies

Aktyvo UAB, director
 Investiciju Tinklas UAB, director
 FORTINA UAB, director
 Aktyvus Valdymas UAB, director
 Finansu Rizikos Valdymas UAB, director
 Iniciatyvos Fondas, director
 MBGK UAB, director
 MGK Invest UAB, director
 Rovelija UAB, director
 RPNG UAB, director
 Regenus UAB, director
 Rizikos Kapitalas UAB, director
 Consult Invalda UAB, director
 Invetex AB, Chairman of the Board

12.2. Information about the Audit Committee of the Company

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

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

The Audit Committee members Tomas Bubinas and Danute Kadanaite were reelected at the ordinary General Meeting of Invalda held on April 30, 2010. Tomas Bubinas, independent Audit Committee member of Invalda AB, resigned from August 23, 2010, due to the work abroad. A position of the resigned member of the Audit Committee was left vacant till the General Shareholders Meeting elects new member.

Information about the member of the Audit Committee:

Danute Kadanaite

Educational background

2004 – 2006, Mykolas Romeris university, faculty of Law;
 2000 – 2004, Law university, faculty of Public administration;
 1997, International school of management;

Job experience

Since 2009 Legisperitus UAB, lawyer
 2002 - 2009 FBC Finasta, lawyer;
 1999 – 2002 office of lawyer Arturas Sukevicius, administrator;
 1994 – 1999 FBC Apyvarta, law consultant

Owned amount of Invalda AB shares

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

The remunerations to the Management members who are directly elected by the General Meeting of shareholders and who have concluded employment contracts with the Company are only fixed. The Company doesn't have a policy concerning payment of a variable portion of the remuneration to the Management members.

A fixed portion of the remuneration is determined in the employment contracts. All members of the Board are Company's employees, and remuneration to them is paid as for the Company's employees.

During 2010 the Board members didn't receive dividends from the Company; there were no assets transferred, no guarantees granted, no bonuses paid, and no special payouts made for the Company's managers.

Table 13.1. Information about calculated remuneration to Invalda AB managers for 2010

	Calculated remuneration, tLTL	
	2009	2010
For members of the Board	741	674
For each member of the Board (average per month)	22	20
For members of administration (President and CFO)	323	298
For each member of administration (average per month)	14	13

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

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

14.1. Goals, philosophy and management principles

What is Invalda AB?

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

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

Currently, major part of Invalda Group assets is concentrated in Poland and Lithuania, and key entities operate in the pharmaceuticals, road and bridge construction, furniture manufacturing, real estate, facilities management, and information technology (IT) infrastructure sectors.

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

Investment philosophy

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

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

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

Management principles

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

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

14.2. Operational environment

A record decline in Lithuanian economy, which was fixed in 2009, changed to a slow growth in 2010. The gross domestic product (GDP) grew 1.3 percent. The similar growth was also fixed in the neighbouring countries - Latvia and Estonia. Poland, where contrary to the most European countries economic recession was not recorded, continued to grow, but now it was slower than in Germany - the biggest economies of the EU members.

Adoption of the euro in Estonia was one of the most important economic events in the Baltic Countries.

Table 14.2.1. The forecast for GDP change (percent)

	Annual real GDP change (percent)			
	2009	Forecast for 2010	Forecast for 2011	Forecast for 2012
World	-0.6	5.0	4.5	4.6
USA	-2.6	2.9	3.6	4.0
Eurozone	-4.0	1.7	1.9	1.8
Japan	-6.3	4.0	1.6	1.6
Germany	-4.7	3.6	3.1	2.5
UK	-4.9	1.4	1.5	2.5
China	9.2	10.3	9.5	8.5
Poland	3.5	2.7	3.3	3.0
Russia	-7.9	4.0	4.6	5.0
Ukraine	-15.1	4.5	4.6	4.4
Baltic Countries	-15.6	1.2	4.1	4.7
Lithuania	-14.7	1.3	4.0	4.5

Source: SEB Group's publication "Nordic Outlook", February 2011, OECD, Department of Statistics

Economic growth in the Baltic Countries has been based on the export recovery, while domestic demand remained weak and businesses, oriented to the local market, had to continue reducing costs significantly, lay off workers and find other reserves of activities' efficiency.

In 2010, banks' loan portfolios in the Baltic Countries were thinning, and the new projects have been financed with a great care. The focus has been placed on the administration and the restructuring of the already given loans (and in some cases - on the mortgage property takeover).

When the funding sources reduced, and views of buyers and sellers on corporate values diverged, transactions market was not very active in Lithuania. Some signs of a recovery were seen only at the end of 2010. In Poland, where the main companies of Invalda Group operate, the situation in the area of mergers was a lot livelier.

14.3. Significant events and tasks accomplished in 2010

The Company

- **After conversion of 50 m LTL bonds issue, 9 090 909 ordinary registered shares of Invalda were issued.** On 9 February, 2010 the Central Securities Depository of Lithuania registered new issue of shares, which was added to the existing issue of Invalda shares. The share capital of the company was increased till 51 659 758 LTL. From the moment of addition, newly issued shares of Invalda AB are included into the NASDAQ OMX Vilnius Baltic Main list.
- **New bonds were issued and the maturity date of a previously issued bonds was extended.** On 4 February, 2010 the Central Securities Depository of Lithuania registered a non-public 7.44 m LTL (2.15 m EUR) nominal value convertible bonds, ISIN code LT0000410193. The maturity date of bonds – 1 July, 2012. They were issued according to the decision of the shareholders meeting held on 30 January, 2010. According to the decision of the same shareholders meeting, the conditions of 25 m LTL (7.24 m EUR) nominal value convertible bonds, ISIN code LT0000401812, issued on 14 November, 2008 were changed. The maturity date of bonds was extended to July 1, 2012.
- **It was agreed on restructuring of short-terms loans into long-terms.** DnB NORD bank loan repayment period extended to 30 June, 2012. The balance of the loan for 31 December, 2010 was 94.4 m LTL.
- **For the new 4 (four) years term of office the Board and the Audit Committee members were reelected.** At the shareholders meeting, that was held on 30 April, 2010, Vytautas Bucas, Darius Sulnis and Dalius Kaziunas were reelected to the Board of Invalda for the 4 years term of office. For the same term Danute Kadanaite and Tomas Bubinas (as an independent member) were reelected to the Audit committee. Tomas Bubinas, independent Audit Committee member of Invalda AB, resigned from 23 August, 2010, due to the work abroad. A position of the resigned member of the Audit Committee left vacant till the General Shareholders Meeting elects new member.
- **The Group employees' stock options policy was approved.** According to the results of the Group and individual companies in 2010 and 2011, the Board of Invalda will be able to give employees the right to acquire up to 1 percent of the current share capital of the company. The price of the new shares issue is 5.5 LTL. The specific number of shares, and employees who are entitled to subscribe the shares, will be approved by the Board of Invalda.
- **An audit company was elected.** Shareholders of Invalda at the general shareholders meeting, which was held on August 6, elected an audit company PricewaterhouseCoopers for the audit of annual financial statements for the financial years 2010-2011. This company has already audited Invalda in 2009.
- **The biggest businesses were profitable and achieved their goals.** The main Invalda Group's businesses were profitable and generated positive cash flows. Previously completed reforms helped to achieve these goals.
- **The focus was on adding value to the existing businesses; the accomplished transactions were not significant.** In 2010 Invalda largely focused on increasing value of already existing businesses. Completed transactions were small – a company Priemiestis, which manages dwelling-houses, was acquired during a privatization for 2.25 m LTL; the shares of Agrowill Group were sold.

