

**AB „PRAMPROJEKTAS“  
FINANCIAL STATEMENT 2007**

**AUDIT CONCLUSION**

## LIST OF THE DOCUMENTS

UAB „AUDITORIŲ BIURAS“ AUDITOR'S CONCLUSION

AB“PRAMPROJEKTAS“ DECLARATION BY THE PERSONS RESPONSABLE 2007

AB“PRAMPROJEKTAS“ ANNUAL REPORT 2007

AB“PRAMPROJEKTAS“ ANNUAL FINANCIAL STATEMENT 2007

AB“PRAMPROJEKTAS“ OFFICIAL INFORMATION ON THE COMPLIANCE WITH THE  
GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE VILNIUS STOCK EXCHANGE

## INDEPENDENT AUDITOR'S CONCLUSION

### ADDRESSED TO AB "PRAMPROJEKTAS" SHAREHOLDERS

We have audited the accompanying financial statement of AB "PRAMPROJEKTAS", a public company registered in the Republic of Lithuania (hereinafter the Company), that consists of balance sheet as of December 31, 2007 and the associated profit/loss statement, the statements for change in equity and cash flows for the year 2007 as well as the explanatory letter (important accounting principles and other explanatory notes) thereto.

#### *The management responsibility for financial statement.*

These financial statements to be prepared in compliance with the International Accounting Standards are the responsibility of the Company management. The statements cover the following: development, implementation and maintenance of internal control system designed for the preparation and correct presentation of financial statements to be free of any material inconsistencies or misstatements; proper selection and application of accounting principles; the selection of adequate and justified assessments.

#### *The auditor responsibility.*

Our responsibility is to express an opinion on these statements based on our audit. We conducted the audit in accordance with the International Standards on Auditing established by the International Federation of Accountants. Those Standards require that we observe the code of professional ethics as well as plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material inconsistencies or misstatements. The audit includes the procedures on collecting the evidence supporting the amounts and disclosures in the financial statements.

The audit includes the procedures on collecting the evidence supporting the amounts and disclosures in the financial statements. The selection of procedures depends on the professional judgment of the auditor and the assessment of risk related to the presence in the financial statements of any major inconsistencies or misstatements. While assessing the risk, the auditor takes into account the existing internal controls for the preparation and presentation of the Company financial statements and seeks to select the appropriate auditing procedures but does not aim at expressing opinion about the effectiveness of the Company internal controls. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of (or present fairly, in all material respects) the financial position of the Company as of December 31, 2007, and of its financial performance and its cash flows for the year 2007 in accordance with the International Accounting Standards.

The examination of AB "PRAMPROJEKTAS" annual report 2007 did not reveal the existence of any material inconsistencies with the audited financial statements.

March 15, 2008  
Vilnius  
UAB "Auditorų biuras"  
Audit company certificate No.001340  
Director, Auditor  
Auditor's certificate No. 000221

Roma Račienė

DECLARATION BY THE PERSONS RESPONSIBLE  
29 February 2007

This declaration is worked out regarding the submission of the AB PRAMPROJEKTAS Activity Report as for 31 December 2007.

We hereby declare that according to the information we possess:

- The financial statements were drawn up according to the International Accounting Standards;
- The information contained therein is in accordance with the facts, and present a true view of the Company's assets, liabilities, financial status and profit or losses.
- The annual report provides the true view of the enterprise development and activity survey, description of the Issuer's state in association with major risks and indeterminations that are confronted.

Managing Director


Leonas Rimantas Butkus

Chief Financier

Nijolė Čyžienė





Kvalifikacijos atestato Nr. 0758

ISO 9001:2000 ISO 14001:2004

A stylized, light blue silhouette of a city skyline is positioned horizontally across the upper middle of the page. It includes various building shapes, a church spire on the left, and industrial smokestacks on the right.

**PUBLIC LIMITED LIABILITY COMPANY  
PRAMPROJEKTAS**

**ANNUAL REPORT  
2007**

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**PUBLIC COMPANY PRAMPROJEKTAS**  
**ANNUAL REPORT**  
**for the year 2006**

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## I. REVIEW OF COMPANY'S CONDITION, ACTIVITIES AND DEVELOPMENT

### 1.1. GENERAL

Pramprojektas, a public company, was registered with the Kaunas City Board by Order No. 531 on 6 December 1993. Company's registration No. AB 93-1051, identification number – 3387335. The Articles of Association of the Company were registered by Kaunas City Board Register Manager's Order No. 531 on 6 December 1993. Revision of the Articles of Association was registered on 24 of May 1994. The Company was reregistered on 22 of December 2004, No 048555, new registration No 133873358 (former number 3387335).

The public company's address:  
K.Donelaičio Str.60, Kaunas,  
Republic of Lithuania

AB Pramprojektas has no subsidiaries, branches or representative offices.

On 1 January 2007, the Company's authorized capital amounted to LTL 5,970,972, and private share capital accounted for 100 % of the authorized capital.

The Company's main activities include preparation of documents containing technical considerations of the building to be built by the builder, i.e. a design intended for the validation and performance of the building's construction operations, the composition of which is approved by building technical regulations.

In 2007, the priority fields of Company's activities included designing of industrial, energy and other economic activity buildings, engineering networks, communication networks, and hydraulic engineering facilities.

Reorganization and restructuring of the national energy, marine and railway transport systems and industrial potential in 2007 preconditioned changes in planning work scopes and structure. In 2007, Decommissioning Plan of Ignalina Nuclear Power Plant raised the need for specific planning works.

The year 2007 witnessed an increase in design work scopes in the fields of marine and railway transport and stevedoring terminals as well as nuclear power facilities.

In 2007, the Company prepared project documentation, which serves as the basis for current or future construction of nationally important facilities.

#### The main projects prepared in the year 2007:

No.	Project title	Stage	Characteristics (production capacities, area, length etc)
1.	Nemunas midriver basin water management. I stage of economy investments in Radviliškis district	TP	Ultimate designed capacity of Šeduva water treatment facility – 700 m <sup>3</sup> /d. Total length of water supply and waste water systems ~ 22.0 km
2.	UAB "Vilniaus duona" Bakery in Vilnius	TP	Site area – 17600 m <sup>2</sup> Bread articles – 8760 t/year
3.	Development and modernisation of sludge facilities in Klaipėda water treatment plant	TP	Total amount of sludge to fallow – 330 m <sup>3</sup> /d. Total amount of produced el. power– 12890 kWh/d.



No.	Project title	Stage	Characteristics (production capacities, area, length etc)
4.	Logistics Centre in Kaunas reg. Domeikava subdistrict, Žemaitkiemis village	TP	Total area of the Logistic Centre ~ 70000 m <sup>2</sup>
5.	Dry materials terminal of AB "Vakarų laivų gamykla" in Klaipėda	TP	Site area – 20400 m <sup>2</sup> Area of main construction work 3600 m <sup>2</sup> , h – 18 m
6.	Construction of the Quay No 144 in Klaipėda	TP	Length of the quay – 470 m Depth neat the quay – 10 m General cargo – 600000 t/m
7.	Quay No. 143 a of the Klaipėda State Seaport	TP	I stage – quay length – 100 m II stage – process connection III stage – quay length – 245 m IV stage – quay cramp. depth near quay – 10 m General cargo – 650.000 t/m
8.	AB "Laivitė" metalworking plant in the Free-Economy Zone in Klaipėda	TP	Site – 4,9 ha Building – 6300 m <sup>2</sup> Repairs of ship mechanisms – 312 t/hour.
9.	Solid Waste Retrieval Facility INPP (B2)	TP	G 1 waste – 6144 m <sup>3</sup> /year G 2 waste – 1460 m <sup>3</sup> / year G 3 waste – 180 m <sup>3</sup> / year Construction works cubage – 15000 m <sup>3</sup>

Markings:

TP - Technical design

In the year 2007, the Company's annual planning volumes amounted to LTL 10.92 million, including LTL 8.82 million of works by performed by the Company's own forces.

In order to deal with product quality and environmental problems in a complex manner, in 2006 we maintained and improved an integrated quality and environment management system that meets the requirements of the international ISO 9001:2000 and ISO 14001:2004 standards.

Unconditional observance of laws, set rates and other legislation is the essential element of the Company's activities.

We have set the aim to remain among the national leaders in the field of planning industrial, energy, transport and other economic activity facilities. Since Lithuania has become member of Euro Atlantic structures the Company adapted itself to the changing business conditions.

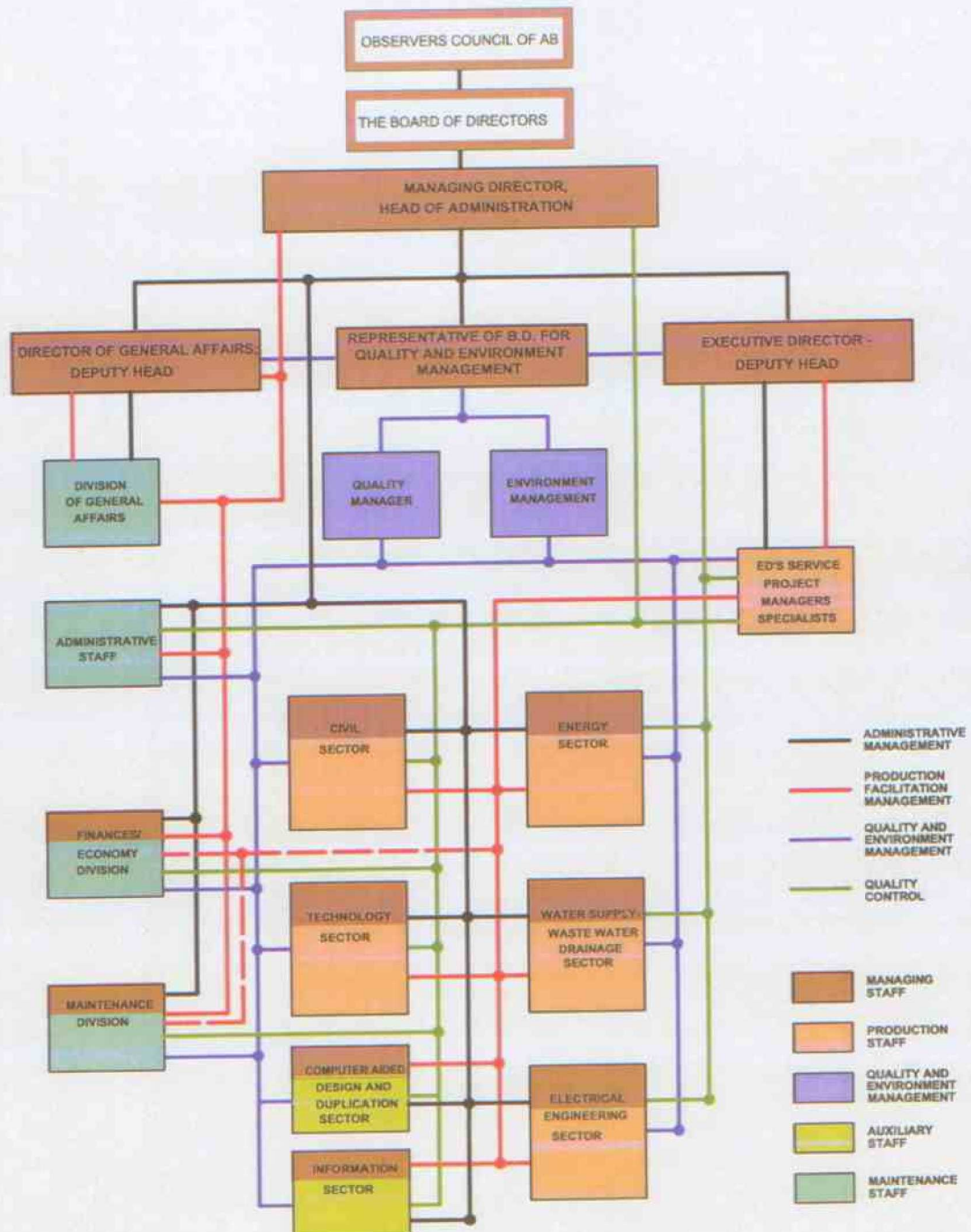
We prioritize the satisfaction of customers' present and future demands. Our objective is to achieve that adopted design considerations have positive influence on eco-friendliness of construction works.

In the reporting period the Board was working following AB Pramprojektas Articles of association and Work Regulations of the Board.

The annual report presents the evaluation of the Company's condition, activities and development as well as the analysis of financial and non-financial activities results.

ORGANIZATION CHART OF  
AB „PRAMPROJEKTAS" MANAGEMENT

APPROVED BY:  
The Chairman of the Board of Directors,  
Managing Director L.R. Bulius  
01-06-2007





### 1.3. THE STRUCTURE OF DESIGN WORK VOLUME 2007

No.	Field	Total		By Company's own forces	
		LTL million	%	LTL million	%
1.	Industry	0.994	9.1	0.934	10.6
2.	Energy	2.063	18.9	1.969	22.3
3.	Communication-transport	2.889	26.5	1.454	16.5
4.	Environment protection	1.658	15.2	1.430	16.2
5.	Stevedoring terminals	2.745	25.1	2.600	29.5
6.	Other facilities	0.569	5.2	0.435	4.9
TOTAL:		10.918	100	8.822	100

The annual number of contracts for design works totals 134.

### 1.4. TECHNICAL AND ECONOMIC INDICATORS OF THE COMPANY

#### 1.4.1. MAIN INDICATORS

No.	Indicator description	Unit	Indicator			
			2006		2007	
			Amount	Comparative weight %	Amount	Comparative weight %
1.	Annual amount of contracts	pcs.	132		134	
2.	Annual scope of planning works					
2.1.	Total	mln. LTL	8.66		10.92	
2.2.	By Company's own forces	mln. LTL	7.26		8.82	
3.	Staff number at the end of the year including:	persons	141	100	146	100
3.1.	Industrial sector	persons	105	74.5	110	75.3
3.2.	Auxiliary and servicing staff	persons	36	25.5	36	24.7
4.	Average number of listed employees	persons	145		143	
5.	Average conditional number of employees	persons	125		125	
6.	Area					
6.1.	Total /own/	m <sup>2</sup>	3054.35		3054.35	
6.2.	Used for planning works	m <sup>2</sup>	3002.35		3002.35	

No.	Indicator description	Unit	Indicator			
			2006		2007	
			Amount	Comparative weight %	Amount	Comparative weight %
7.	Revenue from ordinary activities including:	mln. LTL	8.708	100	10.982	100
7.1.	Planning works and copying services	mln. LTL	8.663	99.5	10.925	99.48
7.2.	Holiday home Aisetas	mln. LTL	0.033	0.4	0.039	0.36
7.3.	Other activities	mln. LTL	0.012	0.1	0.018	0.16
8.	Expenses for ordinary activities including:	mln. LTL	8.617	100	10.012	100
8.1.	Planning works	mln. LTL	8.596	99.8	9.975	99.63
8.2.	Holiday home	mln. LTL	0.021	0.2	0.037	0.37
8.3.	Other activities	thou. Lt	-		-	
9.	Profit tax	thou. Lt	66.9		660.1	
10.	Profit from planning activities	thou. Lt	717.8		523.3	
11.	Average monthly salary:	LTL	2745		3329	
11.1	Industrial sector staff	LTL	2900		3657	
11.2	Auxiliary and servicing staff	LTL	2260		2439	



## 1.4.2. DYNAMICS OF TECHNICAL AND ECONOMIC INDICATORS

No.	Indicator description	Unit	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1.	Scope of design works													
1.1.	- total	mln.LTL	7.92	6.15	6.70	5.29	4.45	4.06	4.92	5.47	8.30	7.38	8.66	10.92
1.2.	- by Company's own forces	mln.LTL	6.66	5.63	6.03	4.59	3.97	3.64	4.18	4.56	6.29	6.27	7.26	8.82
2.	Annual amount of contracts	pcs.	189	193	250	184	170	160	173	161	147	151	132	134
3.	Staff number (average)	persons	250	229	213	186	179	151	139	138	141	148	145	143
4.	Net profit	mln.LTL	930.0	460.0	28.0	250.0	230.8	14.3	18.6	26.6	573.7	3426.8	717.8	523.3
5.	Work scopes per employee	LTL	26640	24585	28310	24677	22179	24086	30108	33043	44631	42358	50094	61740
6.	Average monthly salary of:	LTL	1133	1113	1331	1333	1180	1340	1509	1731	1869	2199	2745	3329
6.1.	industrial sector staff	LTL	1246	1310	1450	1440	1220	1313	1564	1769	1973	2237	2900	3657
6.2.	auxiliary and servicing staff	LTL	875	800	1048	1050	1070	1413	1377	1628	1609	1614	2260	2439

### 1.5. STAFF AMOUNT AND STRUCTURE

Total average number of employees in the Company – 143 persons, including:

- |                                                    |   |             |
|----------------------------------------------------|---|-------------|
| 1. Employees directly working in production sector | - | 107 persons |
| 2. Servicing-auxiliary employees                   | - | 36 persons  |

60 certified specialists are working in industrial sector, including:

- |                      |   |            |
|----------------------|---|------------|
| 1. Project managers  | - | 11 persons |
| 2. Project engineers | - | 49 persons |

### 1.6. MAIN TYPES OF RISK

In its activities the Company encounters the following types of risks:

1. Errors in prepared project documentation.
2. Accidents on construction site.

The designer shall be liable for collapse of a construction works or the defects established during a warranty period in accordance with the procedure established by the Civil Code (Article 36, Law on Construction of the Republic of Lithuania).

