



AKCINĖ BENDROVĖ

### CONFIRMATION OF RESPONSIBLE PERSONS

Following 22 article of the the Law on Securities Market of the Respublic of Lithuania and Rules on Prepatation and Submission of Periodic and Additional Information of the Lithuanian Securities Commision, we, the General Manager of the AB „Gubernija“ Vijoleta Dunauskiene and the Deputy Chief Accountant of the AB „Gubernija“ Eugenija Tarbunaite, hereby confirm that, to the best of our knowledge, the attached Gubernija AB the audited financial statements for 12 months of the year 2011, ended 31 December 2011, 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

Deputy Chief Accountant

Eugenija Tarbunaite

Siauliai,  
03-04-2012

???

“Šiaulių Pagautė”

UŽDAROJI AKCINĖ BENDROVĖ

Kodas 144730863, PVM kodas LT 447308610, V. Bielskio g. 70, Šiauliai 77172, tel.: (8-687) 36070, fax; (8-41) 200605

## CONCLUSION OF INDEPENDENT AUDITOR

To shareholders of AB GUBERNIJA

### *Conclusion Regarding Financial Statements*

We have done an audit of the further presented set of financial statements of AB Gubernija, which consists of a statement on financial state on 31 December 2010, a statement of general income, a statement on changes of shareholders' equity, a cash flow statement and explanatory notes of the year ending at the same date (further herein – the Financial Statements).

### *Responsibility of Management for Financial Statements*

The management is responsible for preparation and correct submission of these Financial Statements in conformity with the legal acts applicable in the Republic of Lithuania, which regulate bookkeeping and drafting of financial statements, and the International Financial Reporting Standards applicable in European Union, and such the internal control, which, in the opinion of the management, is required for preparation of the Financial Statements without significant perversions of information due to fraud or fault.

### *Auditor's Responsibility*

Our duty is to give our judgement about these Financial Statements on the grounds of the accomplished audit. We have done the audit in conformity with the International Standards on Audit. These Standards stipulate that we should follow the standards of ethics and plan and perform our audit so that we should obtain a sufficient security that there would be no significant perversions of the information in the Financial Statements.

The audit includes the procedures, by which we aim to collect audit evidences about the amounts and the information revealed in the Financial Statements. The chosen procedures depend on a professional decision of the auditor, including the assessment of risk of significant perversions in the Financial Statements due to fraud or fault. When evaluating that risk, the auditor considers the internal control system related to drafting and correct submission of the Company's Financial Statements, in order to be able to choose audit procedures suitable under the circumstances available, but not for giving a judgement about the efficiency of the internal control system. The audit also includes the assessment of suitability of the applicable accounting policy and reasonableness of the accounting estimates done by the management and the general submission of the Financial Statements.

We believe that the audit evidences collected by us are sufficient and relevant for grounding of an unmodified auditor's opinion on the financial state and a qualified auditor's opinion on results of financial activity and cash flows.

### *Basis for Qualified Opinion on Results of Financial Activity and Cash Flows*

We were appointed the auditors of the Company on 24 January 2012, thus we did not observe stock inventory, which was done at the beginning of the year. We could not verify the stock quantities



held by the company on 31 December 2010 by alternative means. Whereas the initial inventory balances are material for determining the results of financial activity and cash flows, we could not determine whether the annual profit in the statement of income and the cash flows from operating activities in the cash flow statement required adjustments.

*Qualified Opinion on Results of Financial Activity and Cash Flows*

We are of the opinion that with exception of the impact of the matters described in the paragraph 'Basis for Qualified Opinion' on the respective data, the statement on income and the statement of cash flows in all material aspects fairly reflect the actual and correct view of the Company AB Gubernija on 31 December 2011 and its results of financial activity and the cash flows of the year ending on the same date in conformity with the International Financial Reporting Standards.

*Opinion on Financial State*

We are of the opinion that the Balance in all material aspects gives true and correct picture of the financial state of AB Gubernija on 31 December 2011 in conformity with the International Financial Reporting Standards.

*Emphasis of Matter*

We take notice that in the third paragraph of the note 18 of the Explanatory Notes - *Other relevant information*, which describes the uncertainty regarding a delay penalty disputed by AB Gubernija in a court. Our opinion on this matter is unqualified.

*Other Matters*

The financial statements of AB Gubernija for the year ended on 31 December 2010 were audited by other auditors, who expressed their qualified opinion on these statements on 29 March 2011.

**Conclusion Regarding Other Legal and Supervisory Requirements**

Furthermore, we have read the annual report for the year 2011 of AB Gubernija further attached hereto and have noticed no significant discrepancies of the financial information contained therein with the Financial Statements for 2011 of the AB Gubernija.

Directress/ auditor  
Aldona Alasauskiene /Signature/  
02 04 2012  
V.Bielskio 70, Siauliai  
Auditor's Certificate No. 000004



UAB Siauliu Pagaute  
Audit Company Certificate No 001375



AB GUBERNIJA, 144715765

(įmonės pavadinimas)

DVARO G. 179, ŠIAULIAI, LIETUVA

(įmonės kodas, adresas, kiti duomenys)

PATVIRTINTA

20

m.

protokolo Nr.

## 2011 m. gruodžio 31 d. FINANSINĖS BŪKLĖS ATASKAITA/ FINANCIAL STATUS REPORT

(finansinės atskaitomybės sudarymo data)

2012 03 30

Nr.