The Group

Pharmacy sector

In the pharmaceutical sector Invalda has invested in a specialised pharmaceutical company Sanitas, which supplies doctors and patients with a high-quality generic prescription and consumer medicines in a fast growing Central and Eastern European markets, as well as in Russia. The focus therapy areas of Sanitas Group, which owns Polish company Jelfa, are:

- Dermatology: skin disorders and the promotion of healthy skin, including derma-cosmetics.
- Hospital: injection drugs for acute treatment in a hospital environment.
- Metabolism: treatment of alimentary tract disorders and non-insulin formulations in the management and treatment of diabetes.
- Ophthalmology: eye care and healthy sight.
- Urology: prostate and age-related disorders.
- OTC: vitamins and other health supplements.

Sanitas Group has more than 250 experienced medical representatives.

Sanitas Group's sales of own products in a major markets are provided in a table 14.3.1.

SANITAS
GROUP

Jelfa

Homeofarm

sanitas
PHARMA

Table 14.3.1. Sanitas Group's sales of own products in major markets

m LTL	2008	2009	2010
Poland	212,361	150,439	173,200
Russia	44,082	47,162	54,061
Lithuania	17,186	13,054	14,612
Ukraine	6,184	7,997	9,973
Czech Republic	4,232	6,588	7,532
Slovakia	2,661	5,373	6,125
Hungary	4,528	3,513	3,157
Other countries	18,992	17,565	19,658
Total	310,226	251,691	288,318

Sales growth in the Polish market was determined by both better structure of resources, which ensured timely supply of products to the market, and sales of new products. Increase was fixed in all categories, but the most distinctive one was the growth of the central nervous system, dermatological and ophthalmic medicines sales. In the Russian market sales of dermatological medicines and products for hospitals contributed to the 2010 sales growth.

In 2010, by registration of new medicines, the focus areas remained the same - dermatological, ophthalmological, diabetic, urological, injection medicines. In order to strengthen its position in these therapeutic areas, four medicines files were completed in the laboratory of Sanitas Group. Furthermore, the new four medicines files were obtained from outside. In 2010, Sanitas Group received 160 approvals for the marketing empowerment (in 2009 – 108 approvals, in 2008 – 28 approvals).

In the middle of 2010, in order to concentrate on the own products sales, Sanitas sold the toll manufacturing business HBM Pharma s.r.o. located in Martin (Slovakia). Marketing, sales and medicines registration departments located in Bratislava and Prague were separated from HBM and transferred to the newly created HBM subsidiary Sanitas Pharma, which was acquired by Jelfa. The funds, received after transaction value of 45.461 m LTL, were used to reduce the financial liabilities and to develop the Sanitas Group's business.

Table 14.3.2 Results of the pharmaceutical sector

m LTL	2008	2009	2010
Sales	382.5	322.7	339.4
Net result	(1.9)	17.8	53.3
Part of net result attributable to the shareholders of Invalda	0	4.7	14.1
Capitalisation	270.31	296.44	590.28

Sanitas' shares are listed on the NASDAQ OMX Vilnius Stock Exchange, so more information about the company's activities is available in a public reports.

Road and bridge construction sector

Investments in the road and bridge construction sector include ownership stakes in Kauno Tiltai AB (43.36 %) and Tiltra Group AB (44.78 %).

These companies the largest part of revenues receive' in Poland, where in the south-east part of the country operating Poldim Group and companies operating in Bialystok are controlled. In 2010, Poldim's stake of 30 percent was acquired and increased to 100 percent. Tiltra PDM Bialystok stake increased up to 95 percent.

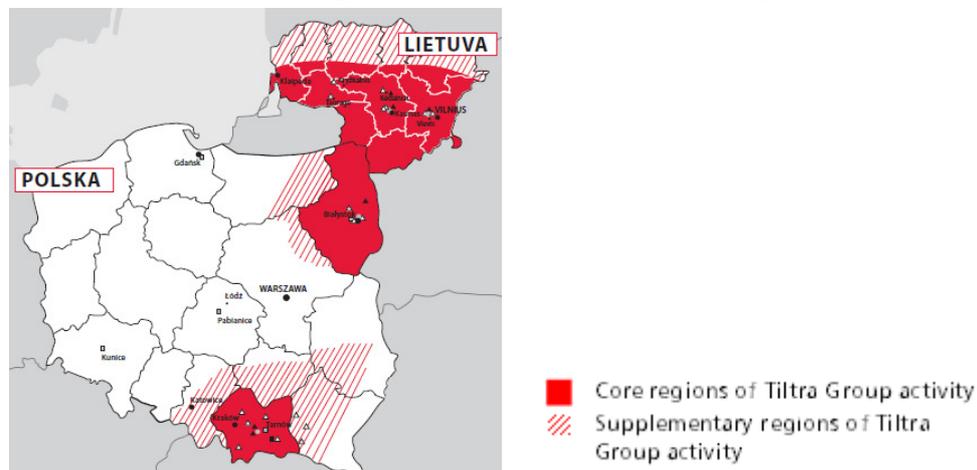
In November 2010, an agreement for the merger of this sector and the Polish railway infrastructure construction market leader Trakcja Polska S.A. was signed. Shares of Trakcja Polska S.A. are listed on the Warsaw Stock Exchange. The total transaction value was 777.536 m PLN, in which the part of Invalda was 314 m PLN. However, the transaction was not closed by the term set in the agreement - 31 March, 2011. Therefore the agreement has expired.



Table 14.3.3. Results of the road and bridge construction sector

m LTL	2008	2009	2010
Part of net result attributable to the shareholders of Invalda	18.7	13.3	11.4

Picture 14.3.1. Road and bridge construction companies' activity regions



Real estate sector

In 2010 in a commercial real estate sector of Lithuania a limited number of new modern offices were build. This is due to the decreased bank speculative projects' financing and also the fact that a supply has increased significantly in 2007-2009 and the market needed time to absorb the proposed area. It was calculated that A-class offices' occupancy in Vilnius was 94-95 percent and the B-class - about 90 percent at the end of 2010. Due to the fact that potential buyers were mostly searching for high-yield objects, while prospective sellers were redundant to sell objects if rental cash flow was higher than the amount needed to cover bank loans, there were no significant commercial real estate deals in 2010, as in 2009, in Lithuania.

Whereas, a moderate price decline was fixed in the residential real estate segment. The decline was caused by the tightening of banking financing conditions, reduced residents' income and increased unemployment in 2010.

Invalda Group companies did not enter in any major sales of commercial real estate objects in 2010. The main work has been carried out to ensure a stable rental income. Also the expenses were strictly controlled. It was withdrawn from projects further participation in which became economically unreasonable. Real estate sector achieved the main goal – to generate positive cash flows.

Seeking to expand facilities management services, a company Priemiestis, maintaining apartment houses in Naujoji Vilnia, a district of Vilnius, was acquired from Vilnius City Municipality during a privatization for 2.25 m LTL.



Table 14.3.4. Results of the real estate sector

m LTL	2008	2009	2010
Value of the real estate*	325.1	251.5	248.4
Loans from credit institutions*	159.6	145.2	144.0
Rent income	24.2	20.2	17.4
Valuation gain (loss)	(42.6)	(72.3)	1.2
Companies' sale result, allowance and other non-monetary items	(29.0)	(42.4)	4.0
Net result	(98.1)	(116.7)	3.4

* Excluding investments that were sold in 2010.