Seeking to avoid financial damage that might result from errors in project documentation to the maximum extent, the Company insured the total annual scope of planning works. In the year 2007, civil liability of the construction works planner is insured for the amount of LTL 1,000,000 i.e., the amount of insurance benefits for in case of all insurance events. The insurance policy – SPCA No. 100037.

When contractors perform construction and installation of construction works according to the project documentation prepared in the Company, the Company's specialists perform the supervision of project implementation on a construction site. All Company's specialists performing the supervision of project implementation are insured against accidents. The total annual amount of insure totalled LTL 1,220,000.

The Company mainly uses current assets and interest rate or currency exchange rate has no considerable impact.

### 1.7. THE MOST IMPORTANT EVENTS IN THE COMPANY 2007

1. Structural and organizational changes creating possibilities for the improvement of project documentation preparation quality and expeditious coordination of considerations among separate project parts.
2. Det Norske Veritas Company on 14 of March 2007 certified that AB „Pramprojektas“ meets the requirements of quality management system standards ISO 9001:2000 and presented the certificate No 1838-2004-AQ-HEL-FINAS that is valid till 31 March 2010.
3. Det Norske Veritas Company on 14 of March 2007 certified that AB „Pramprojektas“ meets the requirements of environment protection management system standards ISO 14001:2004 and presented the certificate No 1839-2004-AE-HEL-FINAS that is valid till 31 March 2010.

4. Implementation of computer network covering all industrial and servicing divisions of the Company.
5. Adaptation and training of young specialists for independent work and reception of qualification certificates. 3 specialists acquired qualification certificates granting the right to take the position of heads of separate project parts.
6. 12 qualified specialists of various specialties prolonged the validity of qualification certificates for the next 5 years.



## 1.8. DYNAMICS OF AUTHORIZED CAPITAL

No.	Description	06 12 94 (01 01 94) public company registration	01 07 94 Capital increase	31 10 94 Value adjustment	31 03 95 Capital increase	31 07 95 Capital increase	04 03 96/ 31 12 96 31 12 97 Capital increase	31 12 98 31 12 99 31 12 00 31 12 01	31 12 02 31 12 03 31 12 04 31 12 05 31 12 06	31 12 07
1.	Authorized capital:	<u>333,070</u> 100 %	<u>1,333,070</u> 100 %	<u>2,665,350</u> 100 %	<u>3,665,350</u> 100 %	<u>4,665,350</u> 100 %	<u>5,970,972</u> 100 %	<u>5,970,972</u> 100 %	<u>5,970,972</u> 100 %	<u>5,970,972</u> 100 %
1.1.	including: State-owned capital	<u>163,206</u> 49 %	<u>163,206</u> 12 %	<u>816,030</u> 30,6 %	<u>816,030</u> 22,3 %	<u>816,030</u> 17,5 %	<u>816,030</u> 13,7 %	<u>816,030</u> 13,7 %	-	-
1.2.	Share capital	<u>169,864</u> 51 %	<u>1,169,864</u> 88 %	<u>1,849,320</u> 69,4 %	<u>2,849,320</u> 77,7 %	<u>3,849,320</u> 82,5 %	<u>5,154,942</u> 86,3 %	<u>5,154,942</u> 86,3 %	<u>5,970,972</u> 100 %	<u>5,970,972</u> 100 %



**1.9. INFORMATION ON SHARES AND SHAREHOLDERS****1.9.1. COMPANY'S SHARES AND SHAREHOLDERS**  
**31 12 2007**Authorized capital  $2,985,486 \times 2 = \text{LTL } 5,970,972$ 

No.	Shareholder's surname and name/company's name,	Number of shares	% of shares in the authorized capital
1	YORK Well Business Corp.	722,810	24.21
2	Attentus UAB	424,528	14.22
3	UniLine LLC	283,120	9.48
4	Finbaltus UAB FMĮ	160,459	5.37
5	Romanov Vladimir	179,395	6.01
6	Romanov Roman	179,390	6.01
7	Gončaruk Olga	173,500	5.81
8	Other legal and natural persons	862,284	28.89
	<b>TOTAL:</b>	<b>2,985,486</b>	<b>100.00</b>

**1.9.2. SHARES HELD BY THE COMPANY IN OTHER COMPANIES**  
**31 12 2007**

No.	Name	The number of shares held, pcs.	Portion in Company's authorized capital, %
1.	DP International	1900	19.00
2.	AB "Ūkio bankas"	512	0.0008
3.	UAB "Bankinės konsultacijos"	12984	18.55
4.	UAB "Asocijuoto turto valdymas"	5899584	7.90
5.	UAB "Aloja"	583	2.68
6.	Energolinija UAB	158,790	13.81

**1.9.3. SHARES ACQUIRED OVER THE REPORTING YEARS**

No.	Companies whose shares are purchased	Amount	The sum of acquired shares, LTL	Portion in Company's authorized capital, %
1.	Aloja UAB	450	509,000.00	2.066
2.	Energolinija UAB	158,790	1,746,690.00	13.81
3.	Ūkio bankas AB	512	1,587,20	0.0003
	<b>Total:</b>		<b>2,257,277.20</b>	

**1.9.4. SHARES TRANSFERRED OVER THE REPORTING YEAR**

No.	What shares transferred	Amount	The sum of acquired shares, LTL	Portion in Company's authorized capital, %
1.	DP International	2,100	52,500	21.00
2.	Aloja UAB	221	330,090	1.015
3.	Attentus UAB	7,073	731,008	28.29
	<b>Total:</b>		<b>1,113,598</b>	

**1.10. COMPANY'S ACTIVITY PLANS AND FORECASTS****1.10.1. Company's structure**

The evaluation of design work specificity at industrial, energy, communications, water and waste management as well as Ignalina NPP decommissioning facilities shows that in the nearest future it is rational to maintain the structure of specialized industrial divisions, which ensures:

1. High quality of projects.
2. Rapid working out of separate designs of the project.
3. High labor efficiency.
4. Possibility of working with significant loading fluctuations.
5. Minimum losses upon the change of design work scopes and structure.
6. Possibility of training highly skilled specialists in specialized fields.

With the aim to implement the provisions laid down in the Lithuanian Republic Law on Amendment to the Law on Construction and STR 1.05.06:2005 concerning the duties, rights and responsibility of project sector heads, to speed up working out of project documentation and seeking the reduction of administrative costs, it is necessary to improve the Company's structural composition.



### 1.10.2. Payment for work

The fund of wages and salaries of the public company PRAMPROJEKTAS is formed by annual income and expense estimate and estimates for every quarter of the year.

Monthly fund of wages and salaries for separate structural divisions is set based on actual scopes of works and wage and salary rates.

Where the fund of wages and salaries exceeds the amount of official salaries of the structural division, an extra pay to salary is paid and it is set taking into consideration a particular contribution of each employee in quality and timely preparation of project documentation as well as the proposal given by project manager and project sector head.

The maximum amount of monthly salary is not limited.

The range of salaries of the company administration, that means Managing Director, Executive Director, Personnel and General Affairs Director is closely related to the company activity results i.e. the scope of engineering input. The shareholders are provided an access to entire evaluation of the ratio between the results of the company activity and the scale of the company management salaries.

The salaries of the company management are directly related to the average of the company staff, that means their salaries rise only where the average of the staff rises, which tends to rise after greater scope of engineering services has been rendered.

The Supervisory Council in its resolution has defined the salary of the Administration Director to be equal to 5.0 average of the staff.

The Board has defined the salary of the Executive Director to be equal to 3.5 *PBR* and the Director 1.0 average of the staff.

The ratio between stable and varied shares of the management salaries consists of:

1. Managing Director	1:2.56
2. Executive Director	- 1:2.23
3. Director of Personnel and General Affairs-	1:0.00

The right to attend transactions of share selection or the right to the shares of the company has not been granted.

The company has no system of annual bonuses, no salary has been paid as some part of the profit.

Extra retirement bonus or early retirement bonus schemes have not been allotted to the management.

The company does not assume principal modifications of salary policy.

The members of the Supervisory Council and the Board have not been remunerated for their input in the company supervision and management bodies.

### 1.10.3. The Main Improvement Trends of Company's Activities

1. Implementation and improvement of the Company's standard "Rules of Design Work Organization" (registered with the Ministry of the Environment on 23 January 2002, Order No. 27).
2. Regular supervision and improvement of the integrated quality and environment management system according to international quality ISO 9001:2000 and environmental ISO 14001:2004 standards.
3. Gradual implementation of European Union standard requirements in the preparation of project documentation.
4. Improvement of the Company's structural composition.
5. Search for specialists for separate project designs, their adaptation and training.

6. Setting of optimum contractual prices of design works by evaluating summary increase in expenses, growth of wages and salaries and conditions in the design work market.
7. Protection and modernization of design process information system.
8. Modernization of project documentation archives.
9. Maximum dependence of work payment on performance results.
10. Implementation of internal financing system in Company's divisions.

#### **1.10.4 Short-term plans, i.e. plans and forecasts for the year 2008**

1. To increase the scope of annual design works carried out by Company's own forces up to LTL 9,500 thousand.
2. To increase the fund of wages and salaries for industrial staff at least by 15 %.
3. To increase expenses for the adaptation and training of young specialists by 1.5 times.
4. To implement information technologies in the process of preparation and archiving of project documentation.



## II. GENERAL PROVISIONS

### 1. Accountable period for which the periodical report has been prepared.

The periodical report has been prepared for the year 2007.

### 2. Main data about the issuer.

Issuer's name: Private limited liability company (*akcinė bendrovė*) Pramprojektas

Code in the Register of Enterprises 133873358.

Authorised capital: LTL 5,970,972

Registered office: K.Donelaičio Str. 60, Kaunas

Telephone: +370 37 223 355

Fax: +370 37 209 696

E-mail: [pramprojekt@kaunas.omnitel.net](mailto:pramprojekt@kaunas.omnitel.net)

Website: [www.pramprojektas.lt](http://www.pramprojektas.lt).

Legal and organizational form: legal person of limited liability, public limited liability company

Date and place of registration: 6 December 1993, Kaunas City Board.

### 3. Nature of the issuer's main activities.

The main activity – preparation of a project intended for the validation and performance of the construction of a construction work.

- consultations on architecture and civil engineering;
- engineering technological activities;
- design-construction works;
- planning of towns, small towns and landscapes;
- street traffic planning;
- geodetic activities;
- environment control, ecological monitoring;

The Company carries out licensed or otherwise regulated activities only upon having obtained respective permits.

### 4. Information about where and how one can get acquainted with the report and the documents on the basis of which it was prepared and the name of the means of mass media.

4.1. The Report and other documents that were used as the basis for the preparation of the Report are available for familiarizations at the following address: K.Donelaičio g. 60, Kaunas, from 8:00 to 16:00 on workdays and at the reading-room of the Lithuanian Securities Commission at Konstitucijos pr. 23, Vilnius.

4.2. The name of the means of mass media is the daily *Kauno diena*, and information is also presented to the news agency BNS

**5. Persons responsible for the accuracy of information in the report.**

5.1. Responsibility for the accuracy of information presented in the Report is vested in the members of the managing bodies of the issuer, employees and the head of administration:

Leonas Rimantas Butkus, Managing Director, Chairman of the Board, phone +370 37 223 355,

Nijolė Čyžienė, Chief Financier, phone +370 37 322 282,

Algimantas Antanas Bartuška, Production Director, phone +370 37 322 291,

Aušra Ragauskienė, Personnel Inspector and Secretary, phone +370 37 223 355.

5.2. When preparing this Report the issuer received data about trading in securities from UAB FMĮ Finbaltus, Director Regimantas Čepukas.

6. **Declaration by the members of the issuer's managing bodies, employees, the head of the administration and FMĮ UAB Finbaltus that the information contained in the report is in accordance with the facts and that the report makes no omission likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities.**

**AB Pramprojektas hereby declares that the periodical report presents a true review of business development and activities.**

Managing Director Leonas Rimantas Butkus

Chief Financier Nijolė Čyžienė

Production Director Algimantas Antanas Bartuška

Personnel Inspector and Secretary Aušra Ragauskienė

The report was signed on 27 February 2008

Place where the report was prepared: AB Pramprojektas, Donelaičio Str. 60, Kaunas



### III. DATA ABOUT ISSUER'S AUTHORISED CAPITAL, SECURITIES ISSUED AND THE MEMBERS OF MANAGING BODIES

#### 7. Issuer's authorised capital.

7.1. The authorised capital registered with the Register of Enterprises.

Table 7.1. Structure of the authorised capital

Type of shares	Number of shares	Nominal value	Total nominal value, LTL	Specific weight in the authorised capital, percent
Ordinary registered shares	2,985,486	2	5,970,972	100.00

7.2. Information about the projected increase of the authorized capital in connection with conversion or exchange of debt securities or derivative securities issued into shares.

AB Pramprojektas has not issued debt or derivative securities, therefore no increase of the authorized capital through the conversion or exchanging into shares of debt securities or derivative securities issued is planned.

#### 8. Shareholders.

Table 8.1. Shareholders who had by the right of ownership or held more than 5 per cent of the Issuer's authorized capital on 31 December 2007

Shareholder name	Code in the Register of Enterprises	Registered office	The number of shares held, pcs.		Portion held in the authorized capital, %		Portion of held votes, %	
			Total*	By ownership right	Total*	By ownership right	Total*	By ownership right
UAB „ATTENTUS“	135654594	K.Donelaičio g. 60, Kaunas	424528	424528	14.22	14.22	14.22	14.22
UAB FMĮ „Finbaltus“	122020469	Konstitucijos pr. 23-660	270058	160459	9.04	5.37	9.04	5.37
Gončaruk Olga		K.Mindaugo pr. 29-8, Kaunas	262580	173500	8.79	5.81	8.79	5.81
YorkWell Business Corp. .	1012383	P.O.Box 3321, Road Town, Tortola, Virdžinijos salos (Britų)	722810	722810	24.21	24.21	24.21	24.21
Romanov Roman		Trakų g. 5-11, Kaunas	179390	179390	6.01	6.01	6.01	6.01
Romanov Vladimir		Trakų g. 5-11, Kaunas	179395	179395	6.01	6.01	6.01	6.01
UniLine LLC	0260802	704 King Street, Suite 555, Wilmington, Delaware, JAV	283120	283120	9.48	9.48	9.48	9.48

\* Directly or indirectly together with connected persons held shares.



Group of connected persons:

Company name	Company's registered address	Company number	Number of shares and votes held
UAB FMĮ Finbaltus	Konstitucijos pr. 23 – 660, Vilnius	122020469	160,459

## 9. Main characteristics of the shares issued for public trading.

Number of shares (ORS)	Par value, LTL	Total par value, LTL
2,985,486	2	5,970,972

## 10. Information about the shares distributed through private placement.

There are no shares distributed through private placement.

## 11. Information about depository receipts issued on the basis of shares.

There are no depository receipts issued on the basis of shares.

## 12. The main characteristics of the debt securities issued for public trading.

There are no debt securities issued for public trading.

## 13. Data about the debt securities registered for private placement and distributed as such.

There are no securities registered for private placement and distributed as such.