2011-01-01..2011-12-31  
(ataskaitinis laikotarpis)

Visos sumos nurodytos litais/in Litas

	TURTAS/ ASSETS	Pastabos Nr./ Notes	Finansiniai metai/ Financial year 2011-12-31	Praėję finansiniai m./ Financial year 2010-12-31	Praėję finansiniai m./ Previous financial year 2009-12-31
A.	ILGALAIKIS TURTAS/ Long term assets		30 395 331	30 620 245	32 336 424
I.	NEMATERIALUSIS TURTAS / INTANGIBLE ASSETS	01	9 176	9	12
I.3	Patentai, licencijos/ Licences and patents		2	2	2
I.4	Programinė įranga/ Computer software		2	2	2
I.5	Kitas nematerialusis turtas/ Other intangible assets		9 172	5	8
II.	MATERIALUSIS TURTAS/ TANGIBLE ASSETS	02	30 369 055	30 603 136	32 319 312
II.1	Žemė / Land				
II.2	Pastatai ir statiniai / Buildings & Plant		18 101 816	17 517 938	17 936 563
II.3	Mašinos ir įrengimai / Machinery & equipment		10 904 948	11 978 173	13 152 919
II.4	Transporto priemonės / Vehicles		390 583	295 592	265 393
II.5	Kita įranga, prietaisai, įrankiai ir įrengimai / Other property, plant and equipment		308 726	294 857	477 973
II.6	Nebaigta statyba/ Construction in progress		662 982		
II.7	Kitas materialusis turtas / Other tangible assets			516 576	486 464
II.8	Investicinis turtas/ Asserts of investment				
III.	FINANSINIS TURTAS / FINANCIAL LONG	03	17 100	17 100	17 100
III.1	Investicijos į dukterines ir asocijuotas įmones/ Investments into daughter and associated enterprises				
III.2	Kitos ilgalaikės investicijos/ Other long-term investment		17 100	17 100	17 100
III.3	Paskolos dukterinėms ir asocijuotoms įmonėms/ Loans to daughter and associated enterprises				
III.4	Po vienerių metų gautinos sumos/ Receivable sums in one year				
III.5	Finansinis turtas galima sparduoti/ Financial asserts for sale				
III.6	Išvestinės finansinės priemonės/ Derived financial means				
III.7	Kitas finansinis turtas/ Other financial assets				
IV.	KITAS ILGALAIKIS TURTAS/OTHER TANGIBLE ASSETS				
IV.1	Atidėto pelno mokesčio turtas/Diferend profit taxes assets				
B.	TRUMPALAIKIS TURTAS/ Short term assets		9 964 352	9 143 826	6 326 650
I.	ATSARGOS, IŠANKSTINIAI APMOKĖJIMAI IR NEBAIGTOS VYKDYTI SUTARTYS/ STOCK AND CONTRACTS IN PROGRESS	04	4 589 641	3 521 476	2 867 280
I.1	Atsargos/ Inventories		4 352 875	3 273 723	2 609 996
I.1.1	Medžiagos ir žaliavos/ Raw materials and consumables		3 377 293	2 316 568	2 026 516
I.1.2	Nebaigta gamyba/ Work in progress		493 390	369 092	175 577
I.1.3	Pagaminta produkcija/ Finished goods		469 130	572 964	397 358
I.1.4	Pirkto prekės, skirtos perparduoti/ Goods for resale		13 062	15 099	10 545
I.2	Išankstiniai mokėjimai/ Prepayments		229 506	247 753	257 284
I.3	Nebaigtos vykdyti sutartys/ Contracts in progress		7 260		
	PER VIENERIUS METUS GAUTINOS SUMOS/ AMOUNTS				
II.	RECEIVABLE WITHIN ONE YEAR	05	5010817	5283465	3091137
II.1	Pirkėjų įsiskolinimas / Trade debtors		4 944 572	5 260 302	3 086 624
II.2	Dukterinių ir asocijuotų įmonių skolos/ Receivables from subsidiaries and				
II.3	Suteiktų ilgalaikių paskolų einamųjų metų dalis ir trumpalaikės paskolos/The part of the granted long-term loans of the current year and short-term loans				
II.4	Kitos gautinos sumos / Other amounts receivable		66 245	11 892	4 513
II.5	Abejotinos skolos/ Unsafe debts			11 271	
III.	KITAS TRUMPALAIKIS TURTAS/ OTHER SHORT TERM ASSETS	06	288 300	288 300	288 300
III.1	Trumpalaikės investicijos/ Current investments				
III.2	Terminuoti indėliai/ Time deposits		288 300	288 300	288 300
III.3	Iš anksto sumokėtas pelno mokestis				
III.4	Kitas trumpalaikis turtas/ Other currents assets				
IV.	PINIGAI IR JŲ EKVIVALENTAI/ Money and its equivalents	07	75 594	50 585	79 933
	TURTAS IŠ VISO / TOTAL ASSETS:		40359683	39764071	38663074