Furniture manufacturing sector

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



The main results of Inter IKEA Systems B.V., the owner and franchisor of IKEA, are presented in the table 14.3.5.

Table 14.3.5 Main results of IKEA

	2008	2009	2010
Turnover of all IKEA stores, b EUR	22.5	22.7	23.8
The number of IKEA stores visitors, m	632	660	699
The number of IKEA stories	285	301	316

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

In 2010 Vilniaus Baldai showed the best revenue and net profit results in the company's history. These results were determined by growing IKEA sales, continuing focusing on a cost reduction and on a productivity increase. In 2010 a lot of attention was given for business management and accounting systems development.

The range of produced goods was expanded - the company started to produce shoe box, wall mirror, racking. In 2011 Vilniaus Baldai expects to grow together with IKEA. Due to the rising prices of raw materials, the margins might decrease. The company will attempt to compensate this by sales volume growth and further improvement of manufacturing.

Table 14.3.6. Results of the furniture manufacturing sector

m LTL	2008	2009	2010
Sales	137.5	149	197.2
Net result	7.6	15.6	27.9
Capitalisation	46.64	34.98	127.48

IT sector

BAIP, the largest IT sector company in Invalda group, concentrates on major clients of public and private sector.

In 2010 BAIP Group actively worked in banking and financial enterprises sector by delivering equipment supply, data migration, IT infrastructure design and maintenance services in this way supporting a smooth system performance and protection of important data.

The companies of BAIP Group had active development abroad: various IT projects and social initiatives have been implemented in the Baltic States, Balkan countries, Georgia, Belarus, Liberia etc.

In developing industry and economy digitizing initiative, BAIP Group strengthened collaboration among scientists, research centres and higher education institutions.

The main IT service fields and initiatives in 2010 were:

- 1) Supercomputer design, which requires deep expertise and specific knowledge in this field;
- 2) Maintenance of critical IT infrastructure (CIMF); this is a special method created by BAIP and used to deliver services for the largest Lithuanian companies – IT users – by maintaining the most important and critical IT infrastructure of a client.



Group and BAIP changed their names and logos (before that BAIP Group was called Positor and BAIP – Baltic Amadeus Infrastruktūros Paslaugos). This change was a planned action by which one of the provisions of the

company acquisition was implemented, according to which the company was obliged within a defined period of time to change its name and logo. In 2007, Baltic Amadeus UAB detached its infrastructure business into a separate company called Baltic Amadeus Infrastruktūros Paslaugos UAB and sold it to Positor Group.

Table 14.3.7. IT sector

m LTL	2008	2009	2010
Sales	29.1	25.5	27.7
Net result before amortization and stock options payments	0	(0.2)	0.8
Net result	(1.1)	(1.6)	(0.6)
Net result attributable to the shareholders of Invalda	(1.1)	(1.1)	(0.5)

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

Other companies

Other larger companies, where Invalda has holdings, finished 2010 with a loss, but increased their sales.



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

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

Table 15.1.1. Income, 2008–2010, tLTL

	Company's			Group's		
	2008	2009	2010	2008	2009	2010
Sales income	-	-	-	309 434	217 322	268 027
- real estate	-	-	-	131 012	37 041	36 433
- furniture manufacturing	-	-	-	137 523	148 966	197 214
- information technology	-	-	-	29 116	25 536	27 685
- other companies	-	-	-	15 641	6 651	7 594
- elimination	-	-	-	-3 858	-872	-899
Gain (loss) from investments	77 270	-11 659	- 14 676	18 457	2 456	10 864
Other income	34 340	21 476	8 397	14 505	4 012	4 486
- interest income	13 836	12 469	8 030	5 877	2 149	1 822
- dividend income	20 478	9 000	300	4 959	-	-
- other income	26	7	67	3 669	1 863	2 664
Valuation gain (loss) from investment property	-	-	-	-43 707	-72 358	1 236

In Invalda group road and bridge construction as well as pharmaceutical companies are the biggest in terms of revenue but in 15.1.1. table they are not provided, whereas investments in these companies are accounted under the equity method and revenue isn't consolidated.

Table 15.1.2. Main items of financial statements, tLTL

	Company's			Group's		
	31.12.2008	31.12.2009	31.12.2010	31.12.2008	31.12.2009	31.12.2010
Non current assets	406 027	225 027	205 908	667 312	495 412	426 760
Current assets	127 222	81 789	76 102	215 134	114 691	98 428
Assets classified as held for sale*	-	-	25 004	-	-	72 075
Equity	168 134	46 336	85 865	177 690	91 710	200 051
Equity attributable to equity holders of the parent company	168 134	46 336	85 865	167 985	78 669	175 132
Minority interest	-	-	-	9 705	13 041	24 919
Non-current liabilities	81 995	4 061	126 790	131 319	44 332	176 462
Current liabilities	283 120	256 419	94 359	573 437	474 061	220 750
Result before taxes	1 410	-125 050	-11 661	-94 723	-120 845	41 156
Net result	1 594	-121 798	-10 471	-91 553	-85 653	52 464
Net result attributable to holders of the parent company	-	-	-	-90 140	-88 596	42 450

* it is described more in the notes to the annual financial statements (note No. 7)

Table 15.1.3. Equity and liabilities

Invalda AB, m LTL	2008	2009	2010
Equity	168.1	46.3	85.9
Liabilities to financial institutions	183.3	147.4	138.7
From this long term	0	0	94.3
Liabilities to group companies	70.8	19.8	46.6
Bonds	75.6	83.1	32.4
Other liabilities	35.4	10.2	3.5
Total liabilities	365.1	260.5	221.1
Total Equity and Liabilities	533.2	306.8	307.0

Table 15.1.4. Financial ratios

	Company's			Group's		
	2008	2009	2010	2008	2009	2010
Return on Equity (ROE), %	0.92	-113.58	-15.84	-38.96	-71.84	33.45
Debt ratio	0.68	0.85	0.72	0.80	0.85	0.67
Debt – Equity ratio	2.17	5.62	2.58	3.97	5.65	1.99
Liquidity ratio	0.45	0.32	1.07	0.38	0.24	0.77
Earning per share (EPS), LTL	0.04	-2.86	-0.21	-2.12	-2.08	0.84
Price Earning ratio (P/E)	44.60	Negative	Negative	Negative	Negative	8.22

15.2. Employees

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

The collective agreement is not signed in the Company. There are no special employees' rights and duties described in the employment agreements.

There are no agreements of the Company and the members of the Board, or the employees' agreements providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the Company.

Average number of employees in 2010 was 13 (2009 - 12). The education of all Company's employees is university education.

Table 15.2. Number of employees and average monthly salary

	Measuring units	2008	2009	2010
Total amount of employees as of the end of the period	person	11	14	12
- managers	person	4	4	4
- specialists	person	7	10	8
Average monthly salary (calculated for)	LTL	10 898	10 217	8 961
- managers	LTL	17 336	18 202	16 677
- specialists	LTL	8 398	5 977	5 482

The number of employees of Invalda AB and its subsidiaries on 31.12.2010 amounted to 806 (on 31.12.2009 equaled to 701). The number of group employees increased mainly due to the acquisition of a company Priemiestis.

15.3. Environment matters

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

In 2010 group company Sanitas made more efforts to lessen the amount of used water. The use of underwater (15,000 m³) in 2010 decreased in comparison to 2009 (17,000 m³) and 2008 (50,000 m³). Also more attention was paid for assortment of waste – 18 tons of waste were assorted and given for secondary use.