## 14. Securities not representing capital, the trading whereof is governed by the Law on Securities Market of the Republic of Lithuania, except debt securities.

There are no securities not representing capital, the trading whereof is governed by the Law on Securities.

## 15. Members of the managing bodies.

### 15.1 Members of the Supervisory Council:

1. Eugenijus Verbavičius member of the Supervisory Council. He does not participate in the activities of other companies. The holder of 89,950 ordinary registered shares (ORS) in UAB Amnis metallicus, i.e. 9.99 per cent; 25,000 ORS in VŠĮ Kaunas County Football Support Fund, i.e. 22.73 per cent; and 95,320 ORS in UAB Hearts Developments, i.e. 9.765 per cent. The beginning of the term of office – 12/04/2006, the end – 12/04/2010.

2. Vytautas Žirgūtis member of the Supervisory Council. Member of UAB Bankinės konsultacijos Board. The holder of 17,057 ORS in UAB "Ūkio bankas". The beginning of the term of office – 12/04/2006, the end – 12/04/2010.

3. Audronė Vaičiulytė member of the Supervisory Council, Member of UAB Nidos smiltė Board. Holder of 20 ORS in AB Pramprojektas, i.e. 0.00 per cent; 190 ORS in UAB Apskaita ir verslo projektai, i.e. 19.00 per cent; 18,500 ORS in UAB Vakoil, i.e. 9.20 per cent; and 97,500 ORS in UAB Herats Developments, i.e. 9.949 pr cent. The beginning of the term of office – 27/09/2002, the end – 12/04/2010.

## **15.2 Members of the Board:**

1. Leonas Rimantas Butkus chairman of AB Pramprojektas Board, managing director of AB Pramprojektas. The holder of 1,105 ORS in AB Pramprojektas, which accounts for 0.037 per cent of the authorised capital. Member of AB Ūkio bankas Supervisory Council, member of UAB Energolinija Board, Presidium member of the Lithuanian Builders' Association. Vice chairman of the Lithuanian Republic Central Commission on the Certification of Project Managers. Member of the Lithuanian Association of Consulting Companies Board. Holder of 10 ORS in UAB Gilaitė, which accounts for 40 per cent of the authorised capital.

2. Algimantas Antanas Bartuška member of the Board. The holder of 185 ORS in AB Pramprojektas, which accounts 0.006 per cent of the authorised capital, and 400 ORS in VŠĮ Atlantas Football Club, i.e. 25 per cent.

3. Ala Kurauskienė member of the Board. Member of AB Ūkio bankas Supervisory Council, Member of UAB Nidos smiltė Board. The holder of 6,950 ORS/9.93 % in UAB Bankinės konsultacijos; 82,888 shares/ 2.78 % in AB Pramprojektas.

The beginning of the term of office of the Board members – 12 April 2006, the end – 12 April 2010.

## **15.3 Administration:**

Leonas Rimantas Butkus – Managing Director.

Nijolė Čyžienė – Chief Financier. She does not participate in the activities of other companies, does not hold more than 5% of shares in other companies.

## **15.4. Information about the managing body members' criminal records and crimes against property, economic order and finance.**

Members of the managing bodies were not convicted of crimes against property, economic order or finance.

## **16. Information about payments and loans extended to the members of managing bodies.**

No loans were extended to members of the issuer's managing bodies and no guarantees and sureties were given with respect to fulfilment of their obligations during the year 2007.



#### IV. DATA ABOUT THE SECONDARY TRADING IN SECURITIES ISSUED BY THE ISSUER

##### 17. Securities admitted to the trading lists of the Stock Exchanges.

AB Pramprojektas' 2,985,486 ordinary registered shares were admitted to the Vilnius Stock Exchange (VSE) I-List in 2002. The total nominal value amounts to LTL 5,970,972. On 31/03/2003 the securities were added to the Current List of the VSE.

##### 18. Dealing in the Issuer's securities on Stock Exchanges and other organized markets.

Accountability period		On central market and in block trading								
		Price (LTL)			Turnover (LTL)			Last session date	Total turnover	
from	to	Max.	min.	Last session	Max..	min.	Last session		units	LTL
01/01/2007	30/03/2007	7.11	5.00	5.00	228,999	96	1.250	30/03/2007	115,132	637,707
01/04/2007	29/06/2007	5.05	3.85	4.60	7,031	49.5	0	29/06/2007	2,818	12,836
01/07/2007	28/09/2007	4.92	3.63	4.50	66,456	4.2	0	24/09/2007	20	
01/10/2007	31/12/2007	4.30	3.30	3.30	3,750	4.3	297	11/12/2007	3668	13,499.72

##### 19. Dealing in the Issuer's securities on the OTC market.

The dealing in the issuer's ordinary registered shares was performed only on the stock exchange.

##### 20. Data about the Issuer's buying up of its shares.

No own shares were bought up.

##### 21. Submission of a tender offer.

Not published.

##### 22. The Issuer's paying agents.

Paying agents were not engaged by the Issuer.

##### 23. Agreements with intermediaries of public trading in securities.

The Company has concluded a service agreement with UAB FMĮ Finbaltus (Konstitucijos pr. 23-660, Vilnius LT-08105) on the handling of AB Pramprojektas shareholders accounting.



## V. DATA ABOUT THE ISSUER'S ACTIVITY

### 24. Legal basis for the issuer's activity

The main legislation governing the issuer's activity:

- the Company Law of the republic of Lithuania
- the Law on Securities of the Republic of Lithuania
- other legal acts of the Republic of Lithuania
- Company's Articles of Association
- the Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange

### 25. Membership in associated structures.

The Company belongs to the following associated structures:

**Lithuanian Builders' Association.** Date of registration with Legal Persons Register: 25 July 2005.

The Association's key aims:

- popularisation of new technologies of construction works and buildings material industry and progressive experience;
- provision of consultations and methodological aid to the association's members;
- representation of the interests of the Association's members at state authority and governance institutions;
- accumulation or statutory, methods and comparative material on construction business and other issues of the Republic of Lithuania and foreign states.

Managing Director Leonas Rimantas Butkus is Presidium member of the Association.

**Lithuanian Association of Consulting Companies.** Date of registration: 12 June 2003. The association's key aims:

- Concentration of the efforts of the association's members on design and territorial planning operations;
- Promotion of new design and construction work technologies and progressive experience.

AB Pramprojektas Managing Director Leonas Rimantas Butkus is the Association's Board member.

**The Association of Engineering Ecology.** Date of registration: 11 August 1994. Key aims:

- to strive for the improvement of ecological situation in Lithuania and the entire region of the Baltic Sea;
- to join the efforts of its members in dealing with the issues of the applied ecology;
- based on concrete authorisations, to represent the rights and protect the interests of the Association's members at state, public and international bodies.

**Clean Water Association.** Date of registration: 2 December 1997. AB Pramprojektas is a co-founder of the Clean Water Association.

**VšĮ statybos ir projektavimo sisteminimo (SPS) centras.** The area of activities covers the standardisation of the construction design process, documents, explications, marking, modular values and terms. The main tasks include drafting of Lithuanian standards and other statutory

documents harmonised with international and regional standards, and checking thereof on a regular basis (at least every 5 years) and submission of proposals on their repeal or adjustment.

**Kaunas County Employers' Association.** AB Pramprojektas is a co-founder of the Association. The Association's key aims:

- to represent the interests of businessmen, the Association's members, develop self-governance of Kaunas County businessmen and coordinate the Association members' activities;
- to deal with employment issues and contribute to the reduction of unemployment;
- to improve business culture, the qualifications of businessmen and employees, organise training courses for them, etc.

## 26. Brief description of the issuer's background.

The public limited liability company Pramprojektas, one of the largest design firms in the Republic of Lithuania, was established in 1940 in Kaunas City for the designing of Lithuania's industrial, energy and utilities facilities and engineering networks. From 1959, with the start of a rapid development of large industry in Lithuania, Pramprojektas prepared project documents of nearly all objects of the industrial, energy, transport, utilities and service areas. It set up a branch in Vilnius. For over 30 years Pramprojektas was a territorial design organisation, coordinating investment, design and construction of the industrial, energy, transport and utilities sectors' objects in Lithuania. By the Order No. 531 of Kaunas City Board, AB Pramprojektas was registered on 6 December 1993. The Company's specialists maintain close contacts with the national and European research and design companies. The Company has accumulated extensive information base including layout build-up schemes of the country's industrial districts, technical-economic documentation of constructed buildings, national laws, statutory documents, norms, rules, standards, technical directories, catalogues of equipment and materials made in Russia and Europe as well as other information material governing the construction process

## 27. Characteristics of production (services).

Services provided by the Company and income received for them are given in the table below:

No.	Indicator	2007m	2006m
1	Total volume of services, (LTL thousand)	11.68	12.72
1.1	Volume of design works, (LTL thousand)	10.92	8.66
2	Comparative weight of design works, (per cent)	93.52	68.11

Income from design works:





Major projects prepared during the year 2007:

- Technical and working projects of a logistics centre in Žemaitkiemis village, Domeikava ward, Kaunas District Municipality;
- Technical and working projects of AB Vilniaus Duona bakery in Vilnius;
- Working project of the extension of Kaunas Wastewater Treatment Plant with Biological Treatment;
- Technical project of the Ignalina Nuclear Power Plant Solid Radioactive Waste Management Complex B2;
- Technical project of sludge treatment and management facilities at Klaipėda wastewater Treatment Plant.

The plan for 2008 is perform works for the total of LTL 12 million.

## **28. Sales markets.**

The main sales market is the Republic of Lithuania.

In 2007 the Company performed design works for the total of LTL 10,924,661. All services were provided within the Republic of Lithuania. Roughly 95% are provided under short-term agreements.

## **29. Procurements.**

The main suppliers of energy resources and raw materials are from Lithuania. The suppliers do not have major influence on the Issuer's activities. The Company has concluded long-term agreements with utility service providers (electricity, communications, water, heat etc.). It has entered into short-term agreements with sub-contractors of design and exploration works (engineering surveys, geology, hydraulic engineering works and other specific operations).

## **30. Immovable property and other main facilities.**

This information is given in paragraph 4.2, chapter IV of the Explanatory Notes to 2007 year financial statements.

## **31. Risk factors related to the Issuer's activities.**

**Economic:** Objective reasons of ventures is fluctuating and unstable market. General economic growth of the country and major assistance of structural funds of Europe ensures demand and increase of AB „Pramprojektas“ engineering services.

The liability of the Clients for December 31 of 2007 makes 2 829 526 LTL, when compared to December 31 of 2006 it has increased by 87 percent.

**Social:** 29 percent of the staff is of pensionary age.

**Other:** In its activities the Company encounters the following types of risks:

1. Errors in prepared project documentation.
2. Accidents on construction site.

The designer shall be liable for collapse of a construction works or the defects established during a warranty period in accordance with the procedure established by the Civil Code (basis – Article 36, Law on Construction of the Republic of Lithuania).

Law on Construction of the Republic of Lithuania).



Seeking to avoid financial damage that might result from errors in project documentation to the maximum extent, the Company insured the total annual scope of planning works. In the year 2007, civil liability of the construction works planner is insured for the amount of LTL 1,000,000 i.e, the amount of insurance benefits in case of all insurance events. Insurance policy SPCA No. 100037.

When contractors perform construction and installation of construction works according to the project documentation prepared in the Company, the Company's specialists perform the supervision of project implementation on a construction site. All Company's specialists performing the supervision of project implementation are insured against accidents. The total annual amount of insurance is LTL 1,220,000.

### 32. Staff.

Data about the Company's staff by personnel groups on 31 December 2007 are given in the table below:

	2007			2006			2005.		
	Staff number	Change of staff number	Average salary, LTL	Staff number	Change of staff number	Average salary, LTL	Staff number	Change of staff number	Average salary, LTL
Management	13	-	5,818	13	-	4,984	13	0	4,034
Specialists	108	-2	2,834	110	+1	2,236	109	+10	1,960
Workers	22		1,568	22	-4	1,422	26	-3	1,055
Total:	143	-2	3,329	145	-3	2,745	148	+7	2,199

Staff number, persons	Year		
	2007	2006	2005
Higher education	108	110	106
High education	12	12	13
Secondary education	23	29	29
Total:	143	145	148

### 33. Patents, licenses contracts.

The Issuer holds the Qualification Certificate No. 0758. It is granted the right to perform design operations of a construction works and execute technical supervision of construction of a construction works. The Issuer holds the Certificate No. SKVT- 1703-40 (4.23), issued by Ignalina Nuclear Power Plant, granting the right to provide design services at the nuclear power plant's facilities of extraordinary importance.

The Issuer was awarded the quality management system ISO 9001: 2000 and environmental management ISO 14001: 2004 certificates. These certificates are valid until 2010.

Drawing and implementing strategic business plans a company envisages possible environment and social impact, participates in a social dialogue, considers positions voiced by the involved parties and society expectations to ensure transparency of management and ethic relations with the business partners involved and guarantees a positive business climate in the country.

### **34. Investment policy.**

enterprises in the authorized capital of which the issuer's part comprises more than 30 per cent:

1. DP International S.p.A., address Viale Cassiodoro 16, 20145 Milan, Italy.
2. Type of activities – Textile processing of acetate yarns and trade in them.
3. Authorised capital – EUR 516,500. The Issuer's part in the authorised capital has been paid up.
4. The issuer owns 4,000 ordinary registered shares, which accounts for 40 per cent of the total votes;
5. The par value of the shares held is (EUR 206,600 EUR) LTL 713,348.48;
6. The par value of one share is (EUR 51.65) LTL 178.34.

Seeking to derive economic benefit, on 11 December 2006 the Board decided to sell these shares.

On 26 October 2007 year part of the shares was sold. At present issuer owns 1,900 ordinary registered shares, which accounts for 19 per cent of the total votes.

### **35. Competitors.**

The main competitors in the domestic market are UAB Sweco BKG LSPI (former UAB Lietuvos statybų projektavimo institutas), UAB Ardynas, UAB Kauno Komprojektas, and UAB Ekoprojektas.

### **36. Dividends paid.**

The Company did not pay dividends in the period of 2002-2007.

### **37. Information about audit.**

The audit of AB Pramprojektas accounting and financial statements for the financial year 2007 was carried out on 15 03 2008.

### **38. Information on financial instruments used by the Company**

It is considered that shares form the financial assets of the Company. During 2007 the agreements on shares sale and purchase were made. The derivative financial instruments were not used by the Company.

### **39. Provisions and additional descriptions on the data provided within the annual financial status report**



The financial data enclosed in the herein annual report has been estimated pursuant to the standards of International financial statement and audited where not stated otherwise.  
Comments to the financial statement are incorporated within the Explanatory Note.

#### 40. Material events in the issuer's activity:

Date	Characteristics of material events
06/03/2008	PRM: Calling of ordinary general shareholders meeting
29/02/2008	PRM: Non-audited interim financial statements for the 12-month period of 2007
29/02/2008	PRM: Preliminary non-audited activity result for 2007
29/11/2007	PRM: Interim information for the 9-month period of 2007
13/11/2007	PRM: Preliminary non-audited activity result for the 9-month period of 2007
30/08/2007	PRM: 1 <sup>st</sup> half of 2007 interim information
22/08/2007	PRM: 1 <sup>st</sup> half of 2007 preliminary non-audited activity result
17/05/2007	PRM: Q1 2007 Financial Statements
27/04/2007	PRM: Q1 2007 preliminary non-audited activity result
13/04/2007	PRM: Decisions of the ordinary general shareholders meeting held on 13/04/2007
03/04/2007	PRM: Audited Financial Statements and Annual Report for the Year 2006
03/04/2007	PRM: Draft decisions of AB Pramprojektas ordinary general shareholders meeting
13/03/2007	PRM: Calling of ordinary general shareholders meeting
28/02/2007	PRM: AB Pramprojektas non-audited activity results for the year 2006

#### 41. Court (arbitration) proceedings.

There were no court or arbitration proceedings that could have or had influence on the Company's financial status within the reporting period.