	NUOSAVAS KAPITALAS IR ĮSIPAREIGOJIMAI/ Capital and reserves	Pastabos Nr./ Notes	Finansiniai metai/ Financial year 2011-12-31	Praėję finansiniai m./ Financial year 2010-12-31	Praėję finansiniai m./ Previous financial year 2009-12-31
<b>C.</b>	<b>NUOSAVAS KAPITALAS IŠ VISO / SHAREHOLDERS CAPITAL</b>	<b>08</b>	<b>9 273 013</b>	<b>8 487 697</b>	<b>8 167 032</b>
<b>I.</b>	<b>KAPITALAS/ CAPITAL</b>		<b>16 129 614</b>	<b>16 129 614</b>	<b>24 814 720</b>
I.1.1.	Istatinis (pasirašytasis) / Subscribed capital		16 129 614	16 129 614	24 814 720
I.1.2.	Pasirašytas neapmokėtas kapitalas(-) / Subscribed uncalled share capital (-)				
I.2.	Akcijų priedai/ Share premium				
I.3.	Savos akcijos/ Own Shares (-)				
I.4.	Perkainojimo rezervas (rezultatai)/ revaluation reserve		8 877 106	7 816 054	8 177 290
I.4.1.	Nematerialiojo turto/ Intangible assets				
I.4.2.	Ilgalaikio materialiojo turto/ Long-term tangible assets		8 877 106	7 816 054	8 177 290
I.4.3.	Finansinio turto/ Financial assets				
I.4.4.	Atidėtojo mokesčio įsipareigojimai/ Obligations of the deferred tax				
I.5.	Rezervai/ reserves				
I.5.1.	Privalomasis arba atsargos kapitalas/ Legal reserve				
I.5.2.	Savoms akcijoms įsigyti/ Reserve for acquiring own shares				
I.5.3.	Kiti rezervai/ Other reserves				
I.6.	Nepaskirstytasis pelnas (nuostoliai)/ retaining earnings (loss)		(15 733 707)	(15 457 971)	(24 824 978)
I.6.1.	Ataskaitinių metų pelnas (nuostoliai)/ Profit (loss) of the reporting year profit		( 275 736)	681 901	(3 128 413)
I.6.2.	Ankstesnių metų pelnas (nuostoliai)/ Profit (loss) of the previous year		(15 457 971)	(16 139 872)	(21 696 565)
<b>D.</b>	<b>ĮSIPAREIGOJIMAI IŠ VISO/ OBLIGATIONS IN TOTAL</b>		<b>31 086 670</b>	<b>31 276 374</b>	<b>30 496 042</b>
<b>I.</b>	<b>ILGALAIKIAI ĮSIPAREIGOJIMAI/ LONG-TERM OBLIGATIONS</b>	<b>09</b>	<b>4 542 632</b>	<b>1 301 568</b>	<b>1 365 315</b>
I.1.	Finansinės skolos/ Financial debts		3 053 820		
I.1.1.	Finansinės nuomos/ financial leasing		85 379		
I.1.2.	Kredito įstaigoms / To credit institutions				
I.1.3.	Dukterinėms ir asocijuotoms įmonėms / To daughter and associated enterprises				
I.1.4.	Kitos finansinės skolos / Other financial liabilities		2 968 441		
I.2.	Prekybos skolos tiekėjams ir rangovams/				
I.3.	Gauti išankstiniai mokėjimai/ Debts of sales for suppliers and contractors				
I.4.	Išvestinės finansinės priemonės/ Derived financial means				
I.5.	Atidėjimai/ Provisions				
I.5.1.	Įsipareigojimų ir reikalavimų padengimo/ For covering liabilities and demands				
I.5.2.	Pensijų ir panašių įsipareigojimų/ For pensions and similar obligations				
I.5.3.	Kiti atidėjimai/ Other suspension				
I.6.	Atidėtojo mokesčio įsipareigojimai/ Obligations of the deferred tax		1 488 812	1 301 568	1 365 315
I.7.	Kiti ilgalaikiai įsipareigojimai/ Other long-term obligations				
I.8.	Dotacijos ir subsidijos/ Grants and subsidies				
<b>II.</b>	<b>TRUMPALAIKIAI ĮSIPAREIGOJIMAI/ SHORT-TERM OBLIGATIONS</b>	<b>10</b>	<b>26 544 038</b>	<b>29 974 806</b>	<b>29 130 727</b>
II.1.	Ilgalaikių skolų einamųjų metų dalis/ The part of the long-term debts of the current year		16 172 750	20 585 570	20 585 570
II.2.	Finansinės skolos/ Financial debts		46 583		500 000
II.2.1.	Kredito įstaigoms / For credit institutions				500 000
II.2.2.	Dukterinėms ir asociojuotoms įmonėms/ For daughter and associated enterprises				
II.2.3.	Finansinės nuomos/ financial leasing		46 583		
II.2.4.	Kitos finansinės skolos/ Other financial debts				
II.3.	Skolos tiekėjams ir rangovams/ Debts to suppliers and contractors		4 568 588	3 632 237	2 996 894
II.4.	Gauti išankstiniai mokėjimai/ Received prepayments		64 164	54 415	
II.5.	Pelno mokesčio įsipareigojimai/ Profit tax liabilities				
II.6.	Su darbo santykiais susiję įsipareigojimai/ Liabilities related with labour relations		1 337 997	1 331 472	1 192 478
II.7.	Išvestinės finansinės priemonės/ Derived financial means				
II.8.	Atidėjimai/ Provisions				
II.9.	Kiti trumpalaikiai įsipareigojimai / Other short-term obligations		4 353 956	4 371 112	3 855 785
	<b>NUOSAVAS KAPITALAS IR ĮSIPAREIGOJIMAI IŠ VISO/ TOTAL EQUITY AND LIABILITIES:</b>		<b>40359683</b>	<b>39764071</b>	<b>38663074</b>

Generalinė direktorė  
(įmonės vadovo pareigų pavadinimas)

(parašas)signature

Vijoleta Dunauskienė  
vardas,pavardė(name, surname)

Vyr.buhalterės pavaduotoja  
(įmonės finansininko pareigų pavadinimas)

(parašas)signature

Eugenija Tarbūnaitė  
vardas,pavardė(name, surname)



AB GUBERNIJA, 144715765

(įmonės pavadinimas)

DVARO G. 179, ŠIAULIAI, LIETUVA

(įmonės kodas, adresas, kiti duomenys)

PATVIRTINTA

protokolo Nr.