Other group company Vilniaus Baldai pays a lot of attention to decreasing energy consumption. In 2010 for 1 LTL of produced goods it was used 0.075 kWh of electricity (in 2009 – 0.09 kWh, in 2008 – 0.14 kWh).

In Lithuania Tiltru Group companies introduced rain water purification and water heating systems that will enable each year an additional 4 t/m contaminants clean, save 1 000 m³/m water and 2 000 kWh/m electricity. Also it was fixed bitumen waste contaminated soil, found during the construction of roundabout Jakai, a total of 100.94 tons.

16. Risk management

16.1. A description of the principal risks and uncertainties

Business risks

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

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

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

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

We may not realize gains from our equity investments. The equity interests we invest in may not appreciate in value and, in fact, may decline in value.

Our ability to use our capital loss carry forwards may be subject to limitations.

Changes in the law or regulations that govern us could have a material impact on our business. Change in taxes and change in regulation of sectors, which are dependent on governmental funding or are regulated by the government, could have negative consequences on our business.

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

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

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

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

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

Investment risk

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

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

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

16.2. Information about the extent of risk and its management in the company

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

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

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

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

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

Companies of Invalda group perform various researches, prepare improvements of products or services, and implement innovations. For example Sanitas AB and its subsidiaries concentrate on Research and Development of dermatology, ophthalmology, diabetology, urology, and hospital injectables. Kauno Tiltai has a modern laboratory where the works of designing and testing of road pavement are performed.

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

On 18 November 2010 Invalda AB, the Tiltra Group AB and AB Kauno Tiltai (further – Tiltra Group) and their shareholders, and Polish company Trakcja Polska S. A. and Comsa Emte group (Spain) entered into Agreement regarding merger of activities of Trakcja Polska and Tiltra Group. As announced earlier, the Agreement shall expire in the event no transaction completion has occurred on or prior to 31 March 2011. As the transaction was not closed by this date, the above-mentioned Agreement has expired.

19. Information on the related parties' transactions

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

20. Activity plans and forecasts

Invalda AB will continue implementing the long term goal to increase shareholders' equity and value of managed assets. Moreover, Invalda will seek to ensure profitable work and organic development of its businesses. Attention will further be paid to the capital structure of Invalda. Also the company will strive to use the existing and newly arising investment possibilities.

V. OTHER INFORMATION

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

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

22. Information on audit

The audit of annual financial statements and consolidated financial statement of Invalda AB for 2010 was performed PricewaterhouseCoopers UAB.

Information about the audit firm:

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

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

23. Data on the publicly disclosed information

The information publicly disclosed of Invalda AB during 2010 is presented on the Company's website www.invalda.lt.

Table 23.1. Summary of publicly disclosed information

Date of disclosure	Brief description of disclosed information
08.01.2010	Draft resolutions of the General Shareholders Meeting of Invalda AB
08.01.2010	Convocation of Invalda AB Extraordinary General Shareholders Meeting
15.01.2010	Notification on transaction concluded by manager of the company
30.01.2010	Regarding conversion of 50 mln. LTL Invalda AB bonds
30.01.2010	Resolutions of the General Shareholders Meeting of Invalda AB
03.02.2010	After conversion of 50 mln. LTL bonds issue new by-laws of Invalda AB were registered
09.02.2010	Notifications of Invalda AB on the disposal and acquisition of voting rights
09.02.2010	Regarding stock issues of Invalda AB
22.02.2010	Invitation to the Conference of Invalda AB
26.02.2010	Preliminary results of Invalda AB group for 12 months of 2009
09.04.2010	Draft resolutions of the General Shareholders Meeting of Invalda AB
09.04.2010	Convocation of Invalda AB Ordinary General Shareholders Meeting
09.04.2010	Annual information of Invalda AB for 2009
30.04.2010	Resolutions of the Ordinary General Shareholders Meeting of Invalda AB
31.05.2010	Results of Invalda AB group for 3 months of 2010
28.06.2010	Notification on transaction concluded by manager of the company
02.07.2010	Notification of Invalda AB on the acquisition of voting rights
16.07.2010	Draft resolutions of the General Shareholders Meeting of Invalda AB
16.07.2010	Convocation of Invalda AB Extraordinary General Shareholders Meeting
06.08.2010	Resolutions of the Extraordinary General Shareholders Meeting of Invalda
10.08.2010	On resignation of Invalda AB Audit Committee member
12.08.2010	Notification on transaction concluded by the manager of the company
31.08.2010	Results of Invalda AB group for 6 months of 2010
18.11.2010	Invalda will be the second largest shareholder in Trakcja Tiltra
30.11.2010	Results of Invalda AB group for 9 months of 2010
01.12.2010	Annex to the agreement regarding merger of activities of Trakcja Polska and Tiltra Group was signed
22.12.2010	Annex to the agreement regarding merger of activities of Trakcja Polska and Tiltra Group was signed

Table 23.2. Summary of the notifications on transactions in Invalda AB shares concluded by Managers of the Company during 2010

Date	Person	Number of shares	Share price, LTL	Total value of transaction, LTL	Form of transaction	Type of transaction	Placement of transaction
11.01.2010	Lucrum investicija UAB	153,067	15.00	2,296,005.00	acquisition	return of loaned securities	XOFF
22.06.2010	Darius Sulnis	384,561	3.00	1,153,683.00	transfer	securities lending	XOFF
22.06.2010	Lucrum investicija UAB	862,372	0.00	0.00	acquisition	other (undertaking of repurchase agreement)	XOFF
22.06.2010	Lucrum investicija UAB	1,015,439	3.00	3,046,317.00	transfer	securities lending	XOFF
10.08.2010	Lucrum investicija UAB	315,000	2.26	711,900.00	acquisition	return of loaned securities	XOFF
10.08.2010	Lucrum investicija UAB	315,000	3.50	1,102,500.00	transfer	securities lending	XOFF
10.08.2010	Darius Sulnis	85,000	2.26	192,100.00	acquisition	return of loaned securities	XOFF
10.08.2010	Darius Sulnis	600,000	3.37	2,022,000.00	acquisition	return of loaned securities	XOFF
10.08.2010	Darius Sulnis	685,000	3.50	2,397,500.00	transfer	securities lending	XOFF

Explanations:

XOFF – OTC trade.

Managers of the Company and closely related persons:

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

APPENDIX 1. INFORMATION ABOUT GROUP COMPANIES, THEIR CONTACT DETAILS

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Invalda Nekilnojamojo Turto Valdymas UAB	Code 222894170 Address A.Juozapaviciaus str. 7, Vilnius, Lithuania Legal form – private limited liability company Registration date 22.12.1994	real estate management and administration, development of investment projects	Telephone +370 5 273 0944 Fax +370 5 273 3065 E-mail info@invaldaNT.lt www.invaldant.lt
Inreal UAB	Code 300576166 Address A.Juozapaviciaus str. 7, Vilnius, Lithuania Legal form – private limited liability company Registration date 14.06.2006	real estate brokerage and valuation services	Telephone +370 5 273 0000 Fax +370 5 273 0858 E-mail info@inreal.lt www.inreal.lt
Invalda Service UAB	Code 126180446 Address Seimyniskiu str. 3, Vilnius, Lithuania Legal form – private limited liability company Registration date 25.03.2003	facilities management	Telephone +370 5 273 6565 Fax +370 5 273 6667 E-mail info@inservice.lt www.inservice.lt
Invaldos Nekilnojamojo Turto Fondas AB	Code 152105644 Registration address A. Juozapaviciaus str. 6/2, Vilnius, Lithuania Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – public limited liability company Registration date 28.01.1997	Investments into real estate	Telephone +370 5 279 0614 Fax +370 5 273 3065 E-mail intf@intf.lt
INTF investicija UAB	Code 300643227 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 02.02.2007	real estate operations	Telephone +370 5 279 0614 Fax +370 5 273 3065
DOMMO Nerija UAB	Code 300516742 Registration address Smiltynes str. 25, Klaipeda, Lithuania Residence address S. Simkaus str. 8, Klaipeda, Lithuania Legal form – private limited liability company Registration date 21.12.2005	real estate operations	Telephone +370 46 276 691 Fax +370 46 314 316
Ineturas UAB	Code 126075527 Registration address A. Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 30.10.2002	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Naujoji Svava UAB	Code 125235345 Registration address Seimyniskiu str. 3, Vilnius, Lithuania Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 12.04.2000	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065
Traku Kelias UAB	Code 124928371 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 31.05.1999	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065
Rieses Investicija UAB	Code 300606428 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 11.10.2006	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065
IBC Logistika UAB	Code 300016395 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 07.04.2004	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065
Ekotra UAB	Code 300040019 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address K. Donelaicio str. 33-323, Kaunas, Lithuania Legal form – private limited liability company Registration date 21.07.2004	purchase, sale and rent of land	Telephone +370 37 202 120 Fax +370 37 321 132
Simtamargis UAB	Code 300593984 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address K. Donelaicio str. 33-323, Kaunas, Lithuania Legal form – private limited liability company Registration date 29.08.2006	purchase, sale and rent of land	Telephone +370 37 202 120 Fax +370 37 321 132

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Laikinosios Sostines Projektai UAB	Code 300543732 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 01.03.2006	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065
Dizaino Institutas UAB	Code 122288385 Registration address A.Juozapaviciaus str. 11, Vilnius Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 29.12.1993	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065
Aikstentis UAB	Code 126412617 Registration address Seimyniskiu str. 1A, Vilnius Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 23.12.2003	real estate operations	Telephone +370 5 279 0614 Fax +370 5 273 3065
Wembley – Neringa UAB	Code 110013029 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 28.05.1991	carries no activity	Telephone +370 5 273 0944 Fax +370 5 273 3065
Elniakampio Namai UAB	Code 300667160 Registration address Kalvariju str. 11-20, Vilnius Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 04.04.2007	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065
Designing Firm Saistas UAB	Code 133689632 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address K. Donelaicio str. 33-323, Kaunas Legal form – private limited liability company Registration date 26.05.1993	real estate operations	Telephone +370 37 202 120 Fax +370 37 321 132
Zemvesta UAB	Code 300955547 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Residence address K. Donelaicio str. 33-323, Kaunas Legal form – private limited liability company Registration date 26.07.2007	purchase, sale and rent of land	Telephone +370 37 202 120 Fax +370 37 321 132

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Sago UAB	Code 301206878 Registration address Seimyniskiu str. 3, Vilnius Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – private limited liability company Registration date 31.10.2007	real estate operations	Telephone +370 5 273 0944 Fax +370 5 273 3065
CManagement UAB (former Invalda Construction Management UAB)	Code 186139653 Registration address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius Residence address Seimyniskiu str. 3, Vilnius, Lithuania Legal form – private limited liability company Registration date 17.02.1994	maintenance services	Telephone +370 5 273 6607 Fax +370 5 273 6667
Agrobite UAB	Code 302546727 Registration address A. Juozapaviciaus str. 7, Vilnius Residence address K. Donelaicio str. 33-323, Kaunas, Lithuania Legal form – private limited liability company Registration date 20.09.2010	purchase, sale and rent of land	Telephone +370 37 202 120 Fax +370 37 321 132
Priemiestis UAB	Code 221487620 Address Skydo str. 30, Vilnius Legal form – private limited liability company Registration date 09.07.1992	facilities management	Telephone +370 5 267 0204 Fax +370 5 267 2941 E-mail priemiestis@takas.lt www.priemiestis.lt
VOLO UAB	Code 301673796 Registration address Seimyniskiu str. 3, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 07.04.2008	investments into facilities management companies	Telephone +370 5 279 0601 Fax +370 5 279 0530
Aktyvus Valdymas UAB	Code 301673764 Registration address Seimyniskiu str. 3, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 07.04.2008	investments into real estate companies	Telephone +370 5 263 6129 Fax +370 5 279 0530
ENTE UAB	Code 301206860 Registration address Seimyniskiu str. 3, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Private limited liability company Registration date 31.10.2007	investments into real estate companies	Telephone +370 5 279 0601 Fax +370 5 279 0530

Company	Registration information	Type of activity	Contact details
REAL ESTATE SECTOR			
Lauko Gelininkystes Bandymu Stotis UAB	Code 221496060 Address A. Kojelaviciaus str. 1, Vilnius Private limited liability company Registration date 23.07.1992	growing and trade of ornamental plants, flowers	Telephone +370 5 267 1718 Fax +370 5 267 7949 E-mail info@lgbs.lt www.lgbs.lt
Inreal GEO UAB	Code 302604810 Registration address Palangos str. 4, Vilnius Residence address K.Donelaicio str. 33-323, Kaunas Private limited liability company Registration date 21.03.2011	land plots' geodetic measurement	Telephone +370 37 202 120 Fax +370 37 321 132
Company	Registration information	Type of activity	Contact details
PHARMACY SECTOR			
Sanitas AB	Code 134136296 Address Veiveriu str. 134B, Kaunas, Lithuania Legal form – public limited liability company Registration date 30.06.1994	manufacturing and trade of pharmaceuticals	Telephone +370 37 226 725 Fax +370 37 223 696 E-mail sanitas@sanitasgroup.com www.sanitasgroup.com
Sanitas Pharma (Slovakia)	Code 45563811 Address District court in Zilina Private limited liability company Registration date 15.05.2010	manufacturing and trade of pharmaceuticals	Tel/Fax +42 12 4463 1899 E-mail sanitaspharma@sanitasgroup.com
Jelfa SA (Poland)	Code 66687 Address Wincentego Pola 21, 58-500 Jelenia Góra, Poland Limited liability company Registration date 02.12.1991	manufacturing and trade of pharmaceuticals	Telephone +48 75 64 33 100 Fax +48 75 75 24 455 E-mail jelfa@sanitasgroup.com www.jelfa.com.pl
HOMEOFARM Sp. z o.o. (Poland)	Code 00001442971 Address Janka Wisniews-kiego 13, 81-335 Gdynia, Poland Private limited liability company Registration date 12.12.2002	manufacturing and trade of pharmaceuticals	Telephone +48 58 553 3303 Fax +48 58 553 8947 E-mail homeofarm@sanitasgroup.com www.homeofarm.pl
Company	Registration information	Type of activity	Contact details
FURNITURE MANUFACTURING SECTOR			
Vilniaus Baldai AB	Code 121922783 Address Savanoriu ave. 178, Vilnius Legal form – public limited liability company Registration date 09.02.1993	furniture design and manufacturing	Telephone +370 5 252 5700 Fax +370 5 231 1130 E-mail info@vilniausbaldai.lt www.vilniausbaldai.lt
Ari-Lux UAB	Code 120989619 Address Savanoriu ave. 178, Vilnius Legal form – private limited liability company Registration date 28.10.1991	fitting packing	Tel / fax +370 5 252 5744
Company	Registration information	Type of activity	Contact details
ROAD AND BRIDGES CONSTRUCTION SECTOR			
Tiltra Group AB	Code 301741852 Address Lvovo str. 25, Vilnius, Lithuania Legal form – public limited liability company Registration date 11.06.2008	holding company	Telephone +370 5 273 6545 Fax +370 5 277 8780 E-mail info@tiltra.lt www.tiltra.lt