## VI. FINANCIAL STATUS

Complete Form of the Balance Sheet

## AB PRAMPROJEKTAS

(enterprise name)

133873358, DONELAIČIO 60 KAUNAS

(enterprise identification number, address, other information)

APPROVED

## BALANCE SHEET

31-12-2007

31-12-2007

(reporting period)

Litas

(reporting currency and level of its accuracy)

	ASSETS	Note No.	Financial year 2007	Previous financial year 2006
<b>A.</b>	<b>NON-CURRENT ASSETS</b>		<b>1766733</b>	<b>2952359</b>
I.	INTANGIBLE ASSETS		62287	87386
I.1.	Development works			
I.2.	Goodwill			
I.3.	Licences and patents			
I.4.	Computer software	4.1	62287	87386
I.5.	Other intangible assets			
II.	TANGIBLE ASSETS	4.2-4.4	<b>918920</b>	<b>853466</b>
II.1.	Land			
II.2.	Buildings and constructions		555991	567340
II.3.	Plant and equipment			
II.4.	Vehicles		90034	58691
II.5.	Other property, plant and equipment		272895	227435
II.6.	Construction in progress			
II.7.	Other tangible assets			
II.8.	Investment assets		0	
II.8.1.	Land			
II.8.2.	Buildings			
III.	FINANCIAL ASSETS	4.5	<b>785526</b>	<b>2011507</b>
III.1.	Investments in subsidiaries and associates			1404891
III.2.	Loans to subsidiaries and associates			
III.3.	Amounts receivable after one year			
III.4.	Other financial assets		785526	606616
IV.	OTHER NON-CURRENT ASSETS		0	
IV.1.	Deferred tax assets			
IV.2.	Other non-current assets			
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>13998649</b>	<b>11341499</b>
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		<b>76501</b>	<b>117146</b>
I.1.	Inventories	4.6	11640	14916
I.1.1.	Raw materials and components			
I.1.2.	Work in progress			
I.1.3.	Finished products			
I.1.4.	Materials			14916
I.2.	Prepayments		64861	102230
I.3.	Contracts in progress			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		<b>2875109</b>	<b>1516918</b>
II.1.	Trade amounts receivable		2829526	1511533
II.2.	Receivables from subsidiaries and associates			
II.3.	Other amounts receivable		45583	5385
III.	OTHER CURRENT ASSETS		<b>11009760</b>	<b>9267000</b>
III.1.	Current investments		10963147	9267000
III.2.	Time deposits			
III.3.	Other current assets		46613	
IV.	CASH AND CASH EQUIVALENTS		<b>37279</b>	<b>440435</b>
	<b>TOTAL ASSETS:</b>		<b>15765382</b>	<b>14293858</b>

		Note No.	Financial year 2007	Previous financial year 2006
	<b>EQUITY AND LIABILITIES</b>			
<b>C.</b>	<b>EQUITY</b>		<b>13039273</b>	<b>12515937</b>
<b>I.</b>	<b>CAPITAL</b>	4.10	5970972	5970972
I.1.	Authorised (subscribed)		5970972	5970972
I.2.	Subscribed uncalled share capital (-)			
I.3.	Share premium			
I.4.	Own shares (-)			
<b>II.</b>	<b>REVALUATION RESERVE (RESULTS)</b>			
<b>III.</b>	<b>RESERVES</b>		<b>797097</b>	<b>697097</b>
III.1.	Legal reserve		597097	597097
III.2.	Reserve for acquiring own shares			
III.3.	Other reserves		200000	100000
<b>IV.</b>	<b>RETAINED EARNINGS (LOSSES)</b>		<b>6271204</b>	<b>5847868</b>
IV.1.	Profit (loss) of the reporting year		523336	717847
IV.2.	Profit (loss) of the previous year		5747868	5130021
<b>D.</b>	<b>GRANTS AND SUBSIDIES</b>			
<b>E.</b>	<b>AMOUNTS PAYABLE AND LIABILITIES</b>		<b>2726109</b>	<b>1777921</b>
<b>I.</b>	<b>NON-CURRENT AMOUNTS PAYABLE AND LIABILITIES</b>		<b>0</b>	
I.1.	Financial debts			
I.1.1.	Leases and similar obligations			
I.1.2.	To credit institutions			
I.1.3.	Other financial debts			
I.2.	Trade amounts payable			
I.3.	Amounts received in advance			
I.4.	Provisions		0	
I.4.1.	For covering liabilities and demands			
I.4.2.	For pensions and similar obligations			
I.4.3.	Other provisions			
I.5.	Deferred tax liabilities			
I.6.	Other amounts payable and non-current liabilities			
<b>II.</b>	<b>CURRENT AMOUNTS PAYABLE AND LIABILITIES</b>	4.9	<b>2726109</b>	<b>1777921</b>
II.1.	Current portion of non-current debts			
II.2.	Financial debts		623550	0
II.2.1.	To credit institutions			
II.2.2.	Other debts		623550	
II.3.	Trade amounts payable		844433	327296
II.4.	Amounts received in advance		450419	634607
II.5.	Profit tax liabilities			90426
II.6.	Liabilities related with labour relations	4.9,4.12	669642	516722
II.7.	Provisions			
II.8.	Other amounts payable and current liabilities		138065	208870
	<b>TOTAL EQUITY AND LIABILITIES:</b>		<b>15765382</b>	<b>14293858</b>

Managing Director  
title of the head of enterprise  
administration

  
(signature)

Leonas Rimantas Butkus  
(full name)



## Complete Form of Income Statement

**AB" PRAMPROJEKTAS"**

(enterprise name)

**133873358 DONELAIČIO 60, KAUNAS**

(enterprise identification number, address, other information)

APPROVED

**INCOME STATEMENT****31-12-2007**31-12-2007

(reporting period)

Litas

to specify – in litas or thousands of litas

No.	ITEMS	Note No.	Financial Year 2007	Previous financial year 2006
I.	SALES INCOME	4.11	10924661	8663380
II.	COST OF SALES		8004054	6259991
III.	<b>GROSS PROFIT (LOSS)</b>		<b>2920607</b>	<b>2403389</b>
IV.	OPERATING COSTS		<b>2260512</b>	<b>2336412</b>
IV.1	Sales			
IV.2	General and administrative		2260512	2336412
V.	<b>OPERATING PROFIT (LOSS)</b>		<b>660095</b>	<b>66977</b>
VI.	OTHER ACTIVITIES	4.7	<b>14895</b>	<b>23366</b>
VI.1.	Income		55643	44625
VI.2.	Expenses		37148	21259
VII.	FINANCING AND INVESTING ACTIVITIES	4.8	<b>-127337</b>	<b>789918</b>
VII.1.	Income		289359	19020141
VII.2.	Expenses		416696	18230223
VIII.	<b>PROFIT (LOSS) FROM NORMAL ACTIVITIES</b>		<b>551253</b>	<b>880261</b>
IX.	GAIN			
X.	LOSSES			
XI.	<b>PROFIT (LOSS) BEFORE TAX</b>		<b>551253</b>	<b>880261</b>
XII.	PROFIT TAX		27917	162414
XIII.	<b>NET PROFIT (LOSS)</b>		<b>523336</b>	<b>717847</b>

Managing Director  
title of the head of enterprise  
administration

  
(signature)

Leonas Rimantas Butkus



Form of the Statement of Changes in Equity

**AB PRAMPROJEKTAS**

(enterprise name)

**133873358, DONELAIČIO 60 KAUNAS**

(enterprise identification number, address, other information)

APPROVED

**STATEMENT OF CHANGES IN EQUITY**

31-12-2007

(reporting period)

31-12-2007

Litas

Indicate – litas or thousands of litas

	Paid up authorised capital	Share premium	Own shares (-)	Revaluation reserve (results)		Legal reserves		Other reserves			Retained earnings (losses)	Total
				of non- current tangible assets	of financial assets	compulsory	Acquisition of own shares					
	1	2	3	4	5	6	7	8	9	10	11	
<b>1. Balance at the beginning of previous financial year 31.12.2005</b>	<b>5970972</b>					<b>530848</b>			<b>90000</b>	<b>5206270</b>	<b>11798090</b>	
2. Result of change in accounting policies											0	
3. Result of correcting essential errors											0	
<b>4. Recalculated balance at the beginning of previous financial year 31.12.2005</b>	<b>5970972</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>530848</b>	<b>0</b>	<b>0</b>	<b>90000</b>	<b>5206270</b>	<b>11798090</b>	
5. Increase / decrease in non-current tangible assets value											0	
6. Increase / decrease in financial assets value											0	

	Paid up authorised capital	Share premium	Own shares (-)	Revaluation reserve (results)		Legal reserves		Other reserves		Retained earnings (losses)	Total
				of non-current tangible assets	of financial assets	compulsory	Acquisition of own shares				
	1	2	3	4	5	6	7	8	9	10	11
7. Acquisition / sales of own shares											0
8. Profit / loss, excluded from Income Statement											0
9. Net profit / loss of the reporting period										717847	717847
10. Dividends											0
11. Other payments											0
12. Formed reserves						66249			100000	-166249	0
13. Used reserves									-90000	90000	0
14. Increase / reduction of authorised capital											0
15. Contribution to cover losses											
<b>16. Balance at the end of previous financial year 31.12.2006</b>	<b>5970972</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>597097</b>	<b>0</b>	<b>0</b>	<b>100000</b>	<b>5847868</b>	<b>12515937</b>
17. Increase / decrease in non-current tangible assets value											0
18. Increase / decrease in financial assets value											0
19. Acquisition of own shares											0
20. Profit / loss, excluded from Income Statement											0

	Paid up authorised capital	Share premium	Own shares (-)	Revaluation reserve (results)		Legal reserves		Other reserves		Retained earnings (losses)	Total
				of non- current tangible assets	of financial assets	compulsory	Acquisition of own shares				
	1	2	3	4	5	6	7	8	9	10	11
21. Net profit / loss of the reporting period										523336	523336
22. Dividends											0
23. Other payments											0
24. Formed reserves									200000	-200000	0
25. Used reserves									-100000	100000	0
26. Increase / reduction of authorised capital											0
27. Contribution to cover losses											
<b>28. Balance at the end of reporting financial year 31.12.2007</b>	<b>5970972</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>597097</b>	<b>0</b>	<b>0</b>	<b>200000</b>	<b>6271204</b>	<b>13039273</b>

Managing Director  
title of the head of enterprise  
administration

Leonas Rimantas Butkus



(signature)



Complete Standard Form of the Cash Flow Statement  
Prepared according to the Indirect Method

**AB " PRAMPROJEKTAS"**

(enterprise name)

**133873358, DONELAIČIO 60 KAUNAS**

(enterprise registration number, address, other information)

APPROVED

## CASH FLOW STATEMENT

**31-12-2007**

31-12-2007

in litas

(reporting period)

to specify – in litas or thousands of litas

No.	ITEMS	Note No.	Financial Year 2007	Previous financial year 2006
<b>I.</b>	<b>Cash flows from operating activities</b>			
I.1.	Net profit (loss)		523336	717847
I.2.	Depreciation and amortization costs		201470	199885
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventory		3276	-3239
I.5.	Decrease (increase) in advances received		37369	-33114
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade receivables		-1317993	-307852
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		1399	35977
I.10.	Decrease (increase) in other current assets		-88210	-6713396
I.11.	Increase (decrease) in non-current payables to suppliers and advances received			
I.12.	Increase (decrease) in current payables to suppliers and advances received		332949	412342
I.13.	Increase (decrease) in profit tax liability		-90426	68482
I.14.	Increase (decrease) in liabilities connected with labour relations		152920	150802
I.15.	Increase (decrease) in provisions			
I.16.	Increase (decrease) in other amounts payable and liabilities		-70805	20339
I.17.	Elimination of non-current and intangible assets transfer results			
I.18.	Elimination of financing and investing activity results		127337	-789918
I.19.	Elimination of other non-cash items		-589	10730684
	<b>Net cash flows from operating activities</b>		<b>-187967</b>	<b>4488839</b>
<b>II.</b>	<b>Cash flows from investing activities</b>			

No.	ITEMS	Note No.	Financial Year 2007	Previous financial year 2006
II.1.	Acquisition of non-current assets (excluding investments)		-246587	-156449
II.2.	Transfer of non-current assets (excluding investments)		4763	
II.3.	Acquisition of long-term investments		-509000	-2849576
II.4.	Transfer of long-term investments		1525080	8264399
II.5.	Loans granted			
II.6.	Loans recovered			
II.7.	Dividends and interest received			40159
II.8.	Other increase in cash flows from investing activities		130830	9123878
II.9.	Other decrease in cash flows from investing activities		-1748277	-18152034
	<b>Net cash flows from investing activities</b>		<b>-843191</b>	<b>-3729623</b>
<b>III.</b>	<b>Cash flows from financing activities</b>			
III.1.	Cash flows related to enterprise owners:			
III.1.1.	Emission of shares			
III.1.2.	Owners' contributions against losses			
III.1.3.	Purchase of own shares			
III.1.4.	Dividends paid			
III.2.	Cash flows arising from other financing sources		628002	-721995
III.2.1.	Increase in financial debts		623550	0
III.2.1.1.	Loans received		623550	
III.2.1.2.	Issue of bonds			
III.2.2.	Decrease in financial debts			-670230
III.2.2.1.	Loans repaid			-650000
III.2.2.2.	Purchase of bonds			
III.2.2.3.	Interest paid			-20230
III.2.2.4.	Payments of lease (finance lease) liabilities			
III.2.3.	Increase in other enterprise liabilities			
III.2.4.	Decrease in other enterprise liabilities			
III.2.5.	Other increase in cash flows from financial activities		4910	
III.2.6.	Other decrease in cash flows from financial items		-458	-51765
	<b>Net cash flows from financing activities</b>		<b>628002</b>	<b>-721995</b>
<b>IV.</b>	<b>Cash flows from extraordinary items</b>		<b>0</b>	<b>0</b>
IV.1.	Increase in cash flows from extraordinary items			
IV.2.	Decrease in cash flows from extraordinary items			
<b>V.</b>	<b>The effects of changes in foreign exchange rates on cash and cash equivalents balance</b>			
<b>VI.</b>	<b>Net increase (decrease) in cash flows</b>		<b>-403156</b>	<b>37221</b>
<b>VII.</b>	<b>Cash and cash equivalents at the beginning of period</b>		<b>440435</b>	<b>403214</b>
<b>VIII.</b>	<b>Cash and cash equivalents at the end of period</b>		<b>37279</b>	<b>440435</b>

Managing Director  
title of the head of enterprise  
administration

  
(signature)

Leonas Rimantas Butkus



Intangible assets  
No.4.1

## INTANGIBLE ASSETS 31-12-2007

LTL

Specify – in LTL or thousand LTL

Indices	Software	Patents, licenses	Other intangible assets	Total
<b>Residual value at the end of the previous financial year</b>	<b>87386</b>			<b>87386</b>
<b>a) Non-current intangible assets at purchasing costs</b>	<b>318635</b>			<b>318635</b>
At the end of the previous financial year				
Changes of the financial year:				
– purchase of the assets	28367			28367
– assets assigned to other persons and written down (-)	-80313			-80313
– transfers between items + / (-)	-1997			-1997
<b>At the end of the financial year</b>	<b>264692</b>			<b>264692</b>
<b>b) Amortisation</b>				
At the end of the previous financial year	231248			231248
Changes of the financial year:				
– amortisation of the financial year	51099			51099
– reversals (-)				
– amortisation of assets assigned to other persons and written down (-)	-79887			-79887
– transfers between items + / (-)	-55			-55
<b>At the end of the financial year</b>	<b>202405</b>			<b>202405</b>
<b>c) Impairment value</b>				
At the end of the previous financial year				
Changes of the financial year				
– impairment value of the financial year				
– reversals (-)				
– assets assigned to other persons and written down (-)				
– transfers between items + / (-)				
<b>At the end of the financial year</b>				
<b>d) Residual value at the end of the financial year (a) - (b) - (c)</b>	<b>62287</b>			<b>62287</b>



Non-current tangible assets  
No.4.2**NON-CURRENT TANGIBLE ASSETS GROUPS, THEIR EVALUATION AND  
DEPRECIATION CALCULATION METHODS 31 12 2007**

Groups of non-current tangible assets	Evaluation	Method of depreciation calculation	Average actual useful life
buildings	Acquisition cost	Directly proportional (linear)	40 - 80 years
vehicles	Acquisition cost	Directly proportional (linear)	6 - 9 years
Other property, plant and equipment	Acquisition cost	Directly proportional (linear)	3 - 10 years

