



AKCINĖ BENDROVĖ

To: The Securities Commission
Of the Republic of Lithuania
Konstitucijos ave 23, LT-08105 Vilnius

25.03.2010

CONFIRMATION OF RESPONSIBLE PERSONS

Following 22 article of the the Law on Securities Market of the Republic of Lithuania and Rules on Prepaton and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, the General Manager of the Gubernija AB Vijoleta Dunauskiene and the Chief Accountant of the Gubernija AB Daiva Leinartiene, hereby confirm that, to the best of our knowledge, the attached Gubernija AB the audited financial accountability for 12 months of the year 2009, ended 31 December 2009, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted to be used in the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of Gubernija AB, and that review of the business development and activities and the status of the Gubernija AB are correctly revealed in annual report.

General Manager

Vijoleta Dunauskiene

Chief Accountant

Daiva Leinartiene



AKCINĖ BENDROVĖ „GUBERNIJA“

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 Data are accumulated and kept in the registry of Legal entities, code 144715765, code of VAT payer LT447157610

ANNUAL REPORT For the year 2009

1. *Activities of the Company*

The joint-stock company “Gubernija” (hereinafter- the Company) was registered on May 5, 1993. The code of the Company is 144715765. The address of the seat is Dvaro g. 179, LT- 76176 Šiauliai. The e-mail is: info@gubernija.lt. The internet address is www.gubernija.lt AB “GUBERNIJA” in its practice follows the Laws on Joint-stock companies of the Republic of Lithuania, Laws on Securities’ market, other laws and regulatory acts of the Republic of Lithuania, statutes and the accounting policy of the Company. The main direction of the activities of the Company is production and sales of beer, beer drinks, and kvass.

On January 12, 2009 under the law by the minister of the ministry of Agriculture of the Republic of Lithuania No 3D-13 which introduced a new category of kvass drinks, “Gubernija kvass” was renamed and now it is produced under the name of “Drink of Gubernija kvass taste“. In the II half of the year 2009 a new commodity mark for beer “Baltaragio/Whitehorn“ was created, the bear packaging of “Gubernijos ekstra“ was renewed.

The unattractive beer commodity mark of “Gubernijos Anno 1665“ was taken from the market, the production of “Gubernijos soft“ beer was stopped.

The Company is an active participant in the competition of the private commodity marks, and in the II half of the year of 2009 we stabilized the sales after winning the competition of BĮ UAB “Sanitex“ commodity mark.

2. *The analysis of results from financial and nonfinancial activities*

Indicators of short-term solvency

Solvency (liquidity)	Formula	2008	2009	The meaning	Notes
The indicator of the working capital	Short-term assets- short-term obligations	11349246	15624235	Sufficiency of the short-term assets also to cover obligations	Satisfactory value >0
General liquidity	Short-term assets- short-term obligations	0.404	0.740	Sufficiency of the short-term assets also to cover obligations	Satisfactory value 1,2 -2
Critical liquidity	(Short-term assets- resources) /short-term obligations	0.530	0.435	Rate of liquidity of obligations in mobile actives	Satisfactory value >0 (not during the inflation)

The indicators of the short-term solvency for December 31, 2009 show the data how much short-term assets The Company had to cover short-term obligations. The meaning of the working

capital is negative, i.e., the Company does not have enough short-term assets, also it can not to fulfill its short-term obligations. The possibilities to perform its activities, develop them, and be competitive depend on the working capital.

The indicators of the general and critical liquidity show the rate for paying obligations of the Company. i.e., their coverage by the mobile assets which are less than 1.

Indebtedness	Formula	2008	2009	The meaning	Notes
General indicator of the debt	Long-term indebtedness/private capital	1.060	2.688	Proportion of the possibility to pay debts	Standard <0.5 but not the rule. >5 is also possible
Coefficient of the lever	Debts/Private capital	1.542	0.010	Structure of the capital	Standard <3. but not the rule. >0.3 is also possible
Indebtedness by the long-term assets	Long-term assets/Long term obligations	2.81	1.47	Insurance of long-term debts(credits) by the assets	Standard <3. but not the rule. >0.3 is also possible

Indicators of the long-term obligations

On December 31, 2009 the general indicator of debts is higher which shows that the bigger part of the assets belong to the creditors in comparison with December 31, 2008. This increasing indicator shows the lowest level of security. The indicator of indebtedness by the long-term assets shows the degree of insurance for long-term obligations by the owned assets, i.e., how many times the long-term assets are bigger than long-term obligations. The Company is not able to perform its obligations declared in contracts, hence we may conclude it is insolvent and it can go bankrupt. The indicator of the coefficient of the lever is called as the indicator of the financial risk which shows that in the case of bankruptcy the Company will have to get even with the creditors earlier than with the owners. It shows the tendency of degradation of the status indebtedness of the Company.

The analysis of profitability of the assets

Profitability	Formula	2008	2009	The meaning	Notes
Gross profitability	Cost price of the sold goods/ gross sales	0.784	0.798	Profitability of the routine activities	Standard- range 0<x<1. It should be as high as possible
Net profitability	Net profit/Net sales	0.154	0.162	How many litas of net profit does one litas from the sales give?	Standard >0. It should be as high as possible
Profitability of the private capital	Net profit/ Private capital	0.479	0.513	The efficiency in using its capital	Standard >0. It should be as high as possible

Profitability of the constant capital	Net profit/ Private capital+ Long-term debts	-	-	The efficiency in using the constant capital	Standard >0. It should be as high as possible
		0.479	0.513		
Profitability of the assets	Net profit/ assets	-	-	The efficiency of managing the assets	Standard >0. It should be as high as possible
		0.133	0.108		
Profitability of the routine activities	Profit of the routine activities*100/ sales and services	-	-	Profitability of the routine activities	Standard >0. It should be as high as possible
		15.824	17.227		
Profit for one share	Net profit/Amount of ordinary shares(100 un.)	-	-	How much does one share earn?	Standard >0. It should be as high as possible
		59180.190	41856.180		

The profitability of the routine activities on December 31, 2009 in comparison with December 31, 2008 increased in 0.014 point. It shows that the sales are more profitable than during the last financial year. Considering the indicator of the net profit it is apparent that one litas in sales does not generate any profit, and the experienced loss is 0,162 Lt.

The indicators of the capital profitability show that the private capital is used inefficiently. The profitability of the joint-stock shows how much profit the Company gained for every litas of the net profit for the shareholders investment.

The constant capital consists of all means of the shareholders and long-term debts. Means on loan do not make profit. So, the experienced loss gained from using credits in the activities of the company does not cover the interest. The indicator of the constant capital profitability shows that resources of the Company are used inefficiently independent of what means (loaned or private) they are financed.

Practically, it is impossible to influence the structure of sales profitability, profit turnover, and the structure of the capital. They are influenced by many factors related to expenditure, prices in sales, stocks of goods, the debitory arrears, etc.

The loss for one share in the year 2009 is -41856,18 Lt. and in the year 2008 it was -59180,19 Lt. The profitability of one ordinary share of the Company in comparison with the year 2008 increased in 29,27 percent.

The indicators of the turnover for the short-term assets

No	The title of the coefficient of the indicator	No ./ No	2009	2008	Standard 1.6-1.8, bigger as possible
1	General coefficient of the turnover	01:04	0.67	0.86	bigger as possible
2	The coefficient of the stock turnover	02:03	7.18	8.55	bigger as possible
3	The turnover of the resources	360/7	50.11	42.09	bigger as possible
4	The coefficient of the capital turnover	01:05	1.04	1.54	bigger as possible

The turnover of The Company in days in the year 2009 decreased, it was shown by changing tendencies of the indicators. The turnover of the stock in the year 2009 decreased by ~ 1.5 days and made 50.11 days.

The analysis of other indicators

No	ARTICLES	Article on the balance	The report of the profit (loss)	2009	2008	Change Lt	Change percent
1	INCOMES FROM SALES		I	25830387	38316709	-12486322	-32.59
2	THE COST PRICE OF THE SALES		II	20599776	30038894	-9439118	-31.42
3	Resources, prepayments, and incompletely fullfilled contracts	B. I.		2867279	3512410	-645131	-18.37
4	Assets in general:	In total (Active)		38663074	44487071	-5823997	-13.09
5	Capital and the reserves	A (Passive)		24814720	24814720	0	0

In the year 2009 the incomes from sales decreased in 32.59 percent, the stocks decreased in 31, 42 percent.

It shows that the prices of the stocks took the jump, also the inefficient price policy for sales due to the given laws by the supermarkets is applied. Stocks on December 31, 2009 decreased in - 645 121 Lt, it shows that the stocks are not stockpiled, but bought only in amounts for the production to satisfy customers' needs.

The capital of shareholders during the year 2009 did not alter, and the whole assets decreased - 5 823 997 Lt.

That was due to the depreciation of the long-term assets, writes-off of the irredeemable and straw debts, decreased purchasing, and decrease of obligations.

3. Environment and the matters of personnel

3.1. Economical conditions

AB "Gubernija" sells its production in Lithuania and exports to the USA, Russia, Africa, Latvia, Germany, Poland, Ireland, Great Britain, and Estonia. Traditional technologies are used in production of the high quality production: a natural method of fermentation is applied, production is not being diluted, stabilizers and other synthetics are not used.. Beer makes 79, 93 percent in the structure of the produced products of the Company. In comparison with the same period of the last year the production of beer decreased in 31.0 percent.

Incomes from sales of the production decreased in 12.48 million Lt or 32.5 percent in comparison with the last year. The decrease of beer sales made a negative influence on the indicator of the gross profitability of the Company. Gross profit decreased in 36,8 percent during the reporting cycle. Due to the decreased amounts in sales, decreased demand for goods and low prices, increased tariffs for fuel and general economical recession the amounts of production in the Company also decrease. In the year 2009, after optimizing the activities of the Company, expenditure on activities were reduced in 4,4 million Lt, it is 36, 1 percent less than during the year 2008. In the year 2009, EBITDA indicator was 1951.06 thousand Lt. This indicator in the percent expression increased in 3.1 percent in comparison with the year 2008.

3.2 Technical- technological factors

The Company produces beer of 19 commercial titles, 1 beer drink having the commercial title, 2 types of kvass with the commercial titles, and 2 types of soft drinks having the commercial titles. The production is produced according to the legal acts- requirements of technical regulations: the Technical Regulation for Beer characterization, production and sales approved by the Minister of Agriculture Ministry of The Republic of Lithuania on January 28, 2005, the law No Nr.3D-45

(Žin., 2005, Nr. 16 – 507) and the Technical Regulation for Soft drinks and kvass characterization, production and sales approved by the Minister of Agriculture Ministry of The Republic of Lithuania on January 12, 2009, the law No 3D-13 (Žin., 2009, Nr. 7 – 252), and the standard of the enterprise Beer drinks [ST 144715765 – 07:2004. The Company following the regulations of the law participates in preparation of the technical regulations, prepares and rectifies itself the standards for the enterprise with the accredited institution.