Company	Registration information	Type of activity	Contact details
ROAD AND BRIDGES CONSTRUCTION SECTOR			
Kauno Tiltai AB	Code 133729589 Address Ateities road 46, Kaunas, Lithuania Legal form – public limited liability company Registration date 01.07.1993	road and bridge construction	Telephone +370 37 473 935 Fax +370 37 473 787 E-mail kaunotiltai@kaunotiltai.lt www.kaunotiltai.lt
Poldim S.A. (Poland)	Code 0000071826 Address Kochanowskiego 37A, 33-100 Tarnow, Poland Legal form – public limited liability company Registration date 12.12.2001	road and bridge construction	Telephone +48 14 63 17 200 Fax +48 14 63 17 202 E-mail secretariat@poldim.com.pl www.poldim.com.pl
POLDIM Mielec Sp. z o.o. (Poland)	Code 0000025455 Address Korczaka 6a, 39-300 Mielec, Poland Legal form – public limited liability company Registration date 25.07.2001	road construction	Telephone +48 17 58 54 311 Fax +48 78 88 834
POLDIM - Debica S.A. (Poland)	Code 0000171488 Address Drogowców 1, 39-200 Mielec, Poland Legal form – public limited liability company Registration date 28.08.2003	road construction	Telephone +48 14 68 09 400 Fax +48 14 68 09 425
POLDIM - Mosty Sp. z o.o. (Poland)	Code 0000070755 Address Miedziana 15, 40-321 Katowice, Poland Legal form – private limited liability company Registration date 10.12.2001	bridge construction	Telephone +48 32 31 42 435 Fax +48 32 31 42 296
NRR Grupa POLDIM Sp. z o.o. (Poland)	Code 0000240653 Address Mikołajowice 220, 33-121 Bogumiłowice, Poland Legal form - private limited liability company Registration date 05.09.2005	construction and glass waste recycling	Telephone +48 14 67 97 529 E-mail nrr@poczta.fm
POLDIM Jakubowice Sp. z o.o. (Poland)	Code 0000043978 Address Jakubowice 75, 32-100 Proszowice, Poland Legal form – private limited liability company Registration date 20.09.2001	road construction	Telephone +48 12 38 62 025 E-mail poldimjak@poczta.proszowice.pl
Przedsiębiorstwo drogowe „Lambdar” Sp.z o.o. (Poland)	Code 0000107278 Address Dostawcza 6, 93-231 Lodz, Poland Legal form – private limited liability company Registration date 23.04.2002	road construction	Telephone +42 250 7474 Fax +42 250 74 75 E-mail biuro@lambdar.com www.lambdar.com
PT Kruszywa Sp. z o.o. (Poland)	Code 0000316310 Address Produkcyjna 102, 15-680 Białystok, Poland Private limited liability company Registration date 18.11.2008	quarry	-
Silentio investments Sp. z o.o. (Poland)	Code 0000323771 Address Jerozolimskie 56C, Warsaw, Poland Private limited liability company Registration date 23.02.2009	investment company	-

Company	Registration information	Type of activity	Contact details
ROAD AND BRIDGES CONSTRUCTION SECTOR			
PGP Investicija UAB	Code 300621145 Address Ateities road 46, Kaunas Legal form – private limited liability company Registration date 30.11.2006	investment company	Telephone +370 37 473 935 Fax +370 37 473 787 E-mail kaunotiltai@kaunotiltai.lt
Kelda UAB	Code 181259645 Address Kauno str. 14, Vievis Legal form – private limited liability company Registration date 17.02.1993	road construction	Telephone +370 528 26 192 Fax +370 528 26 192 E-mail kelda@kelda.lt www.kelda.lt
Verksioniu Karjeras UAB	Code 186000365 Address Bagoteliu village, Vilnius district Legal form – private limited liability company Registration date 29.11.1990	gravel quarry	Telephone +370 686 98 492
Kauno Tiltai AB Consortium TILTRA TUB	Code 135774782 Address Ateities road 46, Kaunas Legal form – general partnership Registration date 08.06.2001	investment company	Telephone +370 37 473 935 Fax +370 37 473 787 E-mail kaunotiltai@kaunotiltai.lt
Kelex UAB	Code 301536025 Address Lvovo str. 25, Vilnius Legal form – private limited liability company Registration date 01.02.2008	commercial activities	Telephone +370 5 273 6545 Fax +370 5 277 8780
Tiltra PDM Bialystok S.A. (Poland)	Code 0000206982 Address Ciołkowskiego 90, 15-516 Białystok, Poland Legal form – public limited liability company Registration date 25.05.2004	road and bridges construction	Telephone +48 85 74 33 549 Fax +48 85 74 33 549 E-mail pdmbialystok@tiltra.pl
PEUIM Sp. z o.o. (Poland)	Code 0000046002 Address ul. Produkcyjna 102, 15-680 Białystok, Poland Legal form – private limited liability company Registration date 24.09.2001	road construction	Telephone +48 85 65 30 773 Fax +48 85 65 30 761 E-mail peuim@peuim.com.pl www.peuim.com.pl
Brux Sp.z o.o. (Poland)	Code 0000195201 Address Produkcyjna 102, 15-680 Białystok, Poland Legal form – private limited liability company Registration date 24.02.2004	production of paving blocks and road construction	Telephone +48 85 65 42 454 Fax +48 85 65 42 454 E-mail brux@brux.pl www.brux.pl
Dalba Sp.z o.o. (Poland)	Code 0000175135 Address Elewatorska 11/1, 15-620 Białystok, Poland Legal form – private limited liability company Registration date 15.10.2003	engineering network construction	Telephone +48 85 66 11 750 Fax +48 85 66 11 250 E-mail dalba@sitech.pl