Non-current tangible assets  
No.4.3**NON-CURRENT TANGIBLE ASSETS 31 12 2007**

LTL

Specify – in LTL or thousand LTL

Indices	Buildings	Vehicles	Other property, plant and equipment	Library stocks	Total
<b>Residual value at the end of the previous financial year</b>	<b>567340</b>	<b>58691</b>	<b>222851</b>	<b>4583</b>	<b>853465</b>
<b>a) Purchasing cost</b>					
At the end of the previous financial year	837134	167967	960757	4583	1970441
Changes of the financial year:					
– purchase of the assets		64378	153841		218219
– assets assigned and written down (-)		-25443	-109328	-130	-134901
– transfers between items + / (-)			1997		1997
<b>At the end of the financial year</b>	<b>837134</b>	<b>206902</b>	<b>1007267</b>	<b>4453</b>	<b>2055756</b>
<b>b) Revaluation</b>					
At the end of the previous financial year					
Finansinių metų pokyčiai:					
– value increase (impairment) + / (-)					
– assets assigned to other persons and written down (-)					
– transfers between items + / (-)					
<b>At the end of the financial year</b>					
<b>c) Depreciation</b>					
At the end of the previous financial year	269794	109276	737906		1116976
Changes of the financial year:					

Indices	Buildings	Vehicles	Other property, plant and equipment	Library stocks	Total
- depreciation of the financial year	11349	31432	107589		150370
- reversals (-)					
depreciation of assets assigned to other persons and written down (-)		-23840	-106725		-130565
- transfers between items + / (-)			55		55
<b>At the end of the financial year</b>	<b>281143</b>	<b>116868</b>	<b>738825</b>		<b>1136836</b>
<b>d) Impairment value</b>					
At the end of the previous financial year					
Changes of the financial year					
- impairment value of the financial year					
- reversals (-)					
of assets assigned to other persons and written down (-)					
- transfers between items + / (-)					
<b>At the end of the financial year</b>					
<b>e) Residual value at the end of the financial year</b>					
<b>(a) + (b) - (c) - (d)</b>	<b>555991</b>	<b>90034</b>	<b>268442</b>	<b>4453</b>	<b>918920</b>

Non-current tangible assets

No.4.4

**DEPRECIATED NON-CURRENT ASSETS STILL IN USE ON 31 12 2007**

Assets group name	Acquisition cost (LTL)
Vehicles	636
Other property, plant and equipment	516582
Intangible assets	122871
<b>TOTAL</b>	<b>640089</b>

Non-current tangible assets

No.4.5

**MOVEMENT TABLE OF NON-CURRENT FINANCIAL ASSETS**

in LTL

Balance on 31 12 2006				Acquired	Assigned to other persons	Income because of market price	carried from current assets item	Income (-) because of equity method	Balance on 31 12 2007
Acquisition cost	Income because of market price	Due to equity method	Total						
1337624	673883		2011507	509000	1888229			153248	785526

Inventories  
No.4.6

## INVENTORIES 31 12 2007

litais

Specify in LTL or thousand LTL

Indices	Raw materials	Work in progress		Total
<b>a) Cost of purchase of inventories</b>	<b>11640</b>			<b>11640</b>
At the end of the previous financial year	11640			11640
<b>At the end of the financial year</b>				
<b>b) Write-down to net realisable value (reversal)</b>				
At the end of the previous financial year				
<b>At the end of the financial year</b>				
<b>c) Net realisable value at the end of the financial year (a) - (b)</b>				
<b>Differences in cost methods in case of applying LIFO formula</b>				
<b>Value of pledged inventories</b>				
<b>Inventories held by third persons</b>				

Expenses  
No.4.7

## RESULT OF OTHER ACTIVITIES, 2007

LTL

Specify in LTL or thousand LTL

Indices	Financial year 2007	Previous financial year 2006
<b>a) INCOME FROM OTHER ACTIVITIES</b>	<b>55643</b>	<b>44625</b>
Sales of non-current tangible assets		
Aisetas recreation facility	38575	33063
Miscellaneous other income	5616	11562
building maintenance	11452	
<b>b) OTHER OPERATING EXPENSES</b>	<b>37148</b>	<b>21259</b>
Significant amounts:		
Aisetas recreation facility	37148	21259
Building maintenance		
<b>c) RESULT OF OTHER ACTIVITIES (a - b)</b>	<b>18495</b>	<b>23366</b>



Expenses  
No.4.8**RESULT OF FINANCIAL AND INVESTING ACTIVITIES ON 2007**

Indices	Financial year 2007	Previous financial year 2006
<b>a) REVENUES FROM FINANCIAL AND INVESTING ACTIVITIES</b>	<b>289359</b>	<b>19020142</b>
Material amounts:		
Late charges received	3300	688
Received interest on subordinated loans		4122
Equity method result	153248	499354
Increase in securities value due to evaluation at market price	370	8199255
dividends obtained		36037
Revenues from transfer of non-current financial assets		1157496
miscellaneous other revenues	130830	2436
Current assets sales income	1611	9120754
<b>b) EXPENSES FOR FINANCIAL AND INVESTING ACTIVITIES</b>	<b>416696</b>	<b>18230223</b>
Material amounts:		
Payments to the National Stock Exchange		13497
Interest on loan	589	20230
Sales expenses of current financial assets		18152034
Influence of change in currency exchange rates		6195
Share valuation expenses		14000
Lease interest	52500	
Revenues from transfer of non-current financial assets	363149	
Late charges	458	7754
Miscellaneous other		16513
<b>c) RESULT OF FINANCIAL AND INVESTING ACTIVITIES (a - b)</b>	<b>-127337</b>	<b>789919</b>

Liabilities  
No.4.9**CONDITION OF COMPANY'S LIABILITIES, 31 12 2007**

Indicators	2007 12 31			2006 12 31		
	Debts or portions thereof, payable			Debts or portions thereof, payable		
Division of amounts payable by types	Over one fiscal year	After one year but not later than over 5 years	After five years	Over one fiscal year	After one year but not later than over 5 years	After five years
<b>1. Financial debts:</b>	<b>623550</b>					
1.1. To credit institutions-lease						

1.2. Other financial debts	623550					
2. Debts to suppliers	844433			327296		
3. Prepayments	450419			634607		
4. Income tax liabilities				90426		
5. Salary liabilities	511574			392239		
6. Social insurance contributions	158068			124483		
7. Social tax						
8. Other debts	138065			208870		
	2726109			1777921		

Equity capital  
No.4.10

### STRUCTURE OF AUTHORISED CAPITAL 31 12 2007

Indices	Number of shares	Amount (LTL)
<b>Share capital structure at the end of the fiscal year</b>		
1. by kinds of shares	2985486	5970972
1.1. Ordinary shares	2985486	5970972
1.2. Preference shares		
1.3. Employee shares		
1.4. Special shares		
1.5. Other shares		
<b>TOTAL:</b>	<b>2985486</b>	<b>5970972</b>
2. State or municipal capital		
<b>Own shares held by the Company itself</b>		
<b>Shares held by subsidiaries</b>		

## No.4.11

## Appendix No. 4.11 "Information on Business Segments" to Explanatory Notes

## INFORMATION ON GEOGRAPHICAL SEGMENTS

31-12-2007

Indices	Segments (types of products, services, activities)										Total of the Company
	A		B		C		D				
	2006	2007	2006	2007	2006	2007	2006	2007			
Revenue	6472542	9514914	1340068	682232	850770	162281		565234		10924661	
Expenses	6428578	8940814	1346243	640615	821582	152382		530755		10264566	
Operating profit	43964	574100	-6175	41617	29188	9899		34479		660095	
Indices	E		F		G		H				
Revenue	20x5	20x6	20x5	20x6	20x5	20x6	20x5	20x6		2006	
Expenses										8663380	
Operating profit										8596403	
										66977	

\* A similar Table can be completed for geographical segments on the basis of available data.

A - Lithuania  
 B - Germany  
 C - Russia  
 D - Italian



"Financial Relationships with Company's Managers and Other Connected Persons" to Explanatory Notes

**FINANCIAL RELATIONSHIPS WITH COMPANY'S MANAGERS AND OTHER CONNECTED PERSONS**

31 12 2007

Indicators	Financial year	Previous financial year	Closing balance of the financial year
<b>A. Amounts relating to employment relations calculated over the year:</b>	<b>350700</b>	<b>309420</b>	
1. To managers	350700	309420	
2. To other connected persons			
<b>B. Loans granted by the Company:</b>			
1. To managers			
2. To other connected persons			
<b>C. Loans received:</b>	<b>623550</b>		<b>623550</b>
1. From managers			
2. From other connected persons	623550		623550
<b>D. Assets transferred gratis and presents to:</b>			
1. To managers			
2. To other connected persons			
<b>E. Miscellaneous guarantees granted on behalf of the Company:</b>			
1. To managers			
2. To other connected persons			
<b>F. Other material amounts calculated over the year:</b>			
1. To managers			
2. To other associated persons			
<b>G. Other liabilities material to the Company of:</b>			
1. Managers			
2. Other connected persons			
<b>H. Sold assets:</b>			
1. To managers			
2. To other connected persons			
<b>Average annual number of managers</b>	<b>4</b>	<b>4</b>	

No.4.13

Appendix No. 4.13 "Profit Distribution" to Explanatory Notes

**PROFIT DISTRIBUTION**

	Items	Amount, LTL
1	Undistributed result – profit (loss) - at the end of the previous financial year	5,747,868
2	Net result of the financial year – profit (loss)	523,336
3	Pelno( nuostolio....	200,000
4	Transfers from reserves	
5	Shareholders contributions for covering losses	
6	<b>Distributable result - profit (loss) - at the end of the financial year</b>	<b>6,471,204</b>
	Profit distribution:	
7	– to statutory reserves	
	part of company's profit transferred to reserve for the acquisition	
8	– of own shares	4,000,000
9	– to other reserves	
10	– for payment of dividends	
11	part of profit for annual entitlements (tantiemes) to Board and Supervisory Council members, bonuses of employees and other purposes	
	Undistributed result – profit (loss) - at the end of the financial year	2,471,204

## EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR 2007

### I. AIM

The aim of this Explanatory Notes is to present additional information in order to better explain AB PRAMPROJEKTAS Financial Statements for the year 2007.

### II. GENERAL

#### 2.1 Date of Registration

PRAMPROJEKTAS, a public company, was established in Kaunas City in 1940 for the purpose of designing Lithuanian industry, energy and utility facilities. In 1993 it was privatised. On 6 December 1993 the enterprise was registered. On 22 December 2004 it was re-registered with Kaunas Branch of the State Enterprise Centre of Registers. Company's identification number – 133873358, VAT payer's number – LT 338733515. Head-office – K. Donelaičio 60, Kaunas. Website: [www.pramprojektas.lt](http://www.pramprojektas.lt)

#### 2.2 Fiscal Year

The company's fiscal year starts on 1 January and ends on 31 December.

When drawing up annual and interim financial statements, data for a respective period of the previous year are given in the balance sheet and income statement.

#### 2.3 Information about the Company's Branches and Representative Offices

The Company does not hold any branches or representative offices.

#### 2.4 Information about Subsidiaries

The Company does not hold any subsidiaries.

#### 2.5 Information about Associates

The Company holds shares in the associated company:

UAB ATTENTUS (former name UAB Ortopedijos Paslaugos), registered with the State Enterprise Centre of Registers on 24 August 2000. Registered address: K. Donelaičio 60, Kaunas. The shares of this company were sold on 18 December 2007.

#### 2.6 Company's Activities

The main Company's activity is design works. Other activities – income received from Aisetas holiday home as well as maintenance income and expenses of the building located on K. Donelaičio Str. 60, Kaunas. Financial activities – occasional transactions with shares held in other companies.

The main design works carried out within the fiscal year 2007 are:

Ignalina Nuclear Power Plant Spent Fuel Storage Facilities; AB "Laivité" Metalworking Plant in the Free-Economy Zone in Klaipėda; Construction of the Quays No 143a and 144 in Klaipėda; AB "Vakarų laivų gamykla" Dry Materials Terminal in Klaipėda and others.

Contracts signed but still not started to be implemented:

-Design Contract No. 126-03 of 22 12 2003. Customer – Transport Investment Directorate. According to agreement No. 3.1-11 of 21 12 2005 the customer's functions were transferred to the Directorate of Border Crossing Infrastructure.



-Design Contract No. 3.3-9-096-04 of 20 09 2004. Customer – Directorate of Border Crossing Infrastructure.

## 2.7 Authorized Capital

The Company's authorized capital amounts to LTL5,970,972.

The Company's authorized capital is divided into 2985486 ordinary registered shares. All the shares are fully paid up. Capital of shares has not varied since the company was established.

## 2.8 Number of Employees.

The average number of Company's staff within the reporting period was 143. The average monthly salary amounted to LTL 3329.00. Temporary regulations of payment for work for the year 2006 were approved by Decree No. 131 of 29 December 2006.

# III. ACCOUNTING POLICY

## 3.1 Statutory acts on the basis of which Financial Statements were prepared:

The Company works out Financial Statements based on Lithuanian Republic Law on Accounting and Lithuanian Republic Law on Financial Statements of Enterprises, International Accounting Standards (IAS) and International Financial Statements Standards (IFSS), accounting policy of AB "Pramprojektas" and other legislation regulating accounting and financial statements.

## 3.2 Influence of Change in the Accounting Policy on the Company's Operation Results

Since 2005 AB Pramprojektas has draw up Financial Statements according to the International Accounting Standards. Accounting policy was not changed during the reporting year.

## 3.3 Methods Applied for Assets Valuation:

- intangible assets–the cost of acquisition less accumulated amortization;
- non-current tangible assets – the cost of acquisition less accumulated depreciation;
- financial assets estimates by fair value on 31 12 2007, the result of the revalue is indicated in the Profit (Loss) Statement;
- other inventories - the cost of acquisition or sheer eventual realisable value the less one;
- goods for resell - the cost of acquisition or sheer eventual realisable value the less one;
- loans and amounts accounted by amortized cost of acquisition;
- other items of balance sheet is evaluated by cost of acquisition

Following IAS 39, financial assets and financial obligations are classified to the following classes:

### Financial asset:

- financial asset at the fair value in the Profit (Loss) Statement;
- investments hold up to the end of maturity (was not during the reporting period)
- non-current financial assets– equity method and market price;
- loans and amounts receivable;
- financial asset possible for selling.

### Financial liabilities:

- financial liabilities at the fair value in the Profit (Loss) Statement;

- others.

### 3.4 Intangible Assets

AB PRAMPROJEKTAS' intangible asset is recognized when it meets the definition of intangible assets and the criteria of recognition thereof as intangible assets, i.e.: there exists a reasonable probability to receive economic benefit from the asset in the future; the cost of acquisition (production) of the asset can be reliably evaluated and separated from the value of other assets; the company can dispose of the asset, control it or restrict the right of use thereof to the others.

Amortization is calculating by directly proportional (linear) method.

Operating expenses of intangible assets are attributed to the expenditures of that reporting period when they are sustained.

Expenses of intangible asset renewal or improvement, sustained after acquisition thereof, are recognized as expenses of that reporting period when they are incurred.

In AB PRAMPROJEKTAS balance-sheet intangible assets are shown at the residual value (the cost of acquisition less accumulated amortisation).

Intangible assets include software whose amortization rate is 3 years.

### 3.5 Non-current Tangible Assets

AB PRAMPROJEKTAS' non-current tangible asset is recognised and recorded in the accounting if it meets all the recognition criteria of such assets. The asset, which is disposed of and controlled by the Company, from which it expects to receive economic benefit in the coming periods, which is used for a longer period than one year, and whose acquisition (production) cost can be reliably set and whose value is larger than the established minimum asset value is deemed as non-current tangible asset.

From 1 January 2004 the asset whose minimum acquisition cost amounts to LTL 1,000 is classified as non-current tangible asset.

Non-current tangible asset is accounted for at the cost of acquisition.

Depreciation is not calculated on library stocks.

Recording of non-current tangible asset reconstruction or repair works depends on the result produced by such works, which is established by the Commission on Acceptance of Works.

The result of transfer of non-current tangible assets is classified as other activities.

The depreciation rates of non-current tangible and intangible assets set forth in Appendix No. 1 of the Lithuanian Republic Law on Profit Tax (No.IX-675 of 20 12 2001) are applied for non-current tangible and intangible assets, respectively, from 1 January 2002.