\_\_\_\_ m. \_\_\_\_ d.

## BENDRŲJŲ PAJAMŲ ATASKAITA / INCOME STATEMENT

2011 M. SAUSIO 1 D. - 2011 M. GRUODŽIO 31 D.

(finansinių atskaitomybės sudarymo data)

2012 03 30

Nr.

2011-01-01..2011-12-31

(ataskaitinis laikotarpis)

Visos sumos nurodytos litais/in Litas

	Straipsniai/ Items	Pastabos Nr./ Notes	Finans. m./ Finan. Year 2011-12-31	Praėję fin. m./ Previous financial year 2010-12-31	Finans. m./ Finan. Year 2011-10-01.. 2011-12-31	Praėję fin. m./ Previous financial year 2010-10-01.. 2010-12-31
I.	PARDAVIMO PAJAMOS/ SALES	11	41 962 309	34 474 071	9 121 741	11 122 791
II.	KITOS VEIKLOS PAJAMOS/ OTHER INCOMES FROM SALES	12	62 150	21 224	14 748	3 087
III.	SĄNAUDOS / EXPENSES	11	41 831 493	33 436 082	9 840 483	10 670 327
III.1.	Pagamintos produkcijos ir nebaigtos gamybos atsargų vertės padidėjimas(sumazėjimas)/Increase(decrease) of stock value in made and unfinished production					
III.2.	Žaliavų ir sunaudota medžiagų / Sales		33 389 956	24 543 139	7 604 137	6 681 473
III.3.	Susijusios su darbuotojais/ Related to employees		4 336 712	2 916 622	1 021 432	618 804
III.4.	Amortizacijos ir nusidėvėjimo/ Amortization and depreciation		2 179 579	2 309 161	700 407	571 045
III.5.	Ilgalaikio materialiojo turto nuvertėjimo/Depreciation of long-term					493 674
III.6.	Gautinų sumų nuvertėjimo/ depreciation of receivable sums			4 990		4 990
III.7.	Nuostoliai iš ilgalaikio materialiojo turto perleidimo/ Loss from					
III.8.	Kitos/Others		1 925 246	3 662 170	1 287 001	2 300 341
IV.	FINANSINĖ IR INVESTICINĖ VEIKLA/ FINANCIAL AND INVESTING ACTIVITIES	13	( 893 686)	( 802 296)	( 239 632)	( 222 765)
IV.1.	Pajamos/ Income		47 605	87 694	7 749	10 889
IV.2.	Išlaidos/ Expenses		941 291	889 990	247 381	233 654
V.	PELNAS (NUOSTOLIAI) PRIEŠ APMOKESTINIMĄ/ CURRENT YEAR PROFIT BEFORE TAXES		( 700 720)	256 917	( 943 626)	232 786
VI.	PELNO MOKESTIS / PROFIT TAX		( 63 748)	( 63 748)	( 15 937)	( 15 937)
VI.1.	Ataskaitinių metų pelno mokesčio sąnaudos/Expenditure of the profit					
VI.2.	Atidėtojo pelno mokesčio sąnaudos(pajamos)/ Expenditure (incomes)	15	( 63 748)	( 63 748)	( 15 937)	( 15 937)
VII.	PELNAS (NUOSTOLIAI) IŠ TĘSIAMOS VEIKLOS/ Profit (Loss)		( 636 972)	320 665	( 927 689)	248 723
VIII.	PELNAS (NUOSTOLIAI) IŠ NUTRAUKIAMOS VEIKLOS/ Profit					
IX.	GRYNASIS PELNAS (NUOSTOLIAI) IŠ TĘSIAMOS VEIKLOS / NET PROFIT FROM CONTINUING OPERATIONS		( 636 972)	320 665	( 927 689)	248 723
X.	KITOS BENDROSIOJOS PAJAMOS/ OTHER GROSS PROFIT	16	361 236	361 236	90 309	90 309
X.1.	Pelnas/nuostolis gautas iš perkainavimo rezervų pasikeitimo/		361 236	361 236	90 309	90 309
XI.	PELNO MOKESTIS NUO KITŲ BENDRŲJŲ PAJAMŲ/ PROFIT TAX					
XII.	KITOS BENDROSIOJOS PAJAMOS, ATĖMUS PELNO MOKESTĮ/ OTHER GROSS INCOMES DEPRIVING PROFIT TAX		361 236	361 236	90 309	90 309
XIII.	GRYNASIS (NUOSTOLIS) PELNAS / NET PROFIT OF CURRENT YEAR	17	( 275 736)	681 901	( 837 380)	339 032
XIV.	Vienai akcijai tenkantis pelnas (nuostoliai) ir pasirinktiniais sandoriais sumažintas vienai akcijai tenkantis (nuostoliai) pelnas		-0,017	0,042	-0,052	0,021

Generalinė direktorė

(įmonės administracijos vadovo pareigų pavadinimas)

parašas( signature)

Vijoleta Dunauskienė

vardas ir pavardė (name, surname)

Vyr.buhalterės pavaduotoja

(įmonės finansininko pareigų pavadinimas)

parašas( signature)

Eugenija Tarbūnaitė

vardas ir pavardė (name, surname)



AB GUBERNIJA, 144715765

(įmonės pavadinimas)

DVARO 179, ŠIAULIAI

(įmonės kodas, adresas, kiti duomenys)

PATVIRTINTA

20 m.

protokolo Nr.

2011 m. GRUODŽIO 31 d.

NUOSAVO KAPITALO POKYČIŲ ATASKAITA

STATEMENT OF CHANGES IN EQUITY

atskaitomybės sudarymo data)

2012 3 30 Nr.

2011-01-01..2011-12-31  
(ataskaitinis laikotarpis)

Visos sumos nurodytos litais/in Litas

	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		Nepa- skirstytasis pelnas (nuostoliai)/ Retained earnings (losses)	Iš viso/ Total
				Ilgalaikio materialiojo turto/ Tangible assets	Finansinio turto/ Financial assets	Privaloma- sis/ Compulsory	Savų akcijų įsigijimo/ acquisition of own shares				
1. Lik. už praėj. finans. metų pabaigoje/ Balance at the end of financial year before previous	24 814 720			9 234 496						(21 696 566)	12 352 650
2. Apskaitos politikos pakeitimo rezultatas/ Result of change in accounting policies											
3. Esminių klaidų taisymo rezultatas/ Result of correcting essential errors											
4. Bendrųjų pajamų ataskaitoje nepripažintas pelnas (nuostoliai)/The unacknowledged profit(loss)in the report of the general incomes				(1 057 206)						1 057 206	
5. Bendrųjų pajamų ataskaitoje nepripažintas pelnas (nuostoliai)/The unacknowledged profit(loss)in the report of the general incomes											
6. Ataskaitinių metų bendrosios pajamos/Gross profit of the reporting year											
7. Įstatinio arba pagrindinio kapitalo didinimas (mažinimas)/Increase(reduce) of the authorized or main capital										(4 185 618)	(4 185 618)
8. Perskaičiuotas likutis už praėjusių finansinių metų pabaigoje/ Recalculated balance as of 31 December	24 814 720			8 177 290						(24 824 978)	8 167 032
9. Bendrųjų pajamų ataskaitoje nepripažintas pelnas (nuostoliai)/The unacknowledged profit(loss)in the report of the general incomes				(361 236)						361 236	
10. Dividendai/Dividends											
11. Kitos išmokos/ Other payments											
12. Įstatinio arba pagrindinio kapitalo didinimas (mažinimas)/Increase(reduce) of the authorized or main capital	(8 685 106)									8 685 106	
13. Ataskaitinių metų bendrosios pajamos/ Gross incomes from the reporting year										320 665	320 665
14. Likutis praėjusių finansinių metų pabaigoje/The residual in the end of the last financial year	16 129 614			7 816 054						(15 457 971)	8 487 697
15. Bendrųjų pajamų ataskaitoje nepripažintas pelnas (nuostoliai)/The unacknowledged profit(loss)in the report of the general incomes				(361 236)						361 236	
16. Dividendai/Dividends											
17. Kitos išmokos/ Other payments											
18. Įstatinio arba pagrindinio kapitalo didinimas (mažinimas)/Increase(reduce) of the authorized or main capital											
19. Ataskaitinių metų bendrosios pajamos/Gross profit of the reporting year				1 673 280						(636 972)	1 036 308
20. Likutis ataskaitinių finansinių metų pabaigoje/ Balance at the end of 31 december	16 129 614			9 128 098						(15 733 707)	9 524 005

Generalinė direktorė

(įmonės administracijos vadovo pareigų pavadinimas)

Vyr.buhalterės pavaduotoja

(parašas)signature

(parašas)signature

Vijoleta Dunauskienė

vardas,pavardė(name, surname)

Eugenija Tarbūnaitė

vardas,pavardė(name, surname)



**AB GUBERNIJA, 144715765**

(įmonės pavadinimas)

**DVARO 179, ŠIAULIAI**

(įmonės kodas, adresas, kiti duomenys)(enterprise registration number, address, other information)

PATVIRTINTA/ APPROVED

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

**2011 m. GRUODŽIO 31 d. PINIGŲ SRAUTŲ ATASKAITA/ CASH FLOW STATEMENT**

(finansinės atskaitomybės sudarymo data) 2012 03 30

(ataskaitinis laikotarpis) (reporting period) 2011-01-01..2011-12-31

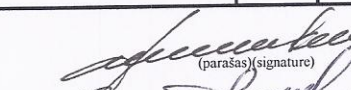
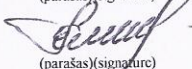
Visos sumos nurodytos litais/in Litas

Eil. Nr.	Straipsniai/ Items	Pastabos Nr./ Notes	Finansiniai metai/ Financial year 2011-12-31	Praėję finansiniai m./ Previous financial year 2010-12-31
<b>I.</b>	<b>Pagrindinės veiklos pinigų srautai/ Cash flows from operating activities</b>			
<b>I.1.</b>	<b>Ataskaitinio laikotarpio pelnas (nuostoliai)/Profit(loss) of the reporting cycle</b>		<b>(636972)</b>	<b>320665</b>
I.1.1.	Ataskaitinio laikotarpio pelnas (nuostoliai) iš tęsiamos veiklos/Profit(loss) of the reporting cycle from the continued activities		(636972)	320665
<b>I.2.</b>	<b>Koregavimai dėl/Corrections due to:</b>		<b>3030543</b>	<b>1131752</b>
I.2.1.	Nusidėvėjimo, amortizacijos ir nuvertėjimo/ Depreciation, amortization and devaluation		2179579	2309161
I.2.2.	Ilgalaikio materialiojo turto ir nematerialiojo turto perleidimo/Alienation of long-term tangible and intangible assets		41966	
I.2.3.	Finansinės ir investicinės veiklos rezultatų eliminavimas/ Elimination of financing and investing activity results		893686	802296
I.2.3.1.	Palūkanų pajamos/Incomes from interests		(17)	(41414)
I.2.3.2.	Dividendų pajamos/Incomes from dividends			
I.2.3.3.	Investicijų vertės (padidėjimas) sumažėjimas/Decrease(increase) of investment value			
I.2.3.4.	Palūkanų sąnaudos/Expenditure of interests		828091	697333
I.2.3.5.	Kitos/Others		65612	146377
I.2.4.	Po vienerių metų gautinų sumų (padidėjimas) sumažėjimas/ Decrease (increase) in amounts receivable after one year			
I.2.5.	Atsargų (padidėjimas) sumažėjimas/Decrease (increase) in inventory		(1079152)	(663727)
I.2.6.	Išankstinių apmokėjimų (padidėjimas) sumažėjimas/ Decrease (increase) in advances received		18247	9531
I.2.7.	Nebaigtų vykdyti sutarčių (padidėjimas) sumažėjimas/ Decrease (increase) in contracts in progress		(7260)	-
I.2.8.	Pirkėjų įsiskolinimo (padidėjimas) sumažėjimas/ Decrease (increase) in trade receivables		315730	(2173678)
I.2.9.	Asocijuotų ir bendrų įmonių skolų (padidėjimas)sumažėjimas/Decrease (increase) of debts from associates and joint ventures		-	-
I.2.10.	Kitų gautinų sumų (padidėjimas) sumažėjimas/ Decrease (increase) in other amounts receivable		(43082)	(7379)
I.2.11.	Kito trumpalaikio turto (padidėjimas) sumažėjimas/ Decrease (increase) in other current assets		-	-
I.2.12.	Ilgalaikių skolų tiekėjams ir gautų išankstinių apmokėjimų padidėjimas (sumažėjimas)/ Increase (decrease) in non-current payables to suppliers and advances received		3053820	-
I.2.13.	Trumpalaikių skolų tiekėjams ir gautų išankstinių apmokėjimų padidėjimas (sumažėjimas)/ Increase (decrease) in current payables to suppliers and advances received		(3466720)	689758
I.2.14.	Pelno mokesčio įsipareigojimų padidėjimas (sumažėjimas)/ Increase (decrease) in profit tax liability		-	-
I.2.15.	Atidėtojo pelno mokesčio padidėjimas (sumažėjimas)/Increase (decrease) of the deferred profit tax		187244	(63747)
I.2.16.	Su darbo santykiais susijusių įsipareigojimų padidėjimas (sumažėjimas)/ Increase (decrease) in liabilities related to labour relations		6525	138994
I.2.17.	Atidėjinių padidėjimas (sumažėjimas)/ Increase (decrease) in provisions		-	-
I.2.18.	Kitų mokėtinų sumų ir įsipareigojimų padidėjimas (sumažėjimas)/ Increase (decrease) in other amounts payable and liabilities		929960	515327
I.2.19.	Kitų nepiniginių straipsnių eliminavimas/ Elimination of other non-cash items		-	(424784)
<b>I.3.</b>	<b>Pinigių srautai iš veiklos/Money flows from activities</b>			
<b>I.4.</b>	<b>Sumokėtos palūkanos/ Interest paid</b>		<b>688670</b>	
<b>I.5.</b>	<b>Sumokėtas pelno mokestis/ Profit tax paid</b>		<b>-</b>	
	<b>Gryniesi pagrindinės veiklos pinigų srautai/ net money flows from the main activities</b>		<b>3082241</b>	<b>1452417</b>
<b>II.</b>	<b>Investicinės veiklos pinigų srautai/ Cash flows from investing activities</b>			
II.1.	Ilgalaikio turto (išskyrus investicijas) įsigijimas/ Acquisition of non-current assets (excluding investments)		(882169)	(351509)
II.2.	Ilgalaikio turto (išskyrus investicijas) perleidimas/ Transfer of non-current assets (excluding investments)		48280	2602
II.3.	Ilgalaikių investicijų įsigijimas/ Acquisition of long-term investments			-



II.4.	Ilgalaikių investicijų perleidimas/ Transfer of long-term investments		-	-
II.5.	Paskolų suteikimas/ Loans granted		-	10000
II.5.1.	Asocijuotoms ir bendroms įmonėms/To the associates and joint ventures		-	-
II.5.2.	Įmonės darbuotojams/ To employees of the Company		-	10000
II.5.3.	Kitos suteiktos paskolos/Other loans granted		-	-
II.6.	Paskolų susigrąžinimas/ Loans recovered		8333	1667
II.6.1.	Iš asocijuotų ir bendrų įmonių/ From the associated and joint ventures		-	-
II.6.2.	Iš įmonės darbuotojų/From the employees of the Company		8333	1667
II.6.3.	Kitų paskolų grąžinimas/ Repayment of other debts		-	-
II.7.	Gauti dividendai/ Dividends received		-	-
II.7.1.	Iš kitų įmonių/From others enterprises		-	-
II.8.	Gautos palūkanos/ Interests received		171	104
II.9.	Kiti investicinės veiklos pinigų srautų padidėjimai/ Other increase in cash flows from investing activities		-	-
II.10.	Kiti investicinės veiklos pinigų srautų sumažėjimai/ Other decrease in cash flows from investing activities		-	-
	<b>Grynųjų investicinės veiklos pinigų srautai/ Net cash flows from investing activities</b>		<b>(825385)</b>	<b>(337136)</b>
III.	<b>Finansinės veiklos pinigų srautai/ Cash flows from financing activities</b>			
III.1.	Pinigų srautai, susiję su įmonės savininkais/ Cash flows related to enterprise owners		-	-
III.1.1.	Akcijų išleidimas/ Emission of shares		-	-
III.1.2.	Savininkų įnašai nuostoliams padengti/ Owners' contributions against losses		-	-
III.1.3.	Savų akcijų supirkimas/ Purchase of own shares		-	-
III.1.4.	Savų akcijų pardavimas/ Selling its own shares		-	-
III.1.5.	Dividendų išmokėjimas/ Dividends paid		-	-
III.1.6.	Kitos išmokos, susijusios su įstatinio kapitalo mažinimu/ Other net pays related to the reduce of the authorized capital		-	-
III.2.	Pinigų srautai, susiję su kitais finansavimo šaltiniais/ Cash flows arising from other financing sources		(2226708)	(1157311)
III.2.1.	Finansinių skolų padidėjimas/ Increase in financial debts		145796	-
III.2.1.1.	Paskolų gavimas/ Loans received		-	-
III.2.1.2.	Obligacijų išleidimas/ Issue of bonds		-	-
III.2.1.3.	Vekselių skolų padidėjimas, atėmus apmokėjimus/ Increase of debts from the promissory notes depriving payments		-	-
III.2.1.4.	Gautas lizingo finansavimas/		145796	-
III.2.2.	Finansinių skolų sumažėjimas/ Decrease in financial debts		(2372504)	(1157311)
III.2.2.1.	Paskolų grąžinimas/ Loans repaid		(1670000)	(500000)
III.2.2.2.	Obligacijų supirkimas/ Purchase of bonds		-	-
III.2.2.3.	Sumokėtos palūkanos/ Interest paid		(688670)	(657311)
III.2.2.4.	Finansinės nuomos (lizingo) mokėjimai/ Payments of lease (finance lease) liabilities		(13834)	-
III.2.2.5.	Sumokėti dividendai/ Dividends paid		-	-
III.3.	Įstatinio arba pagrindinio kapitalo pokyčiai/ Changes in the authorized or main capital		-	-
III.4.	Gautos dotacijos ir subsidijos/ Dotations and subsidies received		-	-
III.5.	Kitų įmonės įsipareigojimų padidėjimas/ Increase of other obligations of the Company		-	-
III.6.	Kitų įmonės įsipareigojimų sumažėjimas/ Decrease of other obligations of the Company		-	-
III.7.	Kiti finansinės veiklos pinigų srautų padidėjimas/ Increase of money flows from other financial activities		-	3084
III.8.	Kiti finansinės veiklos pinigų srautų sumažėjimas/Decrease of money flows from other financial activities		-	-
	<b>Grynųjų finansinės veiklos pinigų srautai/ Net cash flows from financing activities</b>		<b>(2226708)</b>	<b>(1154227)</b>
IV.	Valiutų kursų pokyčio poveikis grynujų pinigų ir pinigų ekvivalentų likučiui/ The effects of changes in foreign exchange rates on cash and cash equivalents balance		(5139)	9597
V.	Grynasis pinigų srautų padidėjimas (sumažėjimas)/ Net increase (decrease) in cash flows		30148	(38946)
VI.	Pinigai ir pinigų ekvivalentai laikotarpio pradžioje/ Cash and cash equivalents at the beginning of period		50585	79934
VII.	Pinigai ir pinigų ekvivalentai laikotarpio pabaigoje/ Cash and cash equivalents at the end of period		75594	50585

Generalinė direktorė  
(įmonės vadovo pareigų pavadinimas)  
title of the head of enterprise administration  
Vyr. buhalterės pavaduotoja

  
(parašas)(signature) Vijoleta Dunauskienė  
(vardas ir pavardė) (full name)  
  
(parašas)(signature) Eugenija Tarbūnaitė  
(vardas ir pavardė) (full name)



**NEMATERIALUSIS TURAS / INTANGIBLE ASSETS**
**AB GUBERNIJA, 144715765**
(įmonės pavadinimas, kodas)
**DVARO 179, ŠIAULIAI**
(adresas)
**Priedas Nr.1**
**App.**
**Nematerialusis turtas/ State of intangible assets 2011-12-31**
**(Lt)**

Rodikliai/ Items	Patentai, licencijos ir pan./ Intangible rights	Programinė įranga/ Computers software	Kitas nematerialusis turtas/ other assets	Iš viso/ Total
<b>Likutinė vertė praėjusių finansinių metų pabaigoje/ Acquisition value at the end of previous financial year</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>9</b>
<b>a) Ilgalaikis nematerialusis turtas įsigijimo savikaina/ Acquisition value</b>				
Praėjusių finansinių metų pabaigoje/ at the end of previous financial year	327 000	111 154	59 284	497 438
Finansinių metų pokyčiai/ Current year changes::				
- turto įsigijimas/ Acquisitions of assets			11 000	11 000
- kitiems asmenims perleistas ir nurašytas turtas (-)/ Cessions and disused assets (-)				
- perrašymai iš vieno straipsnio į kitą + / (-) Transfers from one heading to another				
<b>Finansinių metų pabaigoje/ At the end of the current year</b>	<b>327 000</b>	<b>111 154</b>	<b>70 284</b>	<b>508 438</b>
<b>b) Amortizacija/ Depreciations</b>				
Praėjusių finansinių metų pabaigoje/ At the end of previous financial year	326 998	111 152	59 279	497 429
Finansinių metų pokyčiai/ Current year changes :				
- finansinių metų amortizacija/ depreciation of financial year			1 833	
- kitiems asmenims perleisto ir nurašyto turto amortizacija (-)/ acquired by third parties				
- perrašymai iš vieno straipsnio į kitą + / (-)/Transfers from one heading to another				
<b>Finansinių metų pabaigoje/ at the end financial year</b>	<b>326 998</b>	<b>111 152</b>	<b>61 112</b>	<b>499 262</b>
<b>c) Vertės sumažėjimas/ decrease of value</b>				
<b>Finansinių metų pabaigoje/ at the end financial year</b>				
<b>d) Likutinė vertė finansinių metų pabaigoje/ Net value at the end of current year (a) - (b) - (c)</b>	<b>2</b>	<b>2</b>	<b>9 172</b>	<b>9 176</b>



**ILGALAIKIS MATERIALUSIS TURTAS/ INTANGIBLE ASSETS**

AB GUBERNIJA, 144715765

(įmonės pavadinimas, kodas)

DVARO G. 179, ŠIAULIAI, LIETUVA

(adresas)

priedas Nr.2

**Ilgalaikis materialusis turtas/ State of tangible assets 2011-12-31**

Litas/in Litas

Rodikliai/ Items	Pastatai ir statiniai/ Buildings and constructions	Mašinos ir įrengimai/ Machinery and equipments	Transporto priemonės/ Vechile	Ilgalakis turtas komplektacijoje/tangible assets inkomplektac	Kitas materialusis turtas/ Other tangible assets	Nebaigta statyba/ Construction in progress	Iš Viso/Total
Likutinė vertė praėjusių finansinių metų pabaigoje / Acquisition value at the end of previous financial year	17 086 953	11 978 173	295 592	516 576	294 857	430 986	30 603 137
a) Įsigijimo savikaina/ Acquisition value							
Praėjusių finansinių metų pabaigoje/ at the end of previous financial year	14 137 972	35 187 129	3 558 673	516 576	7 282 899	430 986	61 114 235
- turto įsigijimas/ Acquisitions of assets	24 794	25 789	175 344	573 042	41 818		840 787
- perleistas ir nurašytas turtas (-)/ Cessions and disused assets (-)		( 183 782)	( 894 635)	( 1 120)	( 227 973)		(1 307 510)
- perrašymai iš vieno straipsnio į kitą + / (-)/ Transfers from one heading to another		146 578	40 437	(1 088 498)	109 003	231 996	( 560 484)
Finansinių metų pabaigoje/ At the end of the current year	14 162 766	35 175 714	2 879 819		7 205 747	662 982	60 087 028
b) Perkainojimas/ REVALUATION							
Praėjusių finansinių metų pabaigoje/ at the end of previous financial year	11 626 009						11 626 009
Vertės padidėjimas(sumazėjimas)	1 673 280						1 673 280
- perrašymai iš vieno straipsnio į kitą + / (-)/ Transfers from one heading to another							
Finansinių metų pabaigoje/ at the end of financial year	13 299 289						13 299 289
c) Nusidėvėjimas/ Depreciations							
Praėjusių finansinių metų pabaigoje/ At the end of previous financial year	8 677 028	23 208 956	3 263 081		6 988 042		42 137 107
- finansinių metų nusidėvėjimas/ depreciation of financial year	258 228	1 245 531	114 026		136 811		1 754 596
perkainuoto turto nusidėvėjimas/reeluation depreciations	424 983						424 983
- kitiems asmenims perleisto ir nurašyto turto nusidėvėjimas (-)/ acquired by third parties		( 183 721)	( 887 871)		( 227 832)		(1 299 424)
- perrašymai iš vieno straipsnio į kitą + / (-)/ Transfers from one heading to another							
Finansinių metų pabaigoje/ at the end of financial year	9 360 239	24 270 766	2 489 236		6 897 021		43 017 262
e) Likutinė vertė finansinių metų pabaigoje/ Net value at the end of current year	18 101 816	10 904 948	390 583		308 726	662 982	30 369 055
(a) + (b) - (c) - (d)							





AKCINĖ BENDROVĖ

## THE DECLARATORY LETTER

The financial accountability for 12 months of the year 2011

### 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, beer drinks, kvass and bread cider in the local market, abroad, and specialty shops. The company has 11 branded stores in Lithuania, office and wholesale warehouse (Kalvarijų. 204 B, Vilnius).

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

**Significant circumstances under which the Company works and which may influence the development of the Company**

AB "Gubernija" works in difficult 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 activities during the current period are complicated

An average number of employees on the list was accounted following the order No 141 on December 22, 2001 by the Department of Statistics to the Government of Lithuania of the Republic of Lithuania. On 31<sup>st</sup> December of the last 2010 year there were 188 employees, and on 31<sup>st</sup> December of the reporting year 2011 there were 185 employees.

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

### II. 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 of the Company starts on January 1 and is over on December 31.

The financial accountability for 31<sup>st</sup> December, 2011 is prepared on the base of the continuation of the activities.

### III. CONTINUATION OF THE ACTIVITIES

During I –IV quarters of the financial year 2011, the Company experienced a loss of LTL 275 736. On 31<sup>st</sup> December, 2011 the private capital of the Company was LTL 9 273 013, and the short-term



obligations for 31<sup>st</sup> December, 2011 overcame the short-term assets by LTL 16 579 686. In the opinion of the management of the Company, it can continue its activities if the interests and actions of the shareholders of the Company will match and will be estimated foresightly. Due to this reason, the financial accountability for 31<sup>st</sup> December, 2011 is prepared on the base of the continuation 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 gross receipts 