Company	Registration information	Type of activity	Contact details
ROAD AND BRIDGES CONSTRUCTION SECTOR			
Kedainiu Automobiliu Keliai UAB	Code 161111895 Address Biochemiku str. 3, Kedainiai Legal form – private limited liability company Registration date 14.12.1990	road construction	Telephone +370 347 67 766 Fax +370 347 67 669 E-mail info@kedainiukeliai.lt
Taurakelis UAB	Code 179861712 Address Svyturio str. 7, Taurage Legal form – private limited liability company Registration date 15.03.2000	road construction	Telephone +370 446 61 256 Fax +370 446 61 256 E-mail taurakelis@taurakelis.lt www.taurakelis.lt
Company	Registration information	Type of activity	Contact details
INFORMATION TECHNOLOGY (IT) SECTOR			
BAIP Group UAB (former name Positor UAB)	Code 300893533 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 27.06.2007	investments into IT companies	Telephone +370 5 219 0000 Fax +370 5 219 5900 E-mail info@positor.lt www.positor.lt
Informatikos Pasaulis UAB	Code 126396718 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 11.12.2003	IT infrastructure solutions	Telephone +370 5 277 9700 Fax +370 5 277 9725 E-mail info@infopasaulis.lt www.infopasaulis.lt
VITMA UAB	Code 121998756 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 25.06.1993	carries no activity	Telephone +370 5 272 9421
ACENA UAB	Code 300935644 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 20.07.2007	IT infrastructure development and support	Telephone +370 5 275 9647 Fax +370 5 273 5106 E-mail info@acena.lt www.acena.lt
BAIP UAB (former name Baltic Amadeus Infrastrukturos Paslaugos UAB)	Code 301318539 Address A.Juozapaviciaus str. 6 / Slucko str. 2, Vilnius, Lithuania Legal form – private limited liability company Registration date 03.12.2007	IT infrastructure solutions, IT security consultations, IT infrastructure support services	Telephone +370 5 219 0000 Fax +370 5 219 5900 E-mail info@baip.lt www.baip.lt
Company	Registration information	Type of activity	Contact details
OTHER COMPANIES			
Kelio Zenklai UAB	Code 185274242 Address Gelezinkelio str. 28, Pilviskiai, Vilkaviskio district Legal form – private limited liability company Registration date 06.09.1994	metal and wood processing and wholesale trade	Telephone +370 342 67 756 Fax +370 342 67 644 E-mail info@keliozenklai.lt www.keliozenklai.lt
Umega AB	Code 126334727 Address Metalo str. 5, Utena Legal form – public limited liability company Registration date 25.09.2003	production of electric devices, metal items	Telephone +370 389 53 542 Fax +370 389 69 646 E-mail info@umega.lt www.umega.lt

Company	Registration information	Type of activity	Contact details
OTHER COMPANIES			
Iniciatyvos Fondas Vsl	Code 300657209 Registration address Seimyniskiu str. 3, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – public institution Registration date 08.03.2007	organising of social initiative programmes	Telephone +370 5 263 6129 Fax +370 5 279 0530 E-mail info@iniciatyvosfondas.lt www.iniciatyvosfondas.lt
MBGK UAB	Code 300083611 Registration address Konstitucijos ave. 23, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 27.01.2005	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
INVETEX AB	Code 133190113 Registration address Kalvariju str. 11-20, Vilnius Residence address A.Juozapaviciaus str. 7, Vilnius Legal form – public limited liability company Registration date 31.01.1992	investment activity	Telephone +370 5 275 1598 Fax +370 5 273 3065
Finansu Rizikos Valdymas UAB	Code 300045450 Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 04.08.2004	investment activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Investiciju Tinklas UAB	Code 301206885 Registration address Seimyniskiu str. 3, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 31.10.2007	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Aktyvo UAB	Code 301206846 Registration address Seimyniskiu str. 3, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 31.10.2007	bad debt management	Telephone +370 5 263 6129 Fax +370 5 279 0530
FORTINA UAB	Code 301673789 Registration address Seimyniskiu str. 3, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 07.04.2008	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530

Company	Registration information	Type of activity	Contact details
OTHER COMPANIES			
MGK Invest UAB	Code 302531757 Registration address Kalvariju str. 11-20, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 27.07.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
RPNG UAB	Code 302575892 Registration address Kalvariju str. 11-20, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Consult Invalda UAB	Code 302575814 Registration address Kalvariju str. 11-20, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Regenus UAB	Code 302575821 Registration address Kalvariju str. 11-20, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Rovelija UAB	Code 302575846 Registration address Kalvariju str. 11-20, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
Rizikos Kapitalas UAB	Code 302576631 Registration address Kalvariju str. 11-20, Vilnius Residence address Seimyniskiu str. 1A, Vilnius Legal form – private limited liability company Registration date 20.12.2010	carries no activity	Telephone +370 5 263 6129 Fax +370 5 279 0530
ZVF Projektai UAB	Code 300137062 Address Smolensko str. 10, Vilnius Legal form – private limited liability company Registration date 16.08.2005	carries no activity	Telephone +370 5 233 5340 Fax +370 5 213 8594 E-mail info@zvf.lt

APPENDIX 2. DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE

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

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company constantly discloses information about group's activities and objectives in notifications on material event, annual information.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Board's and the President's activities are concentrated on the fulfillment of the company's strategic objectives taking count of the shareholders' equity increase.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Supervisory Board is not formed. Nevertheless, the Board and the President acts in close cooperation seeking to obtain the maximum benefit for the Company and its shareholders. The Board periodically reviews and assesses Company's activity results. The President may conclude the transactions referred to in subparagraphs 3, 4, 5 and 6, paragraph 4, Article 34 of the Law on Companies, provided that there is a decision of the Board to enter into these transactions.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company respects all rights and interests of the persons other than the Company's shareholders participating in or connected with the Company's operation.
Principle II: The corporate governance framework The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief 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.	No	Due to its size, it is not expedient to form the Supervisory Board. Considering that only collegial management body - the Board is formed in the Company. The President of the company is accountable to the Board.

2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The functions set forth in this recommendation are performed by the collegial management body – the Board.
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.	No	Only one collegial body is formed in the Company - the Board. It performs all essential management functions and ensures accountability and control of the President of the Company. The Supervisory Board is not formed in the Company.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The relevant provisions set forth in III and IV principles are applied to the Board's formation and assessment of its activity as long as that does not contradict the essence and purpose of this body.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	There are 3 independent Board members in the Company who do not have any other mutual interests but only activity within the Board and who act seeking benefit to the Company and its shareholders.
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.	No	The Supervisory Board is not formed in the Company, and there are no non-executive directors either.
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 departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The chairman of the Board is not and has not been the Manager of the company. His current or past office constitutes has no obstacles to conduct independent and impartial supervision.

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		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The Board operates impartially, objectively and represents the interests of all shareholders equally.
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.	Yes	<p>According to the Board's procedures and regulations approved by the Board's decision of 01.03.2007 at least 10 days before the General Meeting, where it is planned to elect Board members (member), the information about the candidates to the Board will be fully disclosed to the shareholders with the indication of the candidates' names, surnames, their membership in supervisory and management bodies of other companies, shareholding of other companies exceeding 1/20, and all other circumstances that can affect the independence of the candidate as well as the data on their education, qualifications, professional experience, other important information.</p> <p>The Board members obligate to inform the chairman of the Board in case of the changes of the data. The information of these changes shall be disclosed to the shareholders in the Company's periodical reports.</p> <p>Information about current members of the Board, their educational background, qualification, professional experience, participation in other companies is disclosed in Company's website.</p>
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.	Yes	Information about the composition of the Board, members' education, work experience and participation in other companies is disclosed in Company's periodical reports and website.
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	Yes	The composition of the Board is regularly assessed with consideration to the nature of Company's activity and structure. The Audit Committee members have the required experience. The Remuneration Committee is formed.

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

<p>4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</p> <p>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p> <p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>		
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should</p>	<p>No</p>	<p>No Board members' independency assessment and announcement practice is applicable in the Company.</p>

annually disclose which members of the collegial body it considers to be independent.		
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	No Board members' independency assessment and announcement practice is applicable in the Company.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	Not applicable	The Board members are not remunerated for their work and participation in the meeting of the Board from the Company's funds.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Board submits Company's annual financial statement and consolidated annual financial statement, profit distribution drafts to the General Meeting, delivers consolidated annual report, also performs all other functions set forth in the legal acts of the Republic of Lithuania.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	According to the information held with the Company, all Board members act in good will with respect to the Company, are guided by the interests of the Company, not by the personal or third parties' interests, and seek to preserve their independency while adopting the decisions.
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	Yes	The Board members perform their functions properly: they actively participate in the Board meetings and devote sufficient time for the performance of their duties as Board members.

than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.		
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The Board treats all shareholders honestly and impartially. Essential obligations of the Company to the shareholders are set forth in the Shareholders' Policy approved by the Board (which is published in Company's website).
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	There were no significant transactions between the Company and its shareholders or management bodies. The Board's procedures and regulations establish that if such transactions are concluded, all Board members should be informed thereof.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.	Yes	The Board is independent while adopting decisions which are significant for the activity and strategy of the Company.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to	No	Due to simplicity of the Company's management structure and small number of employees, it is not expedient to form the Nomination and Remuneration committees.