Other tangible asset includes technical-information literature contained in library stocks. In the balance-sheet it is shown in the line of other equipment.

In AB PRAMPROJEKTAS' balance-sheet non-current tangible asset is shown at the residual value (the cost of acquisition less accumulated depreciation).

Following IAS 16, asset depreciation rates and liquidation values are reviewed every year. Over 2007 these rates did not change.

### 3.6 Non-current Financial Assets

AB PRAMPROJEKTAS has no subsidiaries.

Investments in other companies' shares, which do not exceed 20% of voting rights at the shareholders' meeting of other company and do not grant the right to make significant influence, are recorded in the accounting at the moment of acquisition and reflected at the cost of acquisition in the balance-sheet.



Investments in other company shares, which exceed 20% of votes at shareholders' meeting of other company and grant the right to make significant influence, are recorded by acquisition cost method in the accounting at the moment of acquisition and are reflected in the balance-sheet by the equity method. Such investments are accounted for in the manner prescribed by IAS 28 "Accounting of Investments in Associates".

AB Pramprojektas has not made any investments in other company shares, which exceed 51% of the votes at shareholders' meeting of other company and grant the right of control.

The securities owned, whose market price is declared in the active market, are evaluated at the closing day price of the stock exchange applicable at the end of the reporting period. The Company had 512 pieces of AB "Ūkio bankas" shares in the fiscal year 2007.

The securities owned are assigned to financial asset at the fair value in the Profit (Loss) Statement category.

The securities owned whose real value cannot be set (the market price is not announced in the active market) are evaluated at the cost of acquisition taking into account value impairment, which would be calculated if the balance-sheet value exceeded the amount probable to receive for that asset.

### 3.7 Accounting Methods of Borrowing and Similar Expenses

Interest on loans received, asset acquired by lease (financial lease) and other expenditures related to borrowing are recognised as expenses during these periods when they are generated. Interest is classified as financial and investment activity expenses.

### 3.8 Assets revaluation Methods

Assets revaluation methods were not applied in the fiscal year 2007:

### 3.9 Recognition Principles of Income and Expenses

Sales income is recognized by accumulation principle. Only the increase of the Company's economic benefit is deemed income. The Value Added Tax is not recognized as income.

The result of transfer of used non-current tangible and intangible assets, Company's income from the lease of premises, income received from the holiday home Aisetas are attributed to other operations except for financing and investing activities.

The following items are attributed to financial and investing activities: dividends, interest, penalties and fines for delayed payments, profit or loss from investment accounted for by equity method, result of transfer of financial assets, and result of changes in currency exchange rates.

Forfeit, penalties, fines, interest payments for loss compensation, amounts for improper and overdue performance of contractual obligations are recorded as increase or decrease of operating expenses.

Upon failure to pay taxes to the budget in a timely manner this is classified as financial activity expenses, and payment to the budget for other violations of legislation having accumulated due to delayed payments are classified as activity expenses.

Income and expenses related to design works are recognized according to IAS 11. Expenses and income related to design contracts are recognized as income and expenses of the reporting period when works are actually carried out disregarding the fact that the deed of acceptance and transfer is not signed and the invoice is not issued. However, if the expenses of some project contract exceed the total contract income such excess is immediately recognized as expenses according to paragraph 36, IAS 11.

Expenses are calculated by each project.



Expenses are recognised according to the principles of accumulation and comparison during that reporting period when related income is earned disregarding the time of cash spending. Only that part of expenditures of the previous or reporting period that falls on the income earned over the reporting period is recognised as expenses.

General and administrative expenses of the reporting period relating to typical activities of the Company are attributed to operating expenses. Reporting period expenditures that cannot be directly related to the earning of particular income of the reporting period are classified as operating expenses. Expenses of future periods include insurance, advertising, subscription, and similar. In the balance-sheet they are included in Prepayments item.

AB Pramprojekta operating expenses of the reporting period also include aid granted and various bonuses and allowances paid over the reporting fiscal period.

### **3.10 Inventories Accounting**

Inventories means current assets of the Company consumed to earn income during one year. The inventories are accounted for by constant accounting method. In the accounting the inventories are evaluated at the acquisition cost, while for the purpose of Financial Statements they are disclosed at the lower of the acquisition cost or net realisable value. The amount of inventories write-down to net realizable value is recognized as operating expenses of that period when the write-downs were performed. No inventory write-downs were performed during 2007. The biggest part of inventories includes paper, toners for copying machines and printers and other office supplies.

### **3.11 Amounts Receivable**

Amounts receivable are disclosed in the balance-sheet at fair value, i.e. less estimated bad debts. The amounts of bad debts are recognized as operating expenses of the reporting period.

Accounts payable and accounts receivable by each buyer or supplier is recognised as bad debt by the decision of Commission on Annual Stock-taking.

### **3.12 Accounting of Research and Development Expenses**

In the fiscal year 2007 the Company did not incur research and development expenses.

### **3.13. Investments in Associates**

The value of AB Pramprojekta's investment in associates was set in the manner prescribed by the International Accounting Standard 28 "Accounting of Investment in Associates". Investment in associate is accounted for by equity method, except for the case when the investment is acquired and held exclusively with a view to its resale in twelve months from the date of acquisition, and the management are searching for the buyer.

### **3.14. Cash and Description of Cash Equivalents**

Cash and Cash Equivalents item shows cash at bank and in hand. AB Pramprojekta had no current realizable debt securities.

### **3.15. Cases when Financial Statements Disclose only Net Result of Economic Operation**

Financial Statements disclose only net result of economic operation when transferring non-current assets, receiving compensation for loss sustained and exchanging currency.



### 3.16. Accounting of Operations in Foreign Currency

At the time of initial recognition, transaction in foreign currency is evaluated in the currency of Financial Statements based on the exchange rate applicable on the date of transaction.

Business trip expenses in foreign currency are evaluated in the currency of Financial Statements by using the exchange rate applicable on the date of going on the business trip.

Currency items in the balance-sheet are evaluated in the currency of Financial Statements by using the exchange rate applicable on the balance-sheet date.

Differences, which occur after paying for the amounts recorded in currency items according to the exchange rate other than that applied during initial recognition, or on the date of the last Financial Statements (if currency items were recognised in the previous fiscal year), are recognised as income or expenses of the reporting period.

Financial and investing activities item of the Income Statement discloses only the result of change in currency exchange rates (profit or loss from change in currency exchange rate).

### 3.17 Principles of Provisions Formation

No provisions were formed in the Financial Statements for the year 2007. The reserve for holiday pays that should be paid to the Company's staff is attributed to current liabilities of the Company.

### 3.18 Policy of Correcting Accounting Errors

The errors, which have big influence on the Financial Statements of the last or several previous periods, when the Financial Statements of such period does not correctly reflect the financial condition and performance results of the Company, are considered material.

The significance of error in AB Pramprojekta Financial Statements is determined by calculating the ratio of error amount to the total amount of the account wherein it occurred. According to this indicator:

- the lower limit of error significance – 5 percent from the total item amount;
- the upper one – 10 percent.

Errors exceeding the lower limit of significance, 5 percent from the total item amount, are deemed material.

AB Pramprojekta applies the following methods of correcting accounting errors of previous periods:

Material errors are corrected by a retrospective method by adjusting the data of the previous fiscal year (periods) whose data were distorted by the error. Where it is impossible to exactly evaluate the influence of material error on the Financial Statements of the previous fiscal year, the error is corrected by a perspective method by corrected only the data of the reporting period.

Immaterial errors are corrected by a perspective method, i.e. they are corrected in the Financial Statements of the reporting period.

The sums of the corrected errors and adjustments, while the Financial Statement for 31 12 2007 is composed, stay within the allowable limit.

#### IV. COMMENTS PRESENTED IN THE EXPLANATORY NOTES

The comments of the Explanatory Notes about significant items of Financial Statements are given in explanatory tables. The numbers of comments of the Explanatory Notes are given in Financial Statements near statement items.

##### 4.1 Non-current intangible assets

Non-current intangible assets movement is shown in the table below:

Non-current intangible assets movement is shown in the table below:

LTL

Indices	2007 year	2006 year	Increase (+) Decrease (-)
Residual value at the end of the previous financial year	87386	86488	+898
Changes of the financial year:			
- purchase of the assets	28367	58082	-29715
- assets assigned to other persons and written down	80313	13348	+66965
Transfers between items	-1997	0	-1997
- amortisation of the financial year	51099	57180	-6081
Amortisation of assets assigned to other persons and written down	79888	13344	+66544
Amortisation of assets transfered between items	-55		+55
Residual value at the end of the financial year	62287	87386	-25099

Information is given in Appendix No.4.1 "Intangible Assets" to the Explanatory Notes"

##### 4.2 Non-current tangible assets

The condition of non-current tangible assets – 3 storeys of the lower 5-storeyed part of the building. The total useful space of the premises amounts to 3054.35sq.m. (Certificate from the Register of Real Estate, dated 11 10 2003). The cost of acquisition – LTL 766,302; Aisetas recreation facility in Paaisetė Village, Molėtai District. Useful space – 787.36 sq.m. The cost of acquisition amounts to LTL70, 832.



The taxing (basic) value of the real estate – premises located on Donelaičio Str. 60, Kaunas, owned by the public limited company Pramprojektas, established by the State Enterprise Centre of Registers by the method of mass valuation amounts to LTL 8,028,048 on 01 01 2006.

By the Letter No. 1.31./1133s-2061 of 31 March 2006, the Centre of Registers decided to approve the adjusted taxing value established after individual valuation, i.e. LTL 4,376,000.

The taxing (basic) value of the recreation facility Aisetas, established by the method of mass valuation, amounts to LTL 87,885.

Facility name	Balance-sheet (residual) value, LTL 31 12 2007	Construction year
Industrial building	529,308	1965
Recreation facilities	26,683	1984
Total	555,991	

Non-current tangible assets movement is shown in the table below:

Indices	2007 year	2006 year	litas
			Increase (+) Decrease (-)
Residual value at the end of the previous financial year	853465	899179	-45714
Changes of the financial year:			
- purchase of the assets	218219	98367	+119852
- assets assigned to other persons and written down	134901	158028	-23127
Transfers between items	1997		1997
- amortisation of the financial year	150370	142705	+7665
Amortisation of assets assigned to other persons and written down	130565	156652	-26087
Amortisation of assets transferred between items	55		+55
Residual value at the end of the financial year	918920	853465	+65455

Information given in appendices to the Explanatory Notes:

No.4.2 "Non-current Tangible Assets Groups, their Appraisal, and Methods of Depreciation Calculation"

No.4.3 "Non-current Tangible Assets"

No.4.4 "Movement Table of Non-current Tangible Assets"

No.4.5 "Depreciated Non-current Assets Still in Use"

#### 4.3 Non-current financial assets

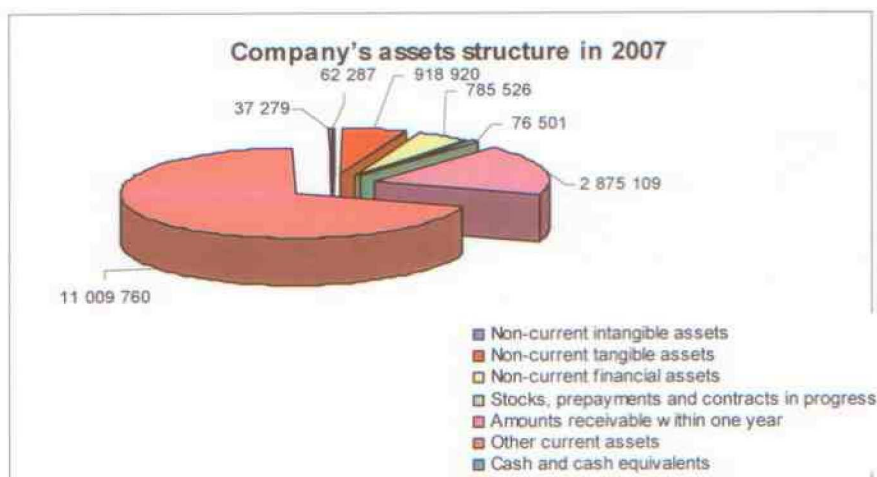
##### Investments in other companies

No.	Name	Amount of shares held	Portion in the Company's authorized capital, %
1	UAB "Aloja"	583	2.68
2	UAB "Bankinės konsultacijos"	12,984	18.55

Information given in appendices to the Explanatory Notes:

No 4.5 "Movement of financial tangible asset"

Company's assets structure in 2007



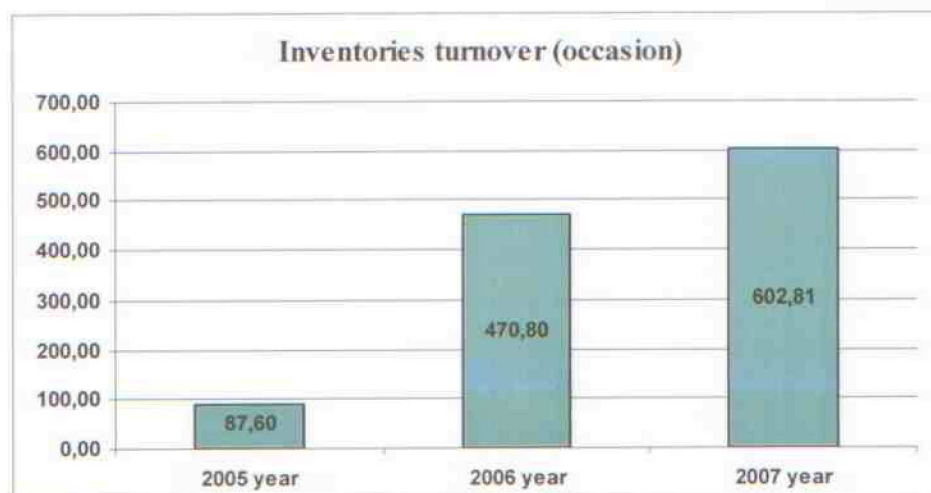
#### 4.4 Inventories. Prepayments. Other Current Assets.

The major part of prepayments consists of advance payments of the income tax and prepayments made to subcontractors for design works (In the balance sheet advance prepayments are moved to the item of other current assets).

No inventories were written down in 2007.

Inventories turnover is shown in the table below





Information given in appendices to the Explanatory Notes:

No 4.6 "Inventories"

Other current assets include shares in other companies.

List of shares held in other companies:

No.	Name	Amount of shares held	Portion in the Company's authorized capital, %
1.	UAB Asocijuoto turto valdymas	5,899,584	7.8661
2.	UAB "Energolinija"	158,790	13.81
3.	AB "Ūkio bankas"	512	0.008
4.	DP International	1900	19.00

#### 4.5 Operating Income, Cost, Results

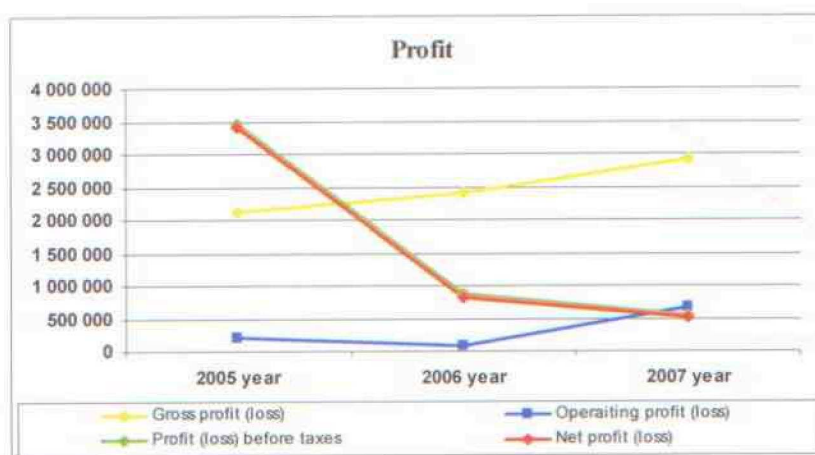
The results are indicated according the Geographical Segments because the incomes from other activities make insignificant part.