Food safety control is performed according to the installed plan for the food security system which consists of the system plan HACCP (Hazard Analysis and Critical Control Points)- (food safety is under control during the technology process) and the mandatory programme (Conditions for food production are under control). Such control of food security is set in the legal acts and mandatory.

The Company did not install any standards for environment protection, quality, and management control as the installation of such standards require additional expenses. In the year 2009, when the amounts of production decreased the accounting of physical depreciation and obsolescence for unused technological equipment was stopped. Therefore, the status of the unused and other usable long-term assets is satisfactory, it is possible to develop the production.

The Company is not able to reduce expenses due to the technical-technological development because the quality of the produced goods depends on that. It is necessary to follow quality standards for the production of food and drinks , and the requirements of the hygiene norms.

3.3. Ecological factors

The production of AB “Gubernija” is performed following the licence No 82 TIPIK issued by Šiauliai Regional Environmental Department by The ministry of Environment to the Republic of Lithuania. Main sources of industrial pollutants are the boiler-house of the steam production (contaminants- carbonic and nitrogen oxides) and the dust forming during the discharging of malt. The amounts of the pollutants are pro rata: carbonic and nitrogen oxides- 13,5 t/a year, dust (solid particles)- 2.65 t/ a year. While producing the production there is a by-product which is utilized or sold as the forage for the cattle. Due to the need to wash the containers and to disinfect them at the end of the production, there are overnorms of the effluent pollution. The Company paid fines for 20 420.25 Lt for overcoming the norms of the effluent pollution in the year 2009. To perform its activities the Company has the programmes for collecting the tare, collects and uses it, and takes for salvage the one not suitable to use. Due to the mobile and stationary pollution sources a tax of 10 037Lt was paid for the State for the year 2009. The activities of the Company due to damage for the nature mentioned above from the owned sources of pollution were not stopped in the year 2009. The prevention of the laboratory findings related to the pollution of the product and the environment in the territory is performed every day which allows to protect nature, the local population, and customers.

The possibility to restrain or stop the activities of the Company is minimal, unless the accident in the freezing compressor happens during which ammonia spills. The means for liquidation of the accident is ready.

3.4. The personnel

The education, qualification and competence of managers and specialists meet the requirements. Employee in production have a required qualification for their duties or, according to the approved programmes, are taught and gain the required qualification. The majority of employees have a long working experience in the Company. Due to the changes in demand of the production, the number of employees decreased in 17 percent. Social securities are provided to the employees: the allowance is paid in the case of death of the family member, conditions to learn and raise the qualification are created. The salary is defined according to the motivated salary system, considering the complexity of obligations, qualification of employees, the amount of work, quality, and other factors. The salary is calculated according to the regulations of the legal acts: it is paid for

the overtime, work on the night shift, on days of holidays and festivals, for work under the conditions of unacceptable risk.

3.5. Other important conditions

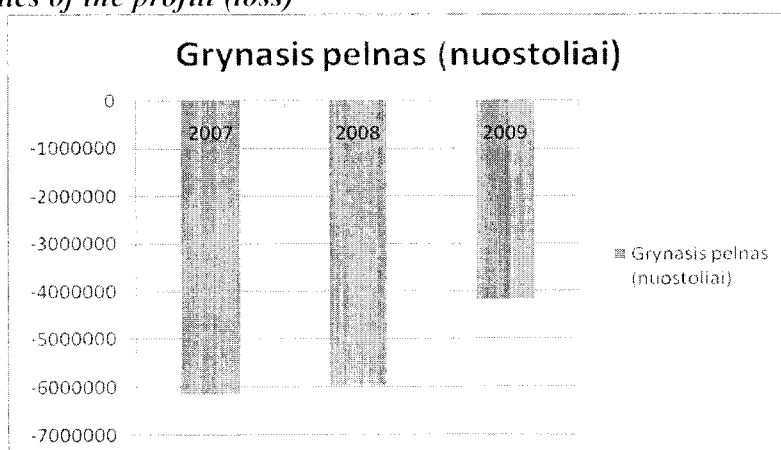
On June 23, 2009 during the extraordinary meeting of the shareholders the board of the Company was changed and the general manager was elected. The decision of the ordinary meeting of the shareholders on April 30, 2009 was fulfilled and the detailed analysis for the year 2007, 2008, and the I quarter of the year 2009 was performed.

On August 18, 2009, the judicial dispute about signing the peace treaties among AB „Kalnapilis-Tauras“ group, AB „Ragutis“, AB „Kauno alus“ ir AB „Gubernija“ for the unfair rivalry in the year 2007 for the sum of 16.716.145,50 Lt was begun.

By the decisions of April 4, 2009 and April 20, 2009 Vilnius District court banned UAB „Respublikos investicija“ to direct the recovery of the obligations under the credit agreement to AB „Gubernija“ to ensure the mortgaged property. Hearings of the case moved to the year 2010.

4. The annual financial accountability

Dynamics of the profit (loss)



Grynasis pelnas(nuostoliai)- net profit (loss)

Analysing the net profit (loss) of the year 2007- 2009, the change of the loss is seen, i.e., dynamics of decrease. Considering the economical situation in the world and Lithuania, it is possible to state that the Company optimizing the production and administrative expenses, and extending the market is able to experience profit in the future.

No	ASSETS	Financial year	Last financial year	Changes in the year 2009-2008	
				Suma	%
A.	<i>Long-term assets</i>	32336424	36791071	-4454647	-13.78
I.	Intangible assets	12	59337	-59325	0.00
II.	Tangible assets	32319312	36714634	-4395322	-13.60
III.	Financial assets	17100	17100	0	0.00
B.	<i>Short-term assets</i>	6326650	7696000	-1369350	-21.64
I.	Resources, prepayments, and incompletely fulfilled contracts	2867279	3512410	-645131	-22.50
II.	Sums receivable in one year	3091137	3788051	-696914	-22.55
III.	Other short-term assets	288300	288300	0	0.00
IV.	Money and money equivalents	79934	107239	-27305	-34.16
	Assets in total:	38663074	44487071	-5823997	-15.06
C.	<i>Private capital</i>	8167031	12352650	-4185619	-51.25

I.	Capital	24814720	24814720	0	0.00
II.	The reserve of reassessment (results)	8177290	9234495	-1057205	-12.93
III.	Reserves	0	0	0	0.00
IV.	Retained earnings (loss)	24824979	21696565	-3128414	12.60
D.	Grants, subsidies	0	0	0	0.00
E.	Payable sums and obligations	30496043	32134421	-1638378	-5.37
I.	Sums payable in one year and long-term obligations	1365315	13089175	-1638378	-858-69
II.	Sums payable in one year and short-term obligations	29130728	19045246	10085482	34.62
	Private capital and obligations in total:	38663074	44487071	-5823997	-15.06

In the year 2009, the assets decreased in 15, 06 percent. It was influenced by the decrease of the tangible assets in 22, 50 percent and the decrease of the money equivalents on December 31, 2009. The retained loss increases in 12.60 percent in comparison with the year 2008. Though long-term obligations decreased, they are not covered and transferred into the short-term obligations. Obligations during the year 2009 decreased in 5, 37 percent in total.

5. Own shares

The authorized capital of the Company on December 31, 2009 is 24814720 Lt. It is divided into 24814720 ordinary nominal shares of one litas nominal value. All shares are completely paid.

The issue of new shares was not released during the year 2009.

Information about own shares

Own shares	Amount	Nominal value	A part of the authorized capital
1. Own shares at the beginning of the reporting cycle	24814720	1	100
2. Own shares acquired during the reporting cycle			
3. Own shares transferred during the reporting cycle			
4. own shares invalidated during the reporting cycle			
5. Own shares at the end of the reporting cycle (1) + (2) - (3) - (4)	24814720	1	100

The Company does not plan to buy its own shares during the year 2009.

6. Branches and agencies

On December 31, 2009, the Company has got its specialty shops at Dvaro 179, V.Kudirkos 44 A, Vilniaus g.15 A, Lyros g. 13, Birutės g. 37 in Šiauliai, at Juozapavičiaus pr. 10A in Kaunas, at Šaltupio g.26 in Anykščiai, at Taikos pr.115-119, Naikupės pr.44 in Klaipėda, at Kęstučio g. 4, in Kretinga, at Gerosios Vilties 18A, and Vytauto g.39 in Vilnius. The Company has also got an agency and the warehouses of the wholesale (M. Slezevičiaus g. 7, Vilnius).

The shops at Gerosios Vilties 18A, and Vytauto g.39 in Vilnius were closed on March 10, 2010.

7. Important events

On June 23, 2009 during the extraordinary meeting of the shareholders the board of the Company was changed and the general manager was elected. The decision of the ordinary meeting of the shareholders on April 30, 2009 was fulfilled and the detailed analysis for the year 2007, 2008, and the I quarter of the year 2009 was performed.

8. Plans and forecasts of the activities

In the year 2010, the Company is going to buy production for 32.6 million Lt and get the gross profit for 8,7 million Lt, and in the year 2011 pro rata- 34,4 million Lt of the turnover and 9,6 million Lt of the gross profit. In the year 2010 EBITDA indicator is 2,84 million Lt, and in the year 2011 it is planned to reach 3,9 million Lt.

8. Financial means

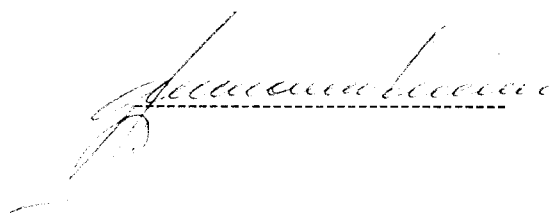
At the moment the financial situation of the Company is very complicated. It is delayed to pay taxes, debts to suppliers, to the dismissed employees and employed workers of the Company. In order to avoid conflicts with the dismissed workers, contracts about payment schedules are signed.

On March 19, 2009 the Company took the loan from AB „Ūkio bankas“ for the sum of 2 000 000,00 Lt to pay the debt for UAB „Dupra“ and add to the turnover. On August 13, 2009 an agreement No 1 and on December 30, 2009 the agreement No2 were signed changing the payment schedules to the bank for the loan refund. For December 31, 2009, we owe 500 000,00 Lt for AB „Ūkio bankas“. The sum is planned to be paid on August 12, 2010

On June 19, 2009 a contract No 57 for the sum of 1 086 006,82 Lt of the tax credit was signed with State Tax Inspectorate of Šiauliai District. According to this contract on the tax credit we fulfill obligations and on December 31, 2009 there were 452 502,40Lt left unpaid. The rest part of the tax credit the Company should finish to pay on September 27, 2010.

On December 30, 2010 under the decision of the extraordinary meeting of the shareholders for the write-off of the loss it was decided to reduce the authorized capital to 16.1 million Lt in proportion to the owned shares by the shareholders, registering the alter of Statutes by approbation of the general meeting of the shareholders.