<p>the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>		
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgment and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>		
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>		

<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>		
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>		
<p>4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management.</p>		

<p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>		
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ol style="list-style-type: none"> 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 7) Make general recommendations to the executive directors and members of the management bodies on the level and structure 		

<p>of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ol style="list-style-type: none"> 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. <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, 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, 	<p>Yes</p>	<p>The members of the Audit Committee are elected by the General Shareholders Meeting. The main functions of the Audit Committee should be the following:</p> <ul style="list-style-type: none"> - provide recommendations with selection, appointment, reappointment and removal of an external audit company as well as the terms and conditions of engagement with the audit company; - monitor the process of external audit; - monitor how the external auditor and audit company follow the principles of independence and objectivity; - observe the process of preparation of financial reports of the Company; - monitor the efficiency of the internal control and risk management systems of the Company. Once a year review the need of the internal audit function.

reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;

5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;

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

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

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

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

4.14.5. The audit committee should be

<p>informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	<p>Yes</p>	<p>Once a year the Board conducts its performance evaluation.</p> <p>During 2010 the Board analyzed available information, discussed and adopted decisions concerning essential matters of Invalda AB and its group. In 2010 all the main businesses of Invalda were profitable, and generally reached their objectives.</p>
<p>Principle V: The working procedure of the company's collegial bodies The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</p>		
<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	<p>Yes</p>	<p>This provision is implemented by the Board (Supervisory Board is not formed in the Company).</p>
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried</p>	<p>Yes</p>	<p>According to the Board's procedures and regulations, the Board meetings are held at least</p>

<p>out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month².</p>		<p>once per quarter.</p>
<p>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.</p>	<p>Yes</p>	<p>The Board meetings are being convened by the chairman. The chairman of the Board informs members about the meeting at least 5 days prior to the meeting. Additional issues may be including into the agenda not later than 3 days prior to the meeting.</p>
<p>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.</p>	<p>No</p>	<p>The Company may not implement this recommendation since only the Board is formed.</p>
<p>Principle VI: The equitable treatment of shareholders and shareholder rights The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</p>		
<p>6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.</p>	<p>Yes</p>	<p>Shares which compose the authorised capital of the Company grant equal rights to all shareholders.</p>
<p>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.</p>	<p>Yes</p>	<p>The Company informs shareholders about the rights of newly issued shares. Information about the rights of already issued shares is provided in the Shareholders' Policy approved by the Board, the Articles of the Association, Company's annual report</p>
<p>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</p>	<p>Yes</p>	<p>Shareholders of the Company have equal opportunities to get familiarised and participate in adopting decisions important to the Company. Approval of the General Meeting is also necessary in cases stipulated in Chapter V of the</p>

²-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.

shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.		Law on Companies. No other cases when the approval of the General Meeting should be obtained are foreseen, since it would impair Company's business considering the nature of the Company's activity.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	The procedures of convening and conducting of the General Meeting comply with the provisions of legal acts and provide the shareholders with equal opportunities to participate in the meetings get familiarised with the draft resolutions and materials necessary for adopting the decision in advance, also give questions to the Board members.
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting, should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	The documents prepared for the General Meeting are be published in Lithuanian and English on the Company's website. The decisions of General Meetings for the last 8 years are also published on Company's website.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company's shareholders are furnished with the opportunity to participate in the General Meeting both personally and via an attorney, if such a person has a proper authorisation or if an agreement on the transfer of voting rights was concluded in the manner set forth in the legal acts. The company provides the shareholders with conditions to vote by completing the general voting ballot.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at 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	Shareholders can vote via an attorney or by completing the general voting ballot but for the meantime shareholders cant participate and vote in general meetings via electronic means of communication.
Principle VII: The avoidance of conflicts of interest and their disclosure		

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform 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.	Yes	The Board members fully comply with these recommendations.
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.		
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.		
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.		
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 does not prepare a remuneration policy since the majority of VIII principle items are not relevant for the present structure of the Company. Information about the benefits and loans for the members of the management bodies is provided in the periodical reports, financial statements.
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		

<p>the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.</p>		
<p>8.3. Remuneration statement should leastwise include the following information:</p> <ol style="list-style-type: none"> 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) Sufficient information on deferment periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and performance; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive information. 		
<p>8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>		
<p>8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors</p>		

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 be disclosed:

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

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:

- The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;
- The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;
- The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;
- All changes in the terms and conditions of existing share options occurring during the financial year.

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

- When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;
- When the pension scheme is defined-contribution scheme, detailed information on

<p>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 performance criteria.</p>		
<p>8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.</p>		
<p>8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.</p>		
<p>8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.</p>		
<p>8.11. Termination payments should not be paid if the termination is due to inadequate performance.</p>		
<p>8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.</p>		
<p>8.13. Shares should not vest for at least three years after their award.</p>		
<p>8.14. Share options or any other right to acquire shares or to be remunerated on the</p>		

<p>basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.</p>		
<p>8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).</p>		
<p>8.16. Remuneration of non-executive or supervisory directors should not include share options.</p>		
<p>8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.</p>		
<p>8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>		
<p>8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of 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>	<p>Not applicable</p>	<p>In 2010 the schemes, on which basis the managers were remunerated in shares, share selection transactions or other rights to acquire the shares or be remunerated based on the share price movements were not applied in the Company.</p>
<p>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 		

<p>which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.</p>		
<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>		
<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>		
<p>8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>		
<p>Principle IX: The role of stakeholders in corporate governance The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	<p>The company respects the rights of interest holders and allows the interest holders to participate in the management of the Company in the manner set forth by the laws.</p>
<p>9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee</p>		

<p>participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.</p>		
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>		
<p>Principle X: Information disclosure and transparency The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.</p>		
<p>10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief 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.</p>	<p>Yes</p>	<p>Information set forth in this recommendation is disclosed in the notifications on material event, periodical reports. This information is also published on Company's website.</p>
<p>10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p>		
<p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.</p>		

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.		
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the NASDAQ OMX Vilnius, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The Company discloses information via NASDAQ OMX news distribution service so that the public in Lithuania and other EU countries should have equal access to the information. The information is disclosed in Lithuanian and English. The Company publishes its information prior to or after the trade sessions on the NASDAQ OMX Vilnius. The company doesn't disclose information that may have an effect on the price of shares in the commentaries, interview or other ways as long as such information is publicly announced via NASDAQ OMX news distribution service.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	The information is disclosed in Lithuanian and English simultaneously via NASDAQ OMX news distribution service. It is also published on Company's website.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The Company publishes all information indicated in this recommendation on its website.
Principle XI: The selection of the company's auditor The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The annual Company's and consolidated financial statements and consolidated annual report are conducted by the independent audit firm. The interim financial statements are not conducted by the audit firm.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The candidate audit firm is suggested to the General Meeting by the Board.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Not applicable	The audit firm does not provide non-audit services to the Company.

President

Darius Šulnis