Information is given in the Appendix

No.4.11 "Information on Geographical Segments" to the Explanatory Notes"

Income from design works:





#### 4.6 Liabilities

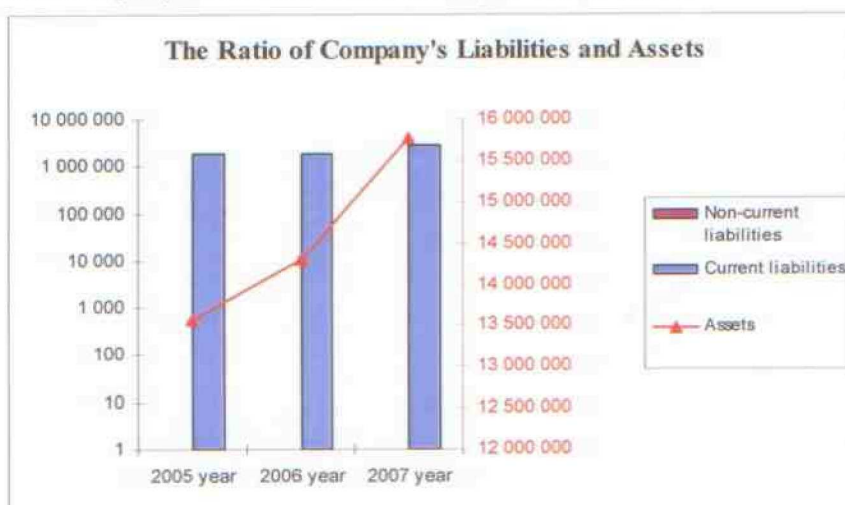
Loan agreement for borrowing 623 550.00 litas was made with UAB "Asocijuotas turto valdymas" on 20-12-2007. 8.5% annual interest is provided. The loan must be returned till 20-12-2008.

The largest amount (31%) of payable sums and current liabilities are obligations to the subcontractors for the design works. The largest financial obligations to providers for design works for the 31 of December 2007 are shown in the table below:

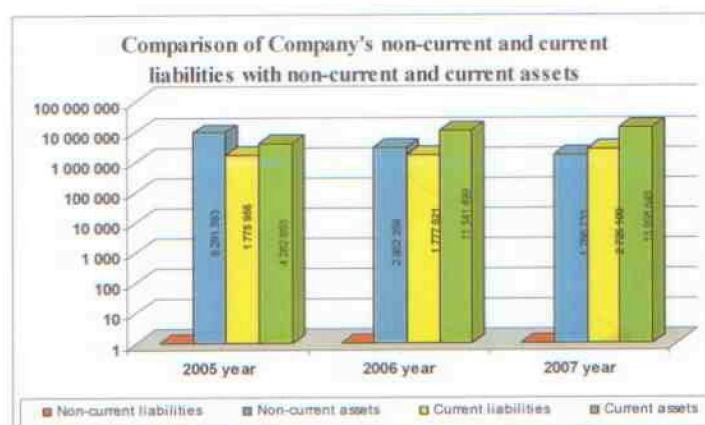
No	Credit debt	Amount	per cent from all debts to supplier (balance sheet II.3)
1	Hidrosfera UAB	670,590	79.4
2	Kauno inžineriniai tyrinėjimai UAB	50,300	5.9
3	Sidabro takas UAB	49,000	5.8
	Total	769,890	91.1

Information is given in the Appendix

No.4.9 "Condition of Company's Liabilities" to the Explanatory Notes"







#### No.4.7 Result of Other Activities

Information is given in Appendix No.4.7 "Result of Other Activities" to the Explanatory Notes"

#### No.4.8 Result of Financial and Investing Activities

Loan agreement for borrowing 623 550.00 litas was made with UAB "Asocijuotas turto valdymas" on 20-12-2007. 8.5% annual interest is provided. The loan must be returned till 20-12-2008.

The profit from UAB Attentus shares sale is taxed according 12 chapter 15 item of The Law on Profit Tax

Information is given in Appendix

No.4.8 "Result of Financial and Investing Activities" to the Explanatory Notes

#### No.4.9 Amounts Receivable

Receivable sums per year are equal LTL 2,875,109. Amounts receivable from clients of design works on 31 12 2007 is equal LTL 2,791,273 or 97 per cent of all sums receivable per year.

The largest debtors are shown in the table below:

No	Debt	Amount	Per cent from all sums receivable per year
1	Hidrostatyba UAB	1,007,451	35.04
2	Mitnija UAB	458,076	15.92
3	Ekoprojektas UAB	326,682	11.36
3	Laivitė AB	152,370	5.4
	Total	1,944,579	67.63

#### 4.10 Cash and Cash Equivalents

Balances of cash in hand and current accounts meet the balances received from the ledger and bank statements.

#### 4.11 Capital

Company's shareholders:

No.	Shareholder's surname and name, company's name	Company identity number	% of shares held in the authorized capital
1.	Attentus UAB	135,654,594	14.22
2.	Finbaltus UAB FMI	122,020,469	5.37
3.	Gončaruk Olga		5.81
4.	York Well Business Corp.	1,012,383	24.21
5.	Romanov Roman		6.01
6.	Romanov Vladimir		6.01
7.	UniLine LLC	260,802	9.48
8.	Natural persons		28.89
	TOTAL		100.00

The Company did not acquire own shares either in the previous year or in the year 2007.

Structure of the authorised capital is presented in the Appendix to the Explanatory Notes

No.4.10 "Structure of Authorised Capital"

No.4.13 "Profit appropriation project"

Changes in equity capital are reflected in the Statement on Changes in Equity.

The Company's profit is appropriated in the manner prescribed by the Company law and the Company's Articles of Association. A draft of appropriation of profit (loss) for the fiscal year is presented along with Financial Statements. The Company's shareholders' meeting has to approve Company's Financial Statements and distribute the profit.

#### **Nr.4.12 The structure of the authorised capital**

Changes in equity capital are reflected in the Statement on Changes in Equity.

The Company's profit is appropriated in the manner prescribed by the Company law and the Company's Articles of Association. A draft of appropriation of profit (loss) for the fiscal year is presented along with Financial Statements. The Company's shareholders' meeting has to approve Company's Financial Statements and distribute the profit.

#### **4.13 Cash Flow Statement**

Cash Flow Statement is prepared by indirect method.

Non-cash items in the Cash Flow Statement: non-current assets depreciation (amortization), doubtful debts written-off, assets not fully depreciated and written-off, decrease in liabilities related to labour relations, difference in the fair and market prices of shares.

Information is given in the Cash Flow Statement.

#### **4.14 Financial Relationships with Company's Managers and Other Connected Persons**

Information is given in Appendix

No.4.12 "Financial Relationships with Company's Managers and Other Connected Persons" to the Explanatory Notes

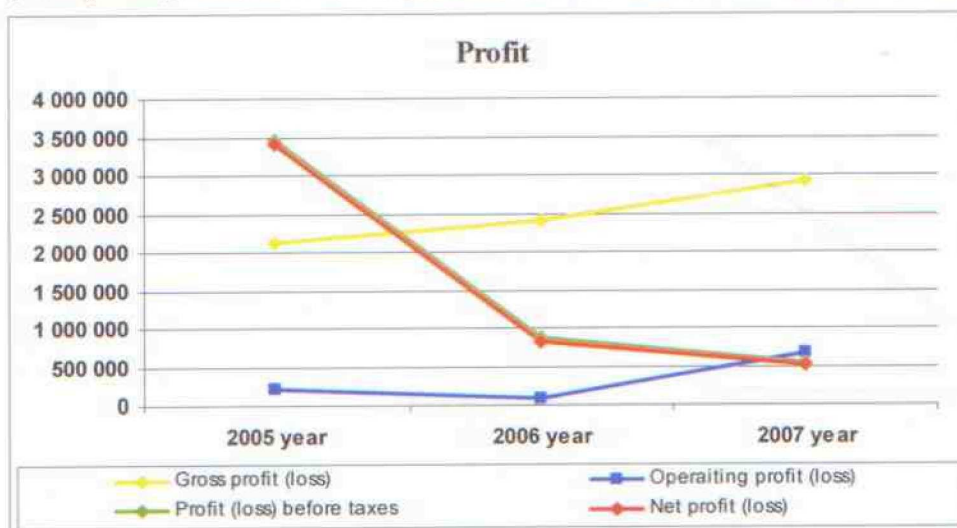
## 4.15 Transactions with Connected Persons 31 12 2007

	2007	2006	Receivable sum or balance 31 12 2007 (LTL)	Payable sum or balance 31 12 2007 (LTL)
Goods purchase				
Other important transactions	Loan received from UAB „Asocijuoto turto valdymas“	-	-	623,550

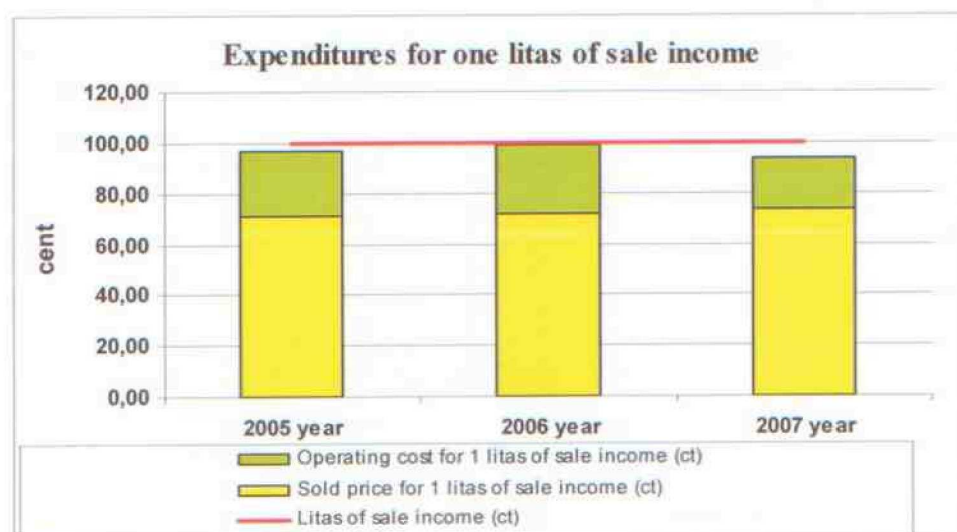
## 4.16 Guarantees issued

No guarantees were issued

## 4.17 Company's liquidity, indicator for expenditures for 1 litas of sale, profit per share



Net profit per share during accountable financial year is LTL 0.175, when net profit per share was LTL 0.240.



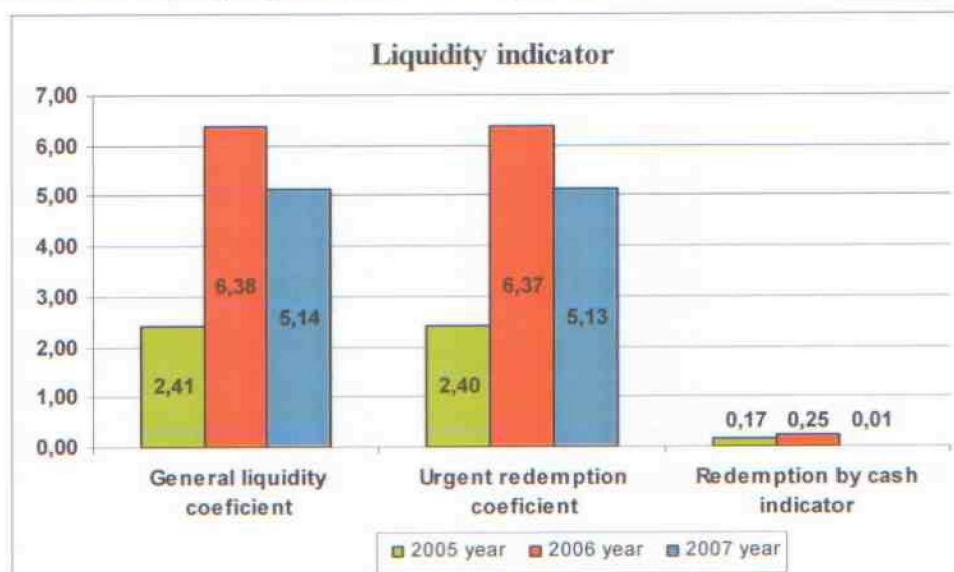




#### The Company liquidity indicators:

Indicator	2005 year	2006 year	2007 year
General liquidity coefficient	2.41	6.38	5.14
Urgent redemption coefficient	2.40	6.37	5.13
Redemption by cash coefficient	0.17	0.25	0.01

#### The diagram of the Company liquidity indicators [monės likvidumo rodiklių diagrama]:



#### 4.18 Assets pledged

AB „Pramprojektas“ assets is not pledged during the year 2007.

#### 4.19 Annual Inventorying

Financial Statements data are based on the inventorying of the assets disposed of by the Company at the end of the reporting period. Annual inventorying of the main means and current assets was performed on 19 November 2007 by Director's Order No. 98; the inventorying of the recreational

facilities 08 October 2007 by Director's Decree No. 85, and in the inventorying of warehouse—31 December 2007, Decree No. 114.

#### **4.13 Brief Description of Significant After Balance-sheet Events**

Financial Statements of AB PRAMROJEKTAS are adjusted if after balance-sheet events have direct influence on the data of Financial Statements still not approved.

Important after-balance sheet events did not occur.

#### **4.17 Audit of Annual Financial Statements**

On 17 December 2007, an Independent Audit Contract No. 71217-74 was concluded with UAB Auditorių Biuras for the auditing of the Company's accounting and financial statements for the period from 1 January 2007 to 31 December 2007.

28 February 2007

L.R.Butkus,  
Managing Director



N.Čyžienė,  
Chief Financier



## AB Pramprojektas official information on the compliance with the Governance Code for the companies listed on the Vilnius Stock Exchange

The public company Pramprojektas following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the Vilnius Stock Exchange for the companies listed on the regulated market, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES /NO /IRRELEVANT	COMMENTARY
<b>Principle I: Basic Provisions</b>		
<b>The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.</b>		
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's development strategy and objectives are disclosed to the shareholders in the annual report, and some information is placed on the Company's website and publicly announced on the website of Stock Commission of the LR.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Company's Supervisory Council, the Board and Chief Executive Officers make every effort to implement strategic objectives and at the same time to increase shareholder value. With this aim in view, the Company increases its production capabilities and invests in shares of different companies to attain maximum benefit.
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 Company's Supervisory Council acts in close cooperation with the Company's Board as it helps implement the key and strategic issues, approves activity plans and supervises all the activities of Board and the Company's administration. The Company's Chief Executive Officers submit reports on implemented plans and future works to the Board.
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 management system ensures that the rights and interests of all the persons participating in the Company activities (employees, creditors, suppliers, and customers) are duly respected. When making decisions important to the Company, representatives of the Company employees are invited to participate at the Board Meetings. Some of the employees are shareholders of the Company. Relations with the creditors, suppliers, and customers are governed by contractual obligations that are fully observed. Support to the local community is provided in the fields of sports, art, and education.



## Principle II: The corporate governance framework

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

2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	Company's Supervisory Board and the Management Board are formed and Managing Officer-Managing Director elected. In their performance, the Head of the Company observes the laws, other legislation, the Articles of Association of the Company, the resolutions and decisions of the General Meeting and the Board, and the work regulations. The Head of the Company reports to the Board and the Board controls their performance.
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 Management Board, a collegial management body, performs the functions of the management, and the Supervisory Council, a collegial supervisory body, supervises the activities of the Board and how efficiently the Board performs its functions.
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.	Irrelevant	The Company has set up both the Supervisory Board and the Management Board.
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.	No	Members of the Supervisory Board are elected by the shareholders from the candidates nominated by the shareholders therefore the procedure of setting up the Supervisory Board ensures the representation of interests of the minority shareholders.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	The Company's Supervisory Board comprises 3 (three) members and 3 (three) members of the Management Board. Based on the practice and opinion of the Company's management, such number of the Board's and Supervisory Council's members is sufficient to rationally adopt decisions.
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	Yes	The Company's Supervisory Board is elected for the period of 4 years and the number of terms of office of the Supervisory Board's member is not limited. Pursuant to the currently applicable Articles of Association, the re-election of the same members of the Supervisory Board for the next term of office is not prohibited.