General manager



Vijoleta Dunauskienė

GUBERNIJA AB report about the compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius

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

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<p>Principle I: Basic Provisions</p> <p>The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.</p>		
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	
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	
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	
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	
<p>Principle II: The corporate governance framework</p> <p>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.</p>		

<p>2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders’ meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.</p>	<p>Yes</p>	<p>A general shareholders’ meeting, the board, and the chief executive officer are the company’s management bodies. The supervisory board is not set up.</p>
<p>2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company’s management bodies.</p>	<p>Yes</p>	<p>The General manager and the board perform basic functions of management in the Company.</p>
<p>2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company’s chief executive officer.</p>	<p>No</p>	<p>The supervisory board is not set up.</p>
<p>2.4. The collegial supervisory body to be elected by the general shareholders’ meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.¹</p>	<p>No</p>	<p>The supervisory board is not set up.</p>
<p>2.5. Company’s management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.²</p>	<p>Yes</p>	

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

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

<p>2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.</p>	<p>Yes</p>	<p>The tenure of the board members is 4 (four) years.</p>
<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	<p>No</p>	<p>The chairman of the board of the Company and the General manager is not the same person.</p>
<p>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</p> <p>The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.³</p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	<p>Yes</p>	<p>While a general shareholders' meeting is offered candidates to the board, information about every candidate is provided.</p>

³ Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.

<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	<p>Yes</p>	<p>The board operates according to the regulation of the Board.</p>
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	<p>Yes</p>	<p>Members of the board and other specialists have all opportunities to participate in seminars and conferences to raise their qualifications.</p>
<p>3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.</p>	<p>Yes</p>	
<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>		

<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient⁴ number of independent⁵ members.</p>	<p>Yes</p>	<p>There is a sufficient number of independent members in the board of the Company.</p>
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 		

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

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

<p>4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</p> <p>5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>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>		
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<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>		
<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>		
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.⁶. The general shareholders' meeting should approve the amount of such remuneration.</p>	No	Not applicable because it is not remunerated from the company's funds.
<p>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</p> <p>The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring⁷ of the company's management bodies and protection of interests of all the company's shareholders.</p>		
<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.⁸</p>	Yes	The annual financial integrity / accountability and the project of the profit share are discussed and confirmed by the board.

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

⁷ See Footnote 3.

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

<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).</p>	<p>Not applicable</p>	
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half⁹ of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	<p>Not applicable</p>	
<p>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.</p>	<p>Yes</p>	<p>The clear order of communication with the shareholders is provided in the regulation of the activities of the Company.</p>

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

<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	<p>Yes</p>	<p>Decisions about significant contracts are made by the board.</p>
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies¹⁰. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.</p>	<p>Not applicable</p>	

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

<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees⁴⁴. 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>No</p>	<p>There are no committees in the Company due to a small number of specialists and officials, and it would be beside the purpose.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>		
<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</p>		

⁴⁴The Law of the Republic of Lithuania on Audit (Official Gazette, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).

<p>collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>		
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>		
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>		

<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ul style="list-style-type: none"> • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. <p>4.12.2. Nomination committee should consider proposals by other parties, including management and 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> <ul style="list-style-type: none"> • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; • Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • Make proposals to the collegial body on suitable forms of 		

<p>contracts for executive directors and members of the management bodies;</p> <ul style="list-style-type: none"> • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p> <p>4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.</p>		
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<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. <p>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.</p> <p>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).</p>		
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<p>The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>		
<p>Principle V: The working procedure of the company's collegial bodies</p> <p>The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</p>		

<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>		
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene 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 month¹².</p>	Yes	
<p>5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.</p>	Yes	The agenda of the meeting is submitted to the members of the board one week before.
<p>5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-ordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.</p>	Yes	Dates and agendas of the meetings are coordinated.
<p>Principle VI: The equitable treatment of shareholders and shareholder rights</p>		

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

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	Ordinary nominal shares that make the authorized capital of the Company grant equal rights to the owners of the shares.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. ¹³ All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	Transactions that are important to the Company including approval of transactions referred to is approved by the board.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	The statutes of the Company determine to whom and in what way information is being provided.

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

<p>6.5. If it is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>	<p>Yes</p>	<p>Documents on the course of the general shareholders' meeting, including draft resolutions of the meeting are announced in the website of the Company in advance.</p>
<p>6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	<p>Yes</p>	<p>The shareholder can participate in the shareholders' meeting in person, by the deputy if the person has proper authorization or whether an assignation contract of voting rights is signed, or can vote by post.</p>
<p>6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.</p>	<p>No</p>	<p>There are no possibilities to apply modern technologies and telecommunication equipment for shareholders to vote in the shareholders' meeting yet.</p>

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

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

<p>7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	<p>Yes</p>	<p>The members of the board follow these recommendations and do not participate in voting and making decisions when personal interests are involved.</p>
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<p>7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.</p>		
<p>7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>		
<p>7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>	Yes	Recommendations are being followed.
<p>Principle VIII: Company's remuneration policy</p> <p>Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.</p>		
<p>8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.</p>	Yes	Concise information is provided in the annual report.
<p>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.</p>		

<p>8.3. Remuneration statement should leastwise include the following information:</p> <ul style="list-style-type: none"> • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information. 		
<p>8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>		

<p>8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.5.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.5.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. <p>8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
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<p>8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.</p>		
<p>8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.</p>		
<p>8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.</p>		
<p>8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.</p>		
<p>8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.</p>		
<p>8.11. Termination payments should not be paid if the termination is due to inadequate performance.</p>		
<p>8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.</p>		
<p>8.13. Shares should not vest for at least three years after their award.</p>		
<p>8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.</p>		

<p>8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).</p>		
<p>8.16. Remuneration of non-executive or supervisory directors should not include share options.</p>		
<p>8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.</p>		
<p>8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>		
<p>8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>		
<p>8.20. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ul style="list-style-type: none"> • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors. 		

<p>8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>		
<p>8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>		
<p>8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>		
<p>Principle IX: The role of stakeholders in corporate governance</p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>		

<p>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.</p>		
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>		

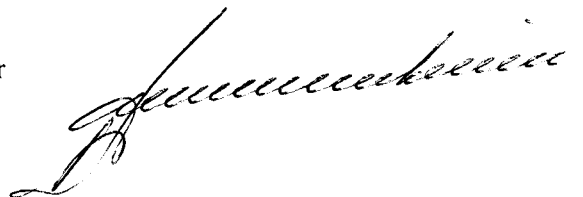
Principle X: Information disclosure and transparency

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

<p>10.1. The company should disclose information on:</p> <ul style="list-style-type: none"> • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p> <p>10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p> <p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.</p> <p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	<p>Yes</p>	<p>All information is provided in the website of the Company.</p>
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	<p>Yes</p>	<p>The recommendations are followed.</p>

<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.</p>		
<p>10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.</p>		
<p>Principle XI: The selection of the company's auditor</p> <p>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
<p>11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.</p>	<p>Yes</p>	<p>An independent firm of auditors conducts an audit of the Company's financial statements and the annual report.</p>
<p>11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.</p>	<p>Yes</p>	<p>The competition for conducting of the audit is being announced. The offers are discussed in the board, the decision is made and the candidate audit firm is presented to the general shareholders' meeting.</p>
<p>11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.</p>	<p>Yes</p>	<p>All information about the audit firm is given to the shareholders.</p>

General Manager



Vijoleta Dunauskiene

INDEPENDENT AUDITOR'S REPORT

To AB "Gubernija" shareholders

Report on the Financial Statements

We have audited the accompanying annual financial statements of AB "Gubernija" (hereinafter, the "Company"), which comprise of the balance sheet as of 31 December 2009, statements of income, changes in equity and cash flows for the year then ended and explanatory notes (hereinafter, the "Financial Statements").

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the legislation in force in the Republic of Lithuania governing accounting and preparation of financial statements, and International Financial Reporting Standards as adopted by the European Union. This responsibility of the Company's management includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Company's management is also responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (hereinafter, the "Standards") as set forth by the International Federation of Accountants. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. The audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Idle property, plant and equipment are not depreciated. IAS 16, which prescribes the accounting treatment of property, plant and equipment, states that depreciation of idle property, plant and equipment should not be suspended. Depreciation expense undisclosed in the Financial Statements amounts to LTL 928 000. The value of property, plant and equipment should be reduced, and the loss of the reporting year should be increased by this amount.

Qualified Opinion

In our opinion, except the effects that the matters set out in the paragraph *Basis for Qualified Opinion* above may have, the accompanying Financial Statements present fairly, in all material respects, the financial position of AB "Gubernija" as of 31 December 2009, and its financial performance and cash flows for the year then ended in accordance with International Reporting Standards, as adopted by the European Union.

Emphasis of Matter

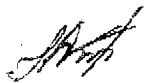
Note 9 to the Financial Statements reveals that, as of 31 December 2009, the Company did not comply with the minimum equity requirements laid down by the legislation of the Republic of Lithuania. Pursuant to the Republic of Lithuania Law on Companies, shareholders' equity must not be lower than 50 per cent of the Company's authorised capital.

We also would like to note that, as of 31 December 2009, the Company's current liabilities exceeded current assets by LTL 22 804 077. A loan of LTL 17 770 398 to be repaid and interest of LTL 616 388 payable under the loan agreement are disclosed under current liabilities; disputable late charges of LTL 981 732 on the overdue amount of the loan are not recorded in accounting and are not disclosed in the Financial Statements. After analysis of the Company's solvency ratios and the composition of current assets and current liabilities, we consider that the Company is not capable of fulfilling its obligations under the loan agreement in a timely manner. This reflects the fact that there remains material uncertainty which may cast doubt upon the Company's ability to continue as a going concern.

Opinion on Other Information Required by Law

Furthermore, we have read the accompanying AB "Gubernija" 2009 Annual Report and have not noted any material inconsistencies between information included in it and 2009 Financial Statements of AB "Gubernija".

Auditor Olga Kivel
16 March 2010
Subačiaus g. 15/2-53,
LT 01126 Vilnius
Auditor's licence No. 000476



UAB "Nepriklausomas auditas"
Audit company's licence No. 001247
Director/ Auditor Ana Sirienė
Auditor's licence No. 000251



AB GUBERNIJA, 144715765

(įmonės pavadinimas)

DVARO 179, ŠIAULIAI

(įmonės kodas, adresas, kiti duomenys)

PATVIRTINTA

___ m. ___ d.

protokolo Nr.

2009 m. gruodžio 31 d. PELNO (NUOSTOLIŲ) ATASKAITA/
INCOME STATEMENT

2009-01-01..2009-12-31
ataskaitinis laikotarpis

(finansinių atskaitomybės sudarymo data 2010-03-15

Nr.

Litas/in Litas

	Straipsniai/ Items	Pastabos Nr./ Notes	Finans. m./ Finan. year2009-12- 31	Praėję fin. m./ Previous financial year2008-12- 31	Finans. m./ Finan. Year2009-10- 01..2009-12- 31	Praėję fin. m./ Previous financial year2008-10- 01..2008-12-
I.	PARDAVIMO PAJAMOS/ SALES	18	25 830 387	38 316 709	5 685 689	8 543 091
II.	PARDAVIMO SAVIKAINA/ COST OF SALES	19	20 599 776	30 038 894	4 709 782	7 182 246
III.	BENDRASIS PELNAS (NUOSTOLIAI)/ GROSS PROFIT		5 230 611	8 277 815	975 907	1 360 845
IV.	VEIKLOS SĄNAUDOS / OPERATING EXPENSES	20	7 817 632	12 229 179	1 758 592	3 128 837
IV	Pardavimo/ Sale		5 282 795	8 365 876	1 116 314	2 129 954
IV	Bendrosios ir administracinės/ General and administrativ		2 534 837	3 863 302	642 278	998 883
V.	TIPINIS VEIKLOS PELNAS (NUOSTOLIAI) / OPERATING PROFIT		(2 587 021)	(3 951 364)	(782 685)	(1 767 992)
VI.	KITA VEIKLA / OTHER OPERATIONS		(52 110)	(49 002)	(31 164)	(18 292)
VI	Pajamos/ Income		16 150	35 697	7 203	8 070
VI	Išlaidos/ Expenses		68 260	84 699	38 367	26 362
VII.	FINANSINĖ IR INVESTICINĖ VEIKLA/ FINANCIAL AND INVESTING ACTIVITIES	21	(1 810 789)	(2 111 768)	(298 179)	(659 567)
VI	Pajamos/ Income		60 275	8 025	12 255	7 128
VI	Išlaidos/ Expenses		1 871 064	2 119 793	310 434	666 695
XI.	PELNAS (NUOSTOLIAI) PRIEŠ APMOKESTINIMĄ/ CURRENT YEAR PROFIT BEFORE TAXES		(4 449 920)	(6 112 133)	(1 112 028)	(2 445 851)
XII.	PELNO MOKESTIS/ PROFIT TAX	22	264 301	145 115		54 677
XIII.	GRYNASIS PELNAS (NUOSTOLIAI)/ NET PROFIT OF CURRENT YEAR	23	(4 185 618)	(5 967 019)	(1 112 028)	(2 391 174)
	PELNAS VIENAI AKCIJAI/ NET PROFIT		(0)	(0)	(0)	(0)

Generalinė direktorė

(įmonės administracijos vadovo pareigų
pavadinimas)

parašas(signature)

Vijoleta Dunauskienė

vardas ir pavardė (name, sur name)

	Apmokėtas įstatinis kapitalas/ Paid authorised capital	Akcijų priedai/ Share premium	Savos akcijos (+) Own shares (-)	Perkainojimo rezervas (rezultatai)/ Revaluation reserves (results)		Įstatymo numatyti rezervai/ Legal reserves		Kiti rezervai/ Other reserves		Nepaskirstytas pelnas (nuostoliai)/ Retained earnings (losses)	Iš viso- Total
				Ilgalaikio materialiojo turto/ Tangible assets	Finansinio turto/ Financial assets	Privalomasis/ Compulsory	Savų akcijų įsigijimo/ acquisition of own shares				
1. Lik. už praėj. finans. metų pabaigoje/ Balance at the end of financial year before previous	21 786 000			2 859 941						(16 483 971)	8 161 970
2. Apskaitos politikos pakeitimo rezultatas/ Result of changes in accounting policy											
3. Esminių klaidų taisymo rezultatas/ Result of corrections fundamental errors											
5. Perskaičiuotas likutis už praėjusių finansinių metų pabaigoje Recalculated balance at the end of financial year before previous	21 786 000			2 859 941						(16 483 971)	8 161 970
2. Apskaitos politikos pakeitimo rezultatas/ Result of changes in accounting policy				(983 671)							(983 671)
4. Ilgalaikio turto vertės padidėjimas (sumažėjimas)/ Increase (decrease) in non-current tangible assets' value				8 112 650							8 112 650
19. Pelno (nuostolių) ataskaitoje nepripažintas pelnas (nuostoliai)/ Profit (loss), excluded from income statement				(754 424)						754 424	
20. Ataskaitinio laikotarpio grynas pelnas (nuostoliai)/ Net profit (loss) of the reporting period										(5 967 019)	(5 967 019)
25. Įstatinio kapitalo didinimas (mažinimas)/ Increase (reduction) of authorised capital	3 028 720										3 028 720
26. Likutis ataskaitinių finansinių metų pabaigoje/ Balance at the end of reporting financial year 31 December 2008	24 814 720			9 234 495						(21 696 565)	12 352 650
19. Pelno (nuostolių) ataskaitoje nepripažintas pelnas (nuostoliai)/ Profit (loss), excluded from income statement				-1057206						1 057 205	11 141 370
20. Ataskaitinio laikotarpio grynas pelnas (nuostoliai)/ Net profit (loss) of the reporting period											
21. Dividendai/ Dividends											
22. Kitos išmokos/ Other payments											
23. Sudaryti rezervai/ Formed reserves											
24. Panaudoti rezervai/ Used reserves											
20. Ataskaitinio laikotarpio grynas pelnas (nuostoliai)/ Net profit (loss) of the reporting period										(4 185 618)	(4 185 618)
25. Įstatinio kapitalo didinimas (mažinimas)/ Increase (reduction) of authorised capital											
26. Likutis ataskaitinių finansinių metų pabaigoje/ Balance at the end of 31 december 2009	24 814 720			8 177 289						(24 824 978)	8 167 031

Generalinė direktorė

(įmonės administracijos vadovo pareigų pavadinimas)

(parašas)/signature

Vijoleta Dimauskienė

vardas.pavardė(name, surname)

AB GUBERNIJA, 144715765

(įmonės pavadinimas)

DVARO 179, ŠIAULIAI

(įmonės kodas, adresas, kiti duomenys)

PATVIRTINTA

20

m.

protokolo Nr.

2009 m. Gruodžio 31 d. BALANSAS/ BALANCE SHEET

(finansinės atskaitomybės sudarymo data)

2010-03-15

Nr.

2009-01-01..2009-12-31

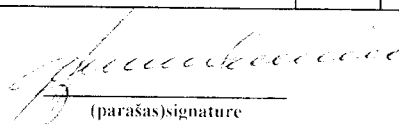
(ataskaitinis laikotarpis)

Litas/in Litas

	TURTAS/ ASSETS	Pastabos Nr./ Notes	Finansiniai metai/ Financial year 2009.12.31	Praeję finansiniai metai/ Financial year 2008-12-31	Praeję finansiniai metai/ Previous financial year 2007-12-31
A.	ILGALAIKIS TURTAS/ Long term assets		32336424	36791071	33 763 263
I.	NEMATERIALUSIS TURTAS / INTANGIBLE ASSETS	1	12	59338	209 163
I.3	Patentai, licencijos/ Licences and patents		2	54500	163 500
I.4	Programinė įranga/ Computer software		2	4372	43 114
I.5	Kitas nematerialus turtas/ Other intangible assets		8	465	2 549
II.	MATERIALUSIS TURTAS/ TANGIBLE ASSETS	2	32319312	36714634	33 274 059
II.2	Pastatai ir statiniai / Buildings & Plant		17936563	19720930	11 957 342
II.3	Mašinos ir įrengimai / Machinery & equipment		13152919	15225330	19 171 282
II.4	Transporto priemonės / Vehicles		265393	338518	406 059
II.5	Kita įranga, prietaisai, įrankiai ir įrengimai / Other property, plant and equipment		477973	912270	1 436 137
II.6	Nebaigta statyba/ Construction in progress				
II.7	Kitas materialusis turtas / Other tangible assets		486464	517586	303 239
III.	FINANSINIS TURTAS / FINANCIAL LONG - TERM ASSETS	3	17100	17100	17 100
III.4	Kitas finansinis turtas/ Other financial assets		17100	17100	17 100
IV.	KITAS ILGALAIKIS TURTAS/OTHER TANGIBLE ASSETS		0	0	262 941
IV.1	Atidėto pelno mokesčio turtas/Diferend profit taxes assets				262 941
B.	TRUMPALAIKIS TURTAS/ Short term assets		6326650	7696000	10 031 447
I.	ATSARGOS, IŠANKSTINIAI APMOKĖJIMAI IR NEBAIGTOS VYKDYTI SUTARTYS/ STOCK AND CONTRACTS IN PROGRESS	4	2867280	3512410	3 872 198
I.1	Atsargos/ Inventories		2609996	3165120	3 371 971
I.1.1	Žaliavos ir komplektavimo gaminiai/ Raw materials and consumables		2026516	2145450	2 544 268
I.1.2	Nebaigta gamyba/ Work in progress		175577	309208	287 571
I.1.3	Pagaminta produkcija/ Finished goods		397358	697566	529 083
I.1.4	Pirktos prekės, skirtos perparduoti/ Goods for resale		10545	12896	11 049
I.2	Išankstiniai apmokėjimai/ Prepayments	5	257284	347290	500 227
I.3	Nebaigtos vykdyti sutartys/ Contracts in progress				
II.	PER VIENERIUS METUS GAUTINOS SUMOS/ AMOUNTS RECEIVABLE WITHIN ONE YEAR	6	3091137	3788051	5 792 172
II.1	Pirkėjų įsiskolinimas / Trade debtors		3086624	3782965	5 785 941
II.3	Kitos gautinos sumos / Other amounts receivable		4513	5086	6 231
III.	KITAS TRUMPALAIKIS TURTAS/Other short term assets				87 200
III.1	Terminuoti indėliai/ Time deposits	7	288300	288300	87 200
IV.	PINIGAI IR PINIGŲ EKVIVALENTAI/ CASH IN BANK AND IN HAND	8	79934	107239	279 877
	TURTO IŠ VISO / TOTAL ASSETS:		38663074	44487071	43 794 710

	NUOSAVAS KAPITALAS IR ĮSIPAREIGOJIMAI/ Capital and reserves	Pastabos Nr./ Notes	Finansiniai metai/ Financial year 2009-12-31	Finansiniai metai/ Financial year 2008-12-31	Praėję finansiniai m. Previous financial
C.	NUOSAVAS KAPITALAS / SHAREHOLDERS CAPITAL		8167031	12352650	8 161 970
I.	KAPITALAS/ CAPITAL	9	24814720	24814720	21786000
I.1	Įstatinis (pasirašytasis) / Subscribed capital		24814720	24814720	21 786 000
I.4	Savos akcijos/ Own Shares (-)				
II.	PERKAINOJIMO REZERVAS (REZULTATAI)/ REVALUATION RESERVE	10	8177290	9234495	2 859 941
III.	REZERVAI/ RESERVES				
III.1	Privalomasis rezervas/ Legal reserve				
III.2	Savoms akcijoms įsigyti/ Reserve for acquiring own shares				
III.3	Kiti rezervai/ Other reserves				
IV.	NEPASKIRSTYTASIS PELNAS (NUOSTOLIAI) PROFIT (LOSS)/ BROUGHT FORWARD	11	-24824978	-21696565	-16483971
IV.1	Ataskaitinių metų pelnas (nuostolis)/ Profit (loss) of the reporting year profit		-3128413	-5212594	(5 685 106)
IV.2	Ankstesnių metų pelnas (nuostolis)/ Profit (loss) of the previous year		-21696565	-16483971	(10 798 865)
E.	MOKĖTINOS SUMOS IR ĮSIPAREIGOJIMAI/ Amounts payable and liabilities	12	30496042	32134422	35632740
I.	PO VIENERIŲ METŲ MOKĖTINOS SUMOS IR ILGALAIKIAI ĮSIPAREIGOJIMAI/ Amounts payable after one year and long term liabilities	13	1365315	13089175	15 738 457
I.1	Finansinės skolos/ Financial debts		0	11459558	14 791 509
I.1.1	Lizingo (finansinės nuomos) ar panašūs įsipareigojimai/ Leases and similar obligations				
I.1.2	Kreditinėms institucijoms / payable to kredit institutions				
I.1.3	Kitos / Other financial liabilities	14		11459558	14 791 509
I.5	Atidėtieji mokesčiai/ Deferred taxes	15	1365315	1629617	946 948
I.6	Kitos mokėtinos sumos ir ilgalaikiai įsipareigojimai/ Other amounts payable and non-current liabilities				
II.	PER VIENERIUS METUS MOKĖTINOS SUMOS IR TRUMPALAIKIAI ĮSIPAREIGOJIMAI/ Amounts payable in one year and short term liabilities	16	29130727	19045247	19894283
II.1	Ilgalaikių skolų einamųjų metų dalis/ Current portion of non-current debts		20585570	6310840	3 810 815
II.2	Finansinės skolos/ Financial debts		500000	2793274	2 833 039
II.2.1	Kreditinėms institucijoms / Credit institutions		500000		
II.2.2	Kitos skolos/ Other debts			2793274	2 833 039
II.3	Skolos tiekėjams/ Trade amounts payable		2996894	4609671	5 403 983
II.4	Avansu gautos sumos / payments received in advance			1911164	1 837 809
II.5	Pelno mokesčio įsipareigojimai/ Profit tax liabilities				
II.3	Su darbo santykiais susiję įsipareigojimai./ Liabilities related with labour relations		1192478	1414262	1 619 089
II.7	Atidėjiniai/ Provisions				
II.8	Kitos mokėtinos sumos ir trumpalaikiai įsipareigojimai/ Other amounts payable and current liabilities	17	3855785	2006035	4 389 548
	NUOSAVO KAPITALO IR ĮSIPAREIGOJIMŲ, IŠ VISO/ TOTAL EQUITY AND LIABILITIES:		38663074	44487071	43 794 710

Generalinė direktorė
(įmonės administracijos vadovo pareigų
pavadinimas)


(parašas)signature

Vijoleta Dunauskienė
vardas,pavardė(name, surname)

AB GUBERNIJA, 144715765

(įmonės pavadinimas)

DVARO 179, ŠIAULIAI

(įmonės kodas, adresas, kiti duomenys)

PATVIRTINTA

20.... m.....d.

protokolo Nr.....

2009 m. gruodžio 31 d PINIGŲ SRAUTŲ ATASKAITA/

CASH FLOW STATEMENT

(finansinės atskaitomybės sudarymo data)

2010-03-15

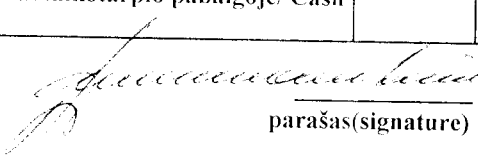
(a) (ataskaitinis laikotarpis) 2009-01-01..2009-12-31

Litas/in Litas

Eil. Nr.	Straipsniai/ Items	Pastabos Nr./ Notes	Finansiniai metai/ Financial year 2009- 12-31	Praėję finansiniai m./ Previous financial year 2008-12-31
I.	Pagrindinės veiklos pinigų srautai/ Cash flows from operating activities			
I.1.	Ataskaitinio laikotarpio pinigų įplaukos (su PVM) / Inflows of the reporting period (VAT included)		28 881 147	26 539 694
I.1.1.	Pinigų įplaukos iš klientų/ Inflows from customers		28 745 745	26 404 065
I.1.2.	Kitos įplaukos/ Other inflows 15209		135 402	135 629
I.2.	Ataskaitinio laikotarpio pinigų išmokos/ Outflows of the reporting period		(36 363 958)	(40 218 066)
I.2.1.	Pinigai, sumokėti žaliavų, prekių ir paslaugų tiekėjams (su PVM)/ Cash paid to suppliers of raw materials, goods and services, and employees (VAT included)		(20 814 115)	(21 157 476)
I.2.2.	Pinigų išmokos, susijusios su darbo santykiais/ Outflows connected with labour relations		(4 426 692)	(8 344 210)
I.2.3.	Sumokėti į biudžetą mokesčiai/ Taxes paid into the		(7 181 109)	(9 644 292)
I.2.4.	Kitos išmokos/ Other payments		(3 942 042)	(1 072 088)
	<u>Grynieji pagrindinės veiklos pinigų srautai/ Net cash flows from operating activities</u>		(7 482 811)	(13 678 372)
II.	Investicinės veiklos pinigų srautai/ Cash flows from investing activities		7 931 630	
II.1.	Ilgalaikio turto (išskyrus investicijas) įsigijimas/ Acquisition of non-current assets (excluding investments)		(88 389)	(253 158)
II.2.	Ilgalaikio turto (išskyrus investicijas) perleidimas/ Transfer of non-current assets (excluding investments)		14 602	578
II.4.	Ilgalaikių investicijų perleidimas/ Transfer of long-term			
	<u>Grynieji investicinės veiklos pinigų srautai/ Net cash flows from investing activities</u>		(73 787)	(252 580)
III.	Finansinės veiklos pinigų srautai/ Cash flows from financing activities			
III.2.	Pinigų srautai, susiję su kitais finansavimo šaltiniais/ Cash flows arising from other financing sources		8 078 139	14 127 478
III.2.1.	Paskolų gavimas		1 100 559	
III.2.2.	Finansinių skolų sumažėjimas/ Decrease in financial		(1 350 687)	(2 086 539)
III.2.2.1.	Paskolų grąžinimas/ Loans returned		(600 559)	(831 927)
III.2.2.2.	Obligacijų supirkimas/ Purchase of bonds			
III.2.2.3.	Sumokėtos palūkanos/ Interest paid		(750 128)	(1 254 612)
III.2.2.4.	Lizingo (finansinės nuomos) mokėjimai/ Payments of lease (finance lease) liabilities			
III.2.3.	Kitų įmonės įsipareigojimų padidėjimas/ Increase in other enterprise liabilities		9 133 996	18 322 587

III.2.4.	Kitų įmonės įsipareigojimų sumažėjimas/ Increase in other enterprise liabilities		(805 729)	(2 108 570)
III.3.	Kiti finansinės veiklos pinigų srautų padidėjimai/ Other increase in cash flows from financing activities		4 436	7 294
III.4.	Kiti finansinės veiklos pinigų srautų sumažėjimai/ Other decrease in cash flows from financing items		(432 127)	(378 151)
	<u>Grynieji finansinės veiklos pinigų srautai/ Net cash flows from financing activities</u>		7 650 448	13 756 621
IV.	Ypatingųjų straipsnių pinigų srautai/ Cash flows from extraordinary items			
IV.1.	Ypatingųjų straipsnių pinigų srautų padidėjimas/ Increase in cash flows from extraordinary items			
IV.2.	Ypatingųjų straipsnių pinigų srautų sumažėjimas/ Decrease in cash flows from extraordinary items			
V.	Valiutų kursų pasikeitimo įtaka gryųjų pinigų ir pinigų ekvivalentų likučiui/ Change in exchange rate		(13 916)	1 693
VI.	Grynasis pinigų srautų padidėjimas (sumažėjimas)/ Net increase (decrease) in cash flows		79 934	(172 638)
VII.	Pinigai ir pinigų ekvivalentai laikotarpio pradžioje/ Cash at the beginning of period			279 877
VIII.	Pinigai ir pinigų ekvivalentai laikotarpio pabaigoje/ Cash at the end of period		79 934	107 239

Generalinė direktorė
(įmonės administracijos vadovo
pareigų pavadinimas)


parašas(signature) **Vijoleta Dunauskienė**
(vardas ir pavardė)

NEMATERIALUSIS TURTAS / INTANGIBLE ASSETS

AB GUBERNIJA, 144715765

(monės pavadinimas, kodas)

DVARO 179, ŠIAULIAI

(adresas)

Priedas Nr.1

App.

(Lt)

Nematerialusis turtas/ State of intangible assets 2009-12-31

Rodikliai/ Items	Patentai, licencijos ir pan./ Intangible rights	Programinė įranga/ Computers software	Kitas nemate- rialusis turtas/ other assets	Iš viso/ Total
Likutinė vertė praėjusių finansinių metų pabaigoje/ Acquisition value at the end of previous financial year	54 500	4 372	465	59 338
a) Ilgalaikis nematerialusis turtas įsigijimo savikaina/ Acquisition value				
Praėjusių finansinių metų pabaigoje/ at the end of previous financial year	327 000	111 154	67 225	505 379
Finansinių metų pokyčiai/ Current year changes::				
- turto įsigijimas/ Acquisitions of assets				
- kitiems asmenims perleistas ir nurašytas turtas (-)/ Cessions and disused assets (-)				
- perrašymai iš vieno straipsnio į kitą + / (-) Transfers from one heading to another				
Finansinių metų pabaigoje/ At the end of the current year	327 000	111 154	67 225	505 379
b) Amortizacija/ Depreciations				
Praėjusių finansinių metų pabaigoje/ At the end of previous financial year	272 500	106 782	66 760	446 042
Finansinių metų pokyčiai/ Current year changes:				
- finansinių metų amortizacija/ depreciation of financial year	54 498	4 370	457	59 325
- kitiems asmenims perleisto ir nurašyto turto amortizacija (-)/ acquired by third parties				
- perrašymai iš vieno straipsnio į kitą + / (-)/Transfers from one heading to another				
Finansinių metų pabaigoje/ at the end financial year	326 998	111 152	67 217	505 367
c) Vertės sumažėjimas/ decrease of value				
Finansinių metų pabaigoje/ at the end financial year				
d) Likutinė vertė finansinių metų pabaigoje/ Net value at the end of current year (a) - (b) - (c)	2	2	8	12

ILGALAIKIS MATERIALUSIS TURTAS/ INTANGIBLE ASSETS

AB GUBERNIJA, 144715765

(įmonės pavadinimas, kodas)

DVARO 179, ŠIAULIAI

(adresas)

priedas Nr.2

Ilgalaikis materialusis turtas/ State of tangible assets 2009-12-31

Litas/in Litas

Rodikliai/ Items	Pastatai ir statiniai/ Buildings and constructions	Mašinos ir įrengimai/ Machinery and equipments	Transporto priemonės/ Vehicle	Ilgalakis turtas komplekta cijoje/tangi ble assets inkomplekt	Kitas mate- rialusis turtas/ Other tangible assets	Nebaigta statyba/Contr uctio in progres	Iš Viso/Total
Likutinė vertė praėjusių finansinių metų pabaigoje / Acquisition value at the end of previous financial year	19 720 930	15 225 330	338 518	517 586	912 270		36 714 634
a) Įsigijimo savikaina/ Acquisition value							
Praėjusių finansinių metų pabaigoje/ at the end of previous financial year	14 157 801	39 742 887	3 412 404	517 586	8 007 117	430 706	66 268 501
- turto įsigijimas/ Acquisitions of assets			28 000	30 591			58 591
- perleistas ir nurašytas turtas (-) / Cessions and disused assets (-)		403 446			360 504		763 950
- perrašymai iš vieno straipsnio į kitą + / (-)/ Transfers from one heading to another		21 052		(61 713)	40 661		
Finansinių metų pabaigoje/ At the end of the current year	14 157 801	39 360 493	3 440 404	486 464	7 687 274	430 706	65 563 142
b) Perkainojimas/ REVALUATION							
Praėjusių finansinių metų pabaigoje/ at the end of previous financial year	11 709 824						11 709 824
Vertės padidėjimas(sumazėjimas)							
- perrašymai iš vieno straipsnio į kitą + / (-)/ Transfers from one heading to another							
Finansinių metų pabaigoje/ at the end of financial year	11 709 824						11 709 824
c) Nusidėvėjimas/ Depreciations							
Praėjusių finansinių metų pabaigoje/ At the end of previous financial year	6 577 401	24 517 557	3 073 886		7 094 847		41 263 691
- finansinių metų nusidėvėjimas/ depreciation of financial year	462 860	2 093 316	101 125		469 561		3 126 862
perkainuoto turto nusidėjimas/releluation	1 321 507						1 321 507
- kitiems asmenims perleisto ir nurašyto turto nusidėvėjimas (-) acquired by third parties		403 299			355 107		758 406
- perrašymai iš vieno straipsnio į kitą + / (-)/ Transfers from one heading to another							
Finansinių metų pabaigoje/ at the end of financial year	8 361 768	26 207 574	3 175 011		7 209 301		44 953 654
e) Likutinė vertė finansinių metų pabaigoje/ Net value at the end of current year (a) + (b) - (c) - (d)	17 505 857	13 152 919	265 393	486 464	477 973	430 706	32 319 312



AKCINĖ BENDROVĖ

THE DECLARATORY LETTER

Financial accountability for the year 2009

I. GENERAL INFORMATION

AB "Gubernija" (hereinafter-the Company) was registered on May 5, 1993 in the registry of the legal entities. The code of the Company is 144715765. The manager of the registry is the national enterprise "Registry centre".

The main activity of the Company is production and sales of beer and soft drinks. The sale is in the local and foreign markets and specialty shops as well. The Company has got its specialty shops at Dvaro 179, V.Kudirkos 44 A, Vilniaus g.15 A, Lyros g. 13, Birutės g. 37 in Šiauliai, at Juozapavičiaus pr. 10A in Kaunas, at Šaltupio g.26 in Anykščiai, at Taikos pr.115-119, Naikupės pr.44 in Klaipėda, at Kęstučio g. 4, in Kretinga, at Gerosios Vilties 18A, and Vytauto g.39 in Vilnius. The Company has also got an agency and the warehouse of the wholesale (M. Slezevičiaus g. 7, Vilnius).

Traditional technologies are used in production of the high quality beer in the company "Gubernija": a natural method of fermentation is applied, beer is not being diluted.

Significant working conditions which may influence the development of the Company

AB "Gubernija" works in complicated financial conditions and under other indefinite factors which may have influence on the perspectives of the activities for the Company. The Company has been working into a loss already for some years, so due to the loss or the changed conditions in the market and the economic crisis the future activities will be complicated. Due to the decreased amounts of production, a part of employees was made redundant.

An average number of employees on the list is calculated following the rules No 141proved by The Department of Statistics to the Government of the Republic of Lithuania on 22, December, 2001. In the last year of 2008, there were 231 employees, in the reporting year 2009 there were 192 employees.

The interim financial statements are announced on the webpage of the Company <http://www.gubernija.lt/>.

II. THE POLICY OF ACCOUNTING

AB "Gubernija" in its practice follows the Laws on Joint-stock companies of the Republic of Lithuania, Laws on the Securities' market, other laws and regulatory acts of the Republic of Lithuania. The Company draws its financial reports in compliance with the Laws on Financial Reporting of the Republic of Lithuania, standards of International financial accountability, and the accounting policy of the Company.

Numbers in the financial accountability are given in a national currency, Litas (Lt). Operations made in a foreign currency are calculated in Litas according to the exchange rate of that day. The financial year fo the Company starts on January 1 and ends on December 31.

By the order of the General Manager since July 2008 AB "Gubernija" changed the accounting policy of the long- term assets(the group of the production machinery)- the reassessment method to account the machinery has been changed into the method of the acquisition cost price, the secondary reevaluation of

buildings and constructions was performed. The financial accountability for December 31, 2009 is prepared on the base of succession of the activities.

III. The succession of the activities

During the financial year, which ended on December 31, 2009 the Company experienced a loss of 4 185 618 Lt. On December 31, 2009 the private capital of the Company was negative and reached 8 167 031 Lt, and the short-term obligations on December 31, 2009 were 22 804 077 Lt bigger than the short-term assets. In the opinion of the management of the Company, the Company can continue its activities, expecting some financial and other support from the shareholders which would ensure the succession of the activities of the Company in the future. Due to this reason, the financial accountability for December 31, 2009 is prepared on the base of succession of the activities.

IV. Principles of accounting

4.1. Intangible assets

The assets, having no material form are referred to the intangible assets which the Company disposes and using which expects to get some financial profit in the future, are accounted by its costprice, the reduced sum of the accumulated amortization and the loss of depreciation.

Amortization is calculated applying the directly proportional(linear) method during the rated periods of gaining some economical profit which match with the 1st annex of the Income Tax Act No.IX-675, the Republic of Lithuania on December 20, 2001 and the reserve acquisition value of which is 100 Lt. The computer software is amortized during the period of 3 years. The sum of amortization rated during the reporting cycle is declared in the report of the profit (loss), in the article of the expenditures of the activities.

Expenditure for the maintenance of the intangible assets and other postexpenses are referred to the expenditure of the reporting period when they were experienced. The loss of the decrease of the value for the intangible assets and experienced due to the write-off of the assets are referred to the expenditure of the activities of the Company. Referring the intangible assets in the report of the profit (loss), the result of the contract- profit or loss- is declared in the part of other activities.

4.2. Tangible assets

Tangible assets are the assets, owned and monitored by the Company, which are expected to gain some economical profit in the future periods, which will be used longer than one year, the acquisition (production) costprice can be set credibly, and the value of which is bigger than the set reserve value for the certain group of assets.

Tangible assets are accounted by the acquisition cost price, the sum of the accumulated depreciation and the rated decrease of the value. The depreciation is not calculated for the land.

The depreciation is calculated applying the directly proportional (linear) method, depreciating the value of the assets to the residual value during the prospective period when the assets are used usefully. Depreciation is begun to be calculated since the date of the next month when the assets are begun to be used. Expenditures of the depreciation is referred to the expenditures of the activities of the Company.

The Company applies the periods for the running of the long- term tangible assets which match with the 1st annex of the Income Tax Act No.IX-675, the Republic of Lithuania on December 20, 2001.

The assets are considered as the long- term if the period of their usage is longer than one year and the acquisition value is not less than 100 Lt.

The profit or loss from the sale of the long- term tangible assets is defined as the difference between the incomes and the residual value for the ceded long-term tangible assets and is acknowledged in the report of the profit (loss) as other incomes or expenses from the activities.

The acquisition cost price is increased by the value of the performed maintenance/ repair works and the period of the useful usage for these assets is specified, if the repair works of the long- term tangible assets extend the period of the useful usage for these assets and improve their utility. The value of the repair works is acknowledged as the expenses for the activities of the reporting cycle, if such repair works do not improve their utility and do not extend the period of the useful usage for these assets, but only maintain the suitable condition for exploitation.

4.3. The financial assets

The financial assets are registered only then when the Company gets or acquires the right to get money or other financial assets. The financial assets are acknowledged in the acquisition value for the first time, and later every day of performing the financial accountability depending on the aim of the assets' acquisition:

- The financial assets for resale- by its real value;
- Long-term loans and receivable sums till the redemption- by the amortized cost price;
- Short- term loans and receivable sums till the redemption- by the cost price less depreciation;

The Company writes-off the financial assets or the part of them only when it loses the right to control the assets or the part of them. After ceding or writing- off the financial assets or the part of them, the result of ceding is declared in the report of the profit (loss). The profit or loss due to the changes of the true value for the financial assets is acknowledged in the report of the profit (loss). The sum of amortization for the financial assets, rated by the amortized cost price for the reporting cycle is acknowledged as the income from the financial and investment activities in the report of the profit (loss).

4.4. Financial obligations

Financial obligations are registered in the reports only then when the Company accepts the obligation to pay money or with other financial assets. The Company accepts the financial obligation for the first time by the acquisition cost price, and later every day of performing the financial accountability it rates anew depending on the relation to the prices in the market and the period of payment: the financial assets related with the prices in the market - by its real value; other long-term financial obligation- by the amortized cost price; other short- term financial obligations- the cost price.

The Company writes-off the financial obligation or a part of it only then when the obligation is completed, annulled or does not validate. After ceding or withdrawing the financial obligation the result of the contract is declared on the profit (loss) report. The profit or loss due to the changes of the true value for the financial obligation is acknowledged in the profit (loss) report. The sum of amortization for the financial obligation rated by the amortized cost price is acknowledged as the expenses from the financial and investment activities in the profit (loss) report. The interest and the loss related to the financial obligations must be acknowledged as the expenses in the profit (loss) report.

4.5. Resources

The acquired resources in the accounting are registered by their acquisition cost price. They are shown by the acquisition cost price or the net value of the prospective realisation in the balance: by the smaller one of those two. The cost price of the sold goods is set following FIFO method of the write-off for the resources of prices. The cost price of the acquisition consists of the acquisition cost price, expenses for transportation and other related expenses.

4.6. Receivable sums

The receivable sums are accounted by the true value. For the prospective decrease of the value for the receivable sums there is a formed reserve according to the inveteration of the receivable sums and the evaluation of separate receivable sums.

4.7. Money and money equivalents

Money consists of odds of cash in the till, money on deposit, and odds of money at the trading stands (taken of the electronic cash registers). Money equivalents are made of short- term investment and the ones of the high liquidity which can be converted into cash quickly, the duration of these investments since the date of their acquisition do not overcome the period of three months and such investment is not sensitive for the significant changes of their value.

4.8. Foreign currency

Contracts in the foreign currency are accounted following the official currency exchange rate which is valid on that date. Incomes and the loss from making such contracts and the monetary assets, and the translation of obligations from the foreign currency to the national currency for the end of the period are accounted in the profit (loss) report.

4.9. Acknowledgement of incomes and expenses

The typical activity of the Company is production and sales of beer and soft drinks.

Incomes are acknowledged when they are earned. Increase of the economical profit for the Company is considered as incomes. The accumulated sums by the third parties and the value added tax are not acknowledged as incomes.

Incomes from the sales of the products are acknowledged when : the Company passes risk related to the sold production to the customer; the Company does not own and control the sold production; it is likely the Company will get some economical profit related to the contract of selling the products and which will be rated credibly; and the expenses related to the contract of selling the products can be rated credibly.

Expenses are acknowledged following the principles of accumulation and comparison during the reporting cycle when incomes related to them are earned without considering the time of payment.

The result of ceding the used long-term tangible and intangible assets, realization of the secondary production, other incomes, or expenses not related to the typical activities, except the financial and investment activities are referred to **other activities**.

Dividends, interest, fines, the incomes or the loss from the investment accounted by the method of the property, the result of ceding the financial assets, the result of the change for the foreign currency exchange rate are referred to **the financial and investment activities**. The income dividends are acknowledged when the dividends are announced. The fines and the interest are acknowledged as incomes (expenses) when there are such.

4.10. The rent of activities- The Company is the tenant

The rent of the long-term tangible assets when the renter has a significant part from the profit of risk and property is classified as the rent. The fee for renting the activities (less any discounts received from the tenant) are acknowledged as incomes in the profit (loss) report proportionally during the whole period of the rent.

4.11. Description of business segments and the ways to spread incomes and expenses for the segments

The main business segments in the Company are selling beer and soft drinks and the service of marketing.

Expenses are spread among the main segments:

1. The cost price selling of the production is referred directly, according to the actually sold amount;
2. Expenses mentioned below are referred directly: expenses of selling, of the natural loss, of transportation and rent, of salaries, other taxes of activities, of deterioration of long-term tangible assets.

Other expenses including utilities and means of communication are spread proportionally to the actual expenses of each segment.

4.12. Profit tax

Profit of the financial year 2009 is charged by the tariff of 20 percent of the profit tax according to the laws on taxes of the Republic of Lithuania.

The deferred profit tax is accounted applying the obligation method to all temporary differences, occurring among the assets and the taxation base of obligations and their accounting value on the purpose to complete the financial accountability.

The valid tariffs of the profit tax are used for casting the deferred profit tax.

Payable sums of the profit tax in the future reporting cycles, which occur due to the taxable temporary differences, are considered as the obligation of the deferred profit tax. Retrieving sums of the profit tax in the future reporting cycles, which occur due to the ceding of scoring temporary differences and unimproved taxing loss and only in the amount, which the Company credibly expects to earn enough of the taxable profit in the future sufficient to use temporary differences, are considered as the assets of the deferred profit tax.

The assets of the deferred tax and the obligation are acknowledged as long-term. The assets of the deferred profit tax and the obligation are acknowledged when at the same time it is expected to retrieve the assets of the deferred profit tax and refund the obligation assets of the deferred profit tax.

V. The policy for administration the financial risk

Risk of the sale debts. The Company controls risk of sales with the deferred payment setting the limits for every customer or their group. This risk is being constantly supervised, performing regular reviews of the customers' indebtedness.

Risk for the currency. The Company performs payments with the main suppliers in Euros, besides that considering the fixed ratio of Euro and Litas, and the provided introduction of Euro in the Republic of Lithuania in the future the Company does not observe any significant risk of the currencies for the further activities of the Company.

Risk for the interest rate. The Company has loans due to which the fluctuation of the interest rate standards do not influence the results from the activities of the Company and do not increase the risk related to the interest rate.

VI. The policy of the Company and programmes in the spheres of environment protection, waste utilization and decreasing of pollution

The policy of the Company is to meet all needs of the customers. The offer should match the demand. To sell qualitative production. To investigate the market for reaching chosen aims and goals. A big attention is paid to the learning of the executives. There was participation in several seminars and trainings. The Company completed the task of collecting the packaging waste for the reuse by the Department of Environment in order to decrease the environment pollution.

VII. The policy of pricing

The Company has an economist who estimates precisely the structure of the cost price for the sold production, its profitability and the factors that increase or decrease the profit. He knows well the customers' opinion about the sold production of the Company. Besides that, he evaluates the price policy of the rivals, estimates the ductility of the market, economical conditions and the ways of selling. He performs the market research, how the policy of prices or the ways of selling change for one or another good. Employees of the sales department of the Company in everyday activities use the modern mobile system for managing the business. Innovative technologies allow the Company to shorten the period from taking the order until its fulfillment, avoid mistakes by formulating the definite base of the purchasing and selling data. Some attention is paid to the promotional actions and publicity campaigns for selling, implementation of projects in public relations.

Considering the actions in selling, the Company is planning and matching the appearance of products commercials in media.

The information system of the Company helps for the employees of the commerce to monitor the development of sales and to make right decisions on time in case conditions in the market of the consumer commodities or state economics change.

IX. Notes of the declaratory letter**The balance of the year 2009****Note No 01- the status of the intangible assets (A.I.)**

Litas

Indicators	Patents, licences, etc.	Computer software	Oether intangible assets	In total
Likutinė vertė praėjusių finansinių metų pabaigoje/ Acquisition value at the end of previous financial year	54 500	4 372	465	59 338
a) Ilgalaikis nematerialusis turtas įsigijimo savikaina/ Acquisition value of the long-term intangible assets				
Praėjusių finansinių metų pabaigoje/ at the end of previous financial year	327 000	111 154	67 225	505 379
Finansinių metų pokyčiai/ Current year changes:				
- turto įsigijimas/ Acquisition of assets				
- kitiems asmenims perleistas ir nurašytas turtas (-)/ Cessions and disused assets (-)				
- perrašymai iš vieno straipsnio į kitą + / (-) Transfers from one heading to another				
Finansinių metų pabaigoje/ At the end of the current year	327 000	111 154	67 225	505 379
b) Amortizacija/ Depreciation				
Praėjusių finansinių metų pabaigoje/ At the end of previous financial year	272 500	106 782	66 760	446 042
Finansinių metų pokyčiai/ Current year changes:				
- finansinių metų amortizacija/ depreciation of the financial year	54 498	4 370	457	59 325
- kitiems asmenims perleisto ir nurašyto turto amortizacija (-)/ceded and written-off by the third parties				
- perrašymai iš vieno straipsnio į kitą + / (-)/Transfers from one heading to another				
Finansinių metų pabaigoje/ at the end financial year	326 998	111 152	67 217	505 367
c) Vertės sumažėjimas/ decrease of value				
Finansinių metų pabaigoje/ at the end of the financial year				
d) Likutinė vertė finansinių metų pabaigoje/ Net value at the end of current year (a) - (b) - (c)	2	2	8	12

In the year 2009 depreciation for 59 325 Lt was accounted.

The liquid value of 12 items of the long-term intangible assets on December 31, 2009 was 1 Lt for one item.

Note No 02- The status of long-term tangible assets (A.II.)

Litas

Indicators	Buildings and constructions	Machinery and equipment	Vehicles	Permanent assets in sets	Unfinished constructions	Other equipment, tools	In total
The residual value in the end of the last financial year	19 290 224	15 225 330	338 518	517 586	912 270	430 706	36 714 634
a) The cost price of the acquisition							
In the end of the last financial year	14 157 801	39 742 887	3 412 404	517 586	8 007 117	430 706	66 268 501
-the acquisition of the assets			28 000	30 591			58 591
-disposed and written-off assets (-)		403 446			360 504		763 950
rewrites from one article to another +/-)		21 052		(61 713)	40 661		
In the end of the financial year	14 157 801	39 360 493	3 440 404	486 464	7 687 274	430 706	65 563 142
b) Reassessment							
In the end of the last financial year	11 709 824						11 709 824
increase (decrease) of the value +/-)							
rewrites from one article to another +/-)							
In the end of the financial year	11 709 824						11 709 824
c) Depreciation							
In the end of the last financial year	6 577 401	24 517 557	3 073 886		7 094 847		41 263 691
-depreciation of the financial year	462 860	2 093 316	101 125		469 561		3 126 862
depreciation of the reassessed assets	1 321 507						1 321 507
depreciation of assets disposed and written-off to other people (-)		403 299			355 107		758 406
rewrites from one article to another +/-)							
In the end of the financial year	8 361 768	26 207 574	3 175 011		7 209 301		44 953 654
e) The residual value in the end of the last financial year	17 505 857	13 152 919	265 393	486 464	477 973	430 706	32 319 312
(a) + (b) - (c) - (d)							

A sum of 430 706 Lt was accumulated in the unfinished constructions which did not change during the year 2009. A sum of 3 126 862Lt for the depreciation of long-term tangible assets was accounted in the year 2009.

These assets were acquired:

- Means of transport were acquired for 28 000 Lt ;
- Other tangible assets were acquired for 30 591Lt

The Company does not have any assets by the trust law.
6162 items of long-term tangible assets depreciated to the liquid price of 1 Lt are used.

Note No 03- The financial assets (A.III.)

Indicators	The remainders 2007-12-31	The remainders 2008-12-31	Increase Decrease(+)	The remainders 2009-12-31
Investment into daughter enterprises and associated companies	17 100	17 100	0	17 100

There were no investments into daughter enterprises and associated companies in the year 2009. On December 31, 2009 there were investments only to:

- Into VŠĮ "Žaliasis taškas" – 15 000 Lt.
- Into VŠĮ Šiaulių universiteto mokslo ir technologijos parkas- 2000Lt
- UAB "Krepšinis ir mes"- 100 Lt.

Note No 04- Resources and prepayments (B. I.1-I.1.I)

The acquisition cost price is applied for the recording of the resources. The Company buys resources only for its needs. The stocks are written off applying FIFO method of accounting the prices.

Indicators	Resources and complementing products	Incomplete production	Complete production	Goods for resale	Litas
					In total
a) the cost price of acquisition of the resources on December 31, 2008	2 145 450	309 208	697 566	12 896	3 165 120
b) the cost price of acquisition of the resources on December 31, 2009	2 026 517	175 577	397 358	10 545	2 609 996
including:					
Other					
Prepayments in advance for stocks, services on December 31, 2009	257 284	0	0	0	257 284
Incomplete contracts					

There are no incomplete contracts during the year 2009.
The Company does not have any mortgaged resources or resources at the third parties.

Note No 05- Sums receivable in one year (B. II. I. – II.3)

Title	Remainders 2009-12-31	Remainders 2008-12-31	Increase Decrease(-)
Sums receivable in one year in total:	3 091 137	3 788 051	(696 914)
Indebtedness of the customers	3 086 624	3 782 965	(696 341)
Other receivable sums	4513	5086	(573)

Measured debts of the customers and acts of measuring are made with 57% of customers. Other debts of the customers that are not measured are considered as true in the financial records.

Note No 06- Other short-term assets (B. III.1.- III.3)

Title	Remainders 2009-12-31	Remainders 2008-12-31	Increase Decrease(-)
Other short-term assets	288 300	288 300	0
Deposit accounts	288 300	288 300	0
Other short-term assets	0	0	0

Other short-term assets are the deposit account which is made to guarantee paying the excise duty for the production taken from the storage.

Note No 07- Money and money equivalents

	December 31, 2009	December 31, 2008
Litas		
Money in a bank	73 464	68 499
Money in the till	2 770	8 584
Money on the way to the bank (from the selling stands)	3 700	30 156
Money and money equivalents	79 934	107 239

Note No 08- The private capital (C. I. – IV.I.)**The authorized (signed) capital**

The authorized capital of the Company on December 31, 2009 was 24814720 Lt. It is divided into 24814720 nominal ordinary shares that cost 1 Lt each. All shares are completely paid-up.

The structure of the authorized capital:

Indicators	Number of shares	Sum (Lt)
I According to the type of shares	24814720	24814720
I.1. Ordinary shares	24814720	24814720

During the year 2009 there were no changes in the authorized capital.

The reserve of reassessment

The reserve of reassessment consists of the difference in the reassessed value for the buildings and constructions. Depreciating the part of the reassessed assets, the reserve of reassessment is being reduced and the unacknowledged profit of the reporting year is declared, and the used deferred profit tax is stated in the profit (loss) report. The unacknowledged profit of the reporting year due to the depreciation of the part of the reassessed assets is 1 057 206 Lt.

Reserves

On January 1, 2009 the Company does not have the compulsory reserve formed by the law.

The retained earnings (the loss)

The Company at the end of the last financial year had (21 696 565) Lt of the retained earnings (the loss).

During the reporting financial year 2009 the Company experienced the loss of (21 696 565) Lt. The Company offers its shareholders a project of retaining the earnings of the year 2009:

Articles	Sum (Lt)
1)The retained earnings of previous financial year- the profit(loss)	(21 696 565)
2)The net result of previous financial year- the profit(loss)	(3 128 413)
3)The retained profit (loss) of the reporting financial year in the profit(loss) report	0
4)Transfers from reserves	0
5) Contribution of shareholders to cover the loss	0
6) The retained profit (loss) in total	(24 824 978)
7) A part of profit for the compulsory reserve	0
8) A part of profit to the reserve to acquire own shares	0
9) A part of profit to other reserves	0
10) A part of profit for paying dividends	0
11) A part of profit for annual payments, bonuses for employees and on other purposes	0
12) The retained profit (loss) in the end of the reporting financial year transferred to other financial year	(24 824 978)

The Company does not plan to buy its own shares in The year 2010. There is no net profit earned to pay dividends for the year 2009.

The own capital of the Company became smaller than it is set in the statutes of the 38th article (part 3) for the Joint- stock companies. On December 31, 2009 The private capital of the Company was 32.4 percent of the authorized capital.

Note No 09- Payable sums and long-term obligations in one year (E. I)

Indicators	December 31,2009	December 31,2008
Financial debts	0	11 459 558
Deferred taxes	1 365 315	1 629 617

Note No 10- Payable sums and short-term obligations in one year (E. II.1.- II. 8)

Litas

Indicators	Debts or their parts, payable		
	During one financial year	In one year but not later than in five years	In five years
The division of the payable sums according to the types			
The part of the current year of the long-term debts			
Financial debts:	21 085 570		
1. For credit institutions	500 000		
2. Other debts Including accumulated interest for December 31, 2009	20 585 570		
Other debts in total			
including			
Debts to the suppliers	2 996 894		
including:			
Related suppliers			
Other suppliers	2 996 894		
Debts for taxes	3 217 245		
including:			
- The real property tax	23 926		
- Tax for environment pollution	4 238		
- Sales VAT	1 069 251		
- The excise duty	2 119 830		
- Tax for packaging	0		
- The profit tax	0		
Work relations and related obligations	1 192 478		
including:			
-salary	259 243		
- social insurance	133 759		
-Income tax for the residents	183 327		
-deferrals for payment of the unused holidays and calculations of social insurance	616 149		
-other debts			
Other debts	638 540		

The Company was granted the loans by the credit institutions and natural persons. Paying back the loans is guaranteed by the long-term tangible assets, money in the bank including future incomes into bank accounts. The interest rate for the loans is set following the interest rate in the market and is revised every 3 months, so the accounting value of the loans match their true value, and the influence of negotiation is not significant.

The Company does not have debt obligations the implementation of which would be guaranteed by the state guarantee and (or) assets, leasing (financial rent).

Measured debts of the customers and acts of measuring are made with 59% of suppliers. Other debts for the suppliers the customers that are not measured are considered as true in the financial records. The Company does not have any rights and obligations which could not be shown in the balance.

The report of profit (loss) (I.-IV.)

Note No 11- Business segments

Information about the main segments in sales and services

Indicator s	Units of measuring	Business segments				Litas	
		Sales		Services		IV quarter	
		2009	2008	2009	2008	2009	2008
Incomes	Lt	24 998 902	37 277 054	831 486	1 039 655	5 685 689	8 543 091
Expenditure	Lt	27 796 994	40 914 468	620 415	725 705	6 468 374	10 311 083
Typical profit (loss) from activities	Lt	(2 798 092)	(3 637 414)	211 071	313 950	(782 685)	(1 767 992)
The cost price of goods	Lt	19 979 361	29 714 189	620 415	325 705	4 502 066	7 108 408
Of them:							
Used for its own needs	Lt	8081	11 337	0	0	3009	2646

The given data show that results of the activities for the year 2009 of the Company were determined by the result of sales. The income from sales in the of year 2009 decreased in 32,94% in comparison with the year 2008. The Company experienced the loss of 2 587 021 Lt from its typical activities.

The Company experienced the natural loss of goods during the year 2009 for the sum of 6 723 280 Lt, what it is allowed as the deduction according the law on the profit tax.

Note No 12- Other activities

Indicators	The year	The year
	2009	2008
	Lt	Lt
Incomes	16 150	35 697
Expenditure	73 260	84 699

Other untypical incomes from activities in the article of the incomes from activities are 16 150Lt which decreased by 54,76% in comparison with the year 2008. Expenses to earn these incomes in the article of expenses for other activities are 73 260Lt, i.e., decreased by 13,51% in comparison with the year 2008.

Note No 13- Results of the financial and investment activities

Indicators	The year 2009	The year 2008
	Lt	Lt
a) Incomes from the financial and investment activities	60 275	55 123
Specification of significant sums		
- interest received from banks	578	556
-subsidies from the Labour office		
- other incomes	2456	319
- the positive influence of the currency exchange rate	57 241	54 248
-received incomes from the retained profit		
b) Expenses from the financial and investment activities	1 871 064	2 119 793
Specification of significant sums		
-expenses of the interest	953 300	1 267 115
- the negative influence of the currency exchange rate	61 361	49 388
-other expenses	575 448	478 401
	280 955	324 889

Incomes from untypical activities of 60 275 Lt, which increased in 8,55% in comparison with the year 2008 are accounted in the article of the incomes from the financial and investment activities. Other expenses in the article of expenses for the activity expenses to earn these incomes made 1 871 064 Lt, i.e., decreased by 14,58% in comparison with the year 2008.

Note No14- contracts with the related parties

Different shareholders own the shares of the Company, one party does not have the opportunity to control the other party or can make a significant influence making financial decisions or decisions on activities.

Note No 15- Use of the deferred profit tax

The profit tax is used for the grace of the profit tax due to the reassessment depreciation of long-term assets, which in previous periods had the grace of the profit tax as well.

Note No16- Net profit (dead loss)

During the fourth quarter of the year 2009 the Company experienced the loss of 1 112 028 Lt, and during twelve months of the year 2009 experienced the loss of 4 185 618 Lt.

Note No 17 –Other significant information

On February 2, 2009, in the meeting of the board the request of Mr Povilas Stumbrys, general manager of AB "Gubernija" was satisfied to depose him and to elect Mrs Diana Veleckienė to become the general manager at interim since February 3, 2009, till the permanent general manager would be nominated. It was also announced that on February 12, 2009, at 1 pm the second extraordinary general meeting of the shareholders is called and the agenda was presented. On February 12, 2009, AB "Gubernija" received a judgement from Vilnius district court of February 12, 2009 by which the court decided to ban AB "Gubernija" to hold the second extraordinary general meeting of the shareholders on February 12, 2009 at 1 pm, and till March 21, 2009, having no separate permission of the court to hold and call meetings of the shareholders of AB "Gubernija".

On May 18, 2009 the Company received a judgement from Šiauliai district court which forbade AB "Gubernija" to register the minute and decisions of the general ordinary shareholders' meeting on April 30, 2009 in the registry of the legal entities.

On July 3, 2009 by the decision of the court the validity of the minute and decisions made on June 23, 2009 in the extraordinary general meeting of the shareholders was suspended, it was banned to register them the the registry of legal entities. The decision by the department of the market operations (No 191, July 3, 2009). To continue the supervisory status: Gubernija PVA (LT0000114357 GUBIL).

On May 19, 2009 State Tax Inspectorate of Šiauliai District made a decision to defer 1 086 006, 8 Lt as paying of the tax arrears till May 27, 2010, deferring the beginning of the payments till June 22, 2009. And another decision by State Tax Inspectorate of Šiauliai District made on December 30, 2009- a set grace for paying of the tax arrears with a condition that its payment must be guaranteed by the hypothecated assests or the guarantee.

Note No18- Information about administrative bodies

On July 20, 2009 AB NASDAQ OMX Vilnius received a judgement of July 9, 2009 from Šiauliai district court by which the court derestricted the judgement of Šiauliai district court of June 30, 2009 about the application of the interim precautionary measures to suspend the validity of the minute from the general meeting of the shareholders and the decisions made, forbidding to register them in the registry of the legal entities.

On July 21, 2009 The Court derestricted the judgement of Šiauliai district court on the application of the interim precautionary measures.

On July 22, 2009 AB "Gubernija" disseminated the statement stating that on July 17, 2009 having no quorum in the meeting , the general extraordinary meeting of the shareholders had not taken place.

By the decision of the board meeting of AB "Gubernija" on July 21, 2009 a revised extraordinary general meeting of the shareholders is called on August 13, 2009, at 12 am.

The agenda for the revised extraordinary general meeting of the shareholders:

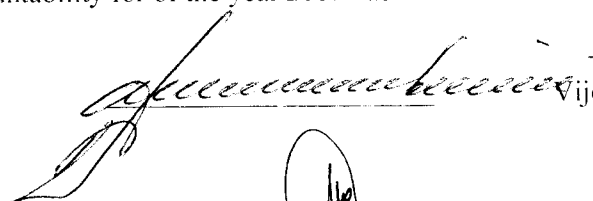
1. Hypothecation of the assets of the Company to the use of the State Tax Inspectorate of Šiauliai District for the period of the taxing loan.

On August 13, 2009 the revised extraordinary general meeting of the shareholders of AB "Gubernija" did not take place due to the absence of the shareholders.

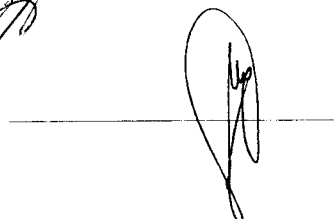
There is a civil case at Vilnius District court No Nr.2-2077-104/2009, in which questions related to the fulfillment of the crediting contract Nr.0640404060817-20 of December 28, 2004 are being solved.

The financial accountability for of the year 2009 has been audited.

General Manager

 Violeeta Dunauskienė

Executive accountant



Daiva Leinartienė