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.		
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The Chairman of the Company's Supervisory Board can conduct independent and impartial supervision since he did not take and presently does not take the office of the Chief Executive Officer of the Company.
<p><b>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</b></p> <p><b>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.</b></p>		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The mechanism of the formation of the Supervisory Board ensures objective and fair monitoring of the company's management bodies. The minority shareholders' right and possibility to have their representative in a collegial body is not restricted.
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.	No	<p>At least 10 days before the General Meeting the shareholders are revealed all the information on the candidates to become members of a collegial body.</p> <p>The shareholders are furnished with full information about the candidates and during the elections possibilities are created for them to ask questions and receive desired information from the candidates. The shareholders can also receive extensive information about the members of the collegial body at the Human Resource Department.</p> <p>All circumstances provided for in the Corporate Governance Code, that could affect the candidate's independence, have not been disclosed or examined yet, since the Code came into effect in August 2006. This will be done starting with the year 2007.</p>
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by	Yes	The members of the Company's Supervisory Board and Board present information on the

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.		qualification advancement programs related to their work in a collegial body they participated in.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Yes	The Supervisory and Management Boards Members have the required diversity of knowledge, judgment and experience to complete their tasks properly. The audit committee is not formed in the Company.
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.	Yes	With respect of the Company structure and the nature of its activities, the Collegiate Body Members, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. They participate at seminars and take courses where they get information on material changes in legislation governing the activities of the Company that may influence the performance of the Company.
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.	Yes	All members of the collegial body are independent. All material conflicts of interest related with a member of the collegial body are resolved properly.
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:	Yes	The independency of the the Collegial Body Members is assessed according to the recommendations covered in this Code, the content of the relations and conditions of the Company and the Collegial Body member and main recommended criteria.



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| <p>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;</p> <p>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;</p> <p>3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);</p> <p>4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</p> <p>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material</p> |  |  |
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<p>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>	Yes	<p>The right of the Company's Supervisory Board to fundamentally determine of what constitutes independence is not restricted.</p> <p>The Supervisory Board may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he/she 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 annually disclose which members of the collegial body it considers to be independent.</p>	Yes	<p>Conclusions about the independence of the members of the Company's collegial bodies:</p> <ul style="list-style-type: none"> <li>- Eugenijus Verbavičius – chairman of the Supervisory Board, independent member of the collegial body. Reason: E. Verbavičius is the Company's employee, position - advisor</li> <li>- Audronė Vaičiulytė – member of the Supervisory Board, independent member of the collegial body. Reason: A. Vaičiulytė is the Company's employee, position – specialist of securities</li> <li>- Vytautas Žirgūtis - member of the Supervisory Board, independent member of the collegial body.</li> </ul> <p>When the new member of the collegial body is proposed the Company shall declare if he is independent.</p>
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	Yes	<p>The independent members of the Company's collegial body will confirm their independence and the Company will announce the reasons for considering a particular member to be independent when the members of the bodies will not meet the criteria of independence throughout the year</p>
<p>3.11. In order to remunerate members of a collegial</p>	No	<p>Taking into consideration the fact that at present</p>



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.		the form of remunerating the members of the company's Supervisory Board and/or Board for their permanent work in these bodies is still not finally clear, the Company does not pay such remuneration and does not plan to approve its size at the general shareholders' meeting of the company.
<p><b>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</b></p> <p><b>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.</b></p>		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Supervisory Board elected at the Company issues responses and recommendations concerning the company's annual Financial Statements, draft of profit distribution, the company's annual report and activities of the Board and the Company's management to the general shareholders' meeting, and performs other functions of supervising the activities of the Company and its management bodies ascribed to the competence of the Supervisory Council.
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 data possessed by the Company all the Supervisory Board's members act in good faith with regard to the Company, and observe the interests of the Company but not their own or third parties' interests, and endeavour to maintain independence when adopting 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	Yes	The members of the collegial bodies properly perform their functions, i.e. they actively participate in the meetings of the collegial body and devote sufficient time to perform their duties as collegial members.



body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.		
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	<p>The Company management system ensures that all the shareholders' rights are protected, irrespective of the number of shares held thereby or of the fact whether a shareholder is a citizen of the Republic of Lithuania or a foreign entity.</p> <p>The Company's collegial body always treats all shareholders impartially and fairly.</p>
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	All transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the Company under usual conditions), which are concluded between the Company and its shareholders or other natural or legal persons that exert or may exert influence on the Company's management are approved by the Board. The decision is adopted by a majority vote of the Board Members. This procedure is prescribed by the Board work regulations.
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.	Yes	The Company's collegial body is independent in passing decisions that are significant for the Company's operations and strategy. Members of the collegial body act and pass decisions without an outside influence from the persons who have elected them. The Supervisory Board is independent of the Board. All the Company's employees provide required information to the members of the Company's Supervisory Council in order they could properly execute their functions and deal with the issues pertaining to their competence.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination,	No	Issues of nomination of the Company General Director and determination of the Director's remuneration are addressed by the Company Board. The audit is performed by an independent auditor elected at the General Meeting. In view of the structure, size, and activities of the Company, the committees prescribed in Par 4.7. of the Code have not been formed and their functions are going to be delegated to the collegiate body itself.



<p>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 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>	No	<p>In view of the structure, size, and activities of the Company, the collegiate body committees have not been formed. The Company's Supervisory Board remains fully responsible for the decisions taken in the field of its 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</p>	No	<p>The issue concerning the establishment of committees provided for in the Code will be dealt with after evaluating the influence of the Code's requirements on the present structure of the Company and after analyzing the experience of other issuers and the market as well as financial expenses and other related factors.</p>

refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	No	The committees prescribed by the Code are not formed in the Company.
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.	No	The committees prescribed by the Code are not formed in the Company.
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	No	The Nomination Committee is not formed in the Company.



<p>and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes;</p> <p>3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;</p> <p>4) Properly consider issues related to succession planning;</p> <p>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> <p>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;</p> <p>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;</p> <p>3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</p> <p>4) Assist the collegial body in overseeing how the</p>	No	The Remuneration Committee is not formed in the Company.

<p>company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);</p> <p>5) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <p>1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</p> <p>2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</p> <p>3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.</p> <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <p>1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);</p> <p>2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;</p> <p>3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should</p>	No	The Audit Committee is not formed in the Company.



there be no internal audit authority in the company, the need for one should be reviewed at least annually;

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

5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible 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 informed of the

<p>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>	Yes	<p>The Supervisory Board conducted the assessment of its activities during 2007. in pursuance of the Code provisions. The activity of the Supervisory Board during the assessed period meets the limits of the competency of the collegial body. According to the company's particularity and composition of the Supervisory Board (3 members make the Supervisory Board), the activity of the collegial body is not stucturalized, The Supervisory Board act as a group. The Supervisory Board acted in compliance with the rules of procedure issued by the Supervisory Board. The Supervisory Board assesses the activity as good. This assessment has no influence to any esstnal changes.</p>
<p><b>Principle V: The working procedure of the company's collegial bodies</b></p> <p>The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</p>		
<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The</p>	Yes	<p>The Supervisory Board meetings shall be convened by the Council chairman. The meetings may also be convened by the decision passed by not less than 2/3 of the Council members. When notifying of the meetings the required material prepared for the meeting has also to be presented</p>



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.		
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	The Supervisory Board meetings shall be convened at least once a quarter. Members shall be notified of the Supervisory Board meetings being convened in writing or orally not later than 3 (three) days in advance. The Company Board meetings shall be convened at least once a month.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	When notifying of the meetings the required material prepared for the meeting has also to be presented (theses of reports, draft resolutions, certificates, explanations and other necessary documents). The Council's meetings shall be convened at least once a quarter. Members shall be notified about the meeting being convened in writing or orally not later than 3 (three) days in advance. In separate cases, upon having consent of all members of the Council, meetings may be convened within a shorter term.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	The Company Board's members and other Company's managers or employees may be invited to participate in the Supervisory Boards meetings with a deliberative vote. If the invited persons cannot participate in the meeting they must inform the Board's chairman or his/her deputy by stating the reason of absence."
<b>Principle VI: The equitable treatment of shareholders and shareholder rights</b>  <b>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.</b>		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	Ordinary registered shares comprising the Company's capital grant equal rights to all holders of the Company's shares.
6.2. It is recommended that investors should have access to the information concerning the rights	Yes	The investors are informed of newly issued shares in the manner prescribed by the law of



attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.		the Republic of Lithuania, i.e. through the information systems of the Securities Commission and Vilnius Stock Exchange. All the issue terms and conditions are contained in the Share Subscription Agreements.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	Since 2004 when the amendments to the Law on Companies and the Articles of Association of the company came into effect, transactions that are important to the Company and its shareholders, such as transfer, investment, pledge, rent, and acquisition of the Company's assets, are approved under the Board decision. The competencies of the General Meeting and the Board prescribed by the Articles of Association are concurrent with the provisions of the Law on Companies of the Republic of Lithuania.
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 General Meeting is convened in strict pursuance of the procedure prescribed by the Law on Companies of the Republic of Lithuania. The procedures related to the General Meeting prescribed by the Articles of Association are concurrent with the provisions of the Law on Companies of the Republic of Lithuania. In pursuance of the provisions and deadlines prescribed by the Law on Companies, prior to the General Meeting all the shareholders are provided equal opportunities to get information on the convened Meeting and its agenda.
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	In pursuance of the general procedure prescribed in the Law on Companies of the Republic of Lithuania, the shareholders are publicly informed on the convening of the General Meeting and at least 10 days before the Meeting they are provided a possibility to access the draft resolutions which are published on the Vilnius Stock Exchange website in Lithuanian and English. The signed minutes of the General Meeting and the passed resolutions are placed in publicly accessible media and submitted to the Registrar of Legal Persons in the manner prescribed by the Law on Companies of the Republic of Lithuania to the extent that publishing of these documents is not detrimental to the Company or the Company's commercial secrets are not revealed.
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 shareholders of the Company enjoy unrestricted voting rights and they may exercise the right in person or through their proxies. When the voting right is implemented through the proxy, the later submits a proxy or an agreement on the transfer of the voting right is made therewith. The proxy of a shareholder who is a



		natural person must be notarised, whereas the proxy of a shareholder who is a legal person must be signed by the Head of the Company and bear the company seal. At least 10 days before the General Meeting the Company sends the general ballots by registered mail or hand them in personally against signature to the shareholders if the shareholders entitled to vote so request in writing.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	Irrelevant	Up to now the Company did not have the need of implementing this recommendation; the shareholders take part in the General Meetings in person or through their proxies where they vote to express their opinion.

#### **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 Company follows these recommendations since the members of the Company's Supervisory Council and Board must observe the provisions laid down in 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.	Yes	
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	Yes	

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.	Yes	The Company Supervisory Council and Board Members are acquainted with these provisions and under the said circumstances, would implement this recommendation in practice.
<b>Principle VIII: Company's remuneration policy</b>  <b>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.</b>		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	Yes  No	The report of the remuneration policy is given in the Annual Report  The company's website carries the informative character and is committed for potential clients; the information for investors is not posted.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	Yes	The Company's remuneration policy during the last financial year was implemented according to the rules of remuneration for the work. This document shows that the only benefit the Company's managers receives is remuneration according to the working contract. The Company does not plan any significant changes in the company's managers remuneration policy.
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration;	Yes	Fixed remuneration part paid to the Managing Director L.R. Butkus amounts 28.1 percent of the total paid remuneration.  Fixed remuneration part paid to the Executive Director A.A. Bartuška amounts 30.1 percent of the total paid remuneration.  Fixed remuneration part paid to the Personnel and General Affairs Director A. Kurauskienė amounts 100.0 percent of the total paid remuneration.
2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration;	No	Right to share options or shares is not provided.
3) Sufficient information on the linkage between the remuneration and performance;	Yes	According to the Remuneration for Work Regulation valid in the Company, the



<p>4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits;</p> <p>5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.</p>	<p>No</p> <p>No</p>	<p>remuneration is not limited and variable part of the remuneration depends on the amount of performed works and is calculated applying the rates of each occupation covered in the Remuneration for Work Regulation.</p> <p>There is no annual bonus scheme or any other non-cash benefits in the Company.</p> <p>There is no supplementary pension or early retirement schemes in the Company.</p>
<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>Yes</p>	<p>Working contracts are executed with executive directors in the Company. These contracts meet the requirements of the Labour Code and Civil Code of LR and related legislative acts as well as the Company's rules and the collective labour agreement valid in the Company.</p> <p>The contracts executed with the executive directors have no exclusive conditions.</p> <p>The contracts are not executed with members of the management bodies.</p>
<p>8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.</p>	<p>No</p>	<p>The Supervision Board appoints the remuneration of the General Manager.</p> <p>The remuneration of the other directors is appointed according to the Remuneration for Work Regulation valid in the Company.</p> <p>The remuneration committee is not formed in the Company.</p> <p>The Company does not engage external consultants whose services have been used in determination of the remuneration policy.</p>
<p>8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>	<p>Yes</p>	<p>Significant aspects of the remuneration policy are covered in the annual report of the chairman of the board as a part of the report and are confirmed in the annual shareholder's meeting.</p> <p>Significant changes of the remuneration policy are not planned in the Company.</p>
<p>8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p>	<p>Yes</p>	<p>The remuneration paid for the directors of the</p>





form of loans, advance payments or guarantees, including the amount outstanding and the interest rate..		of loans, advance payments or guarantees, including the amount outstanding and the interest rate..
8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	No	The Company does not use schemes anticipating remuneration of directors in shares, since there have been no such cases in the Company. If there was such a possibility, such issues would be considered by the General Meeting, which would pass relevant resolutions.
8.9. The following issues should be subject to approval by the shareholders' annual general meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general 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.		See commentary on the recommendation 8.8.
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.		See commentary on the recommendation 8.8.

<p>8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>		<p>See commentary on the recommendation 8.8.</p>
<p>8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website..</p>		<p>See commentary on the recommendation 8.8.</p>
<p><b>Principle IX: The role of stakeholders in corporate governance</b></p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected..</p>	<p>Yes</p>	<p>The corporate governance framework assures that the rights of stakeholders that are protected by law are respected. For instance, the rights of the Company employees are prescribed by the Labour Code and such rights are not violated by the Company. Other internal agreements, agreements with the suppliers, customers, and creditors are comprehensively implemented, which, in its own turn, adds to the long-term success and good performance results of the Company.</p>



9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	The conditions for the stakeholders to participate in corporate governance are created in the manner prescribed by the law. Labour laws grant the right to the representatives of employees to submit proposals to the Company concerning work organization, in adoption of key decisions.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	The stakeholders have access to relevant information unless that is in breach of the law and the rules on commercial secret disclosure.
<b>Principle X: Information disclosure and transparency</b>  The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.		
10.1. The company should disclose information on: 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..	Yes	Information on the Company is disclosed in the Annual report as of 2007.
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	Yes	The company does not belong to a consolidated company group.

10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	Yes	The information is provided in the Annual Report.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure	Yes	The corporate governance framework assures that the rights of the employees and other stakeholders are respected. The requirements of the Labour Code with respect of the employees are strictly observed; they are offered favourable working conditions. The relations with the suppliers and customers are defined by contractual obligations which are not breached by the Company. Support to the local community is provided in the fields of sports and art. Some of the employees are sahareholders of the Company.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions..	Yes	As much as possible the Company provides information trough the Vilnius Stock Exchange information disclosure system in Lithuanian and English simultaneously. The submitted information is published by the Stock Exchange on its website and the trading system, which ensures simultaneous disclosure of information to everybody. The company publishes the information before or after the Vilnius Stock Exchange trading session. The Company does not disclose any information that is likely to affect the price of securities issued thereby either in the comments, at an interview or otherwise until such information is made public through the Stock Exchange information disclosure system..
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.	No	Before 2007 the Company did not have a website. Currently the Company is considering creating a 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..	No	After the Code came into effect in the Quarter 2 of 2006, it is supposed that this information may be disclosed in 2007.
<p><b>Principle XI: The selection of the company's auditor</b></p> <p>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	An independent audit of the interim financial statements is conducted at the Company, since such audit is not mandatory under the law of the Republic of Lithuania. An independent audit institution provides audit of annual financial statements.
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 Company follows this recommendation since the candidate company of auditors is proposed to the general shareholders' meeting by the company's Supervisory Council even though it can also be proposed by the shareholders or the Company's 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.	Yes	The audit firm has not provided non-audit services to the Company and the Company has paid no fees related to such services to the audit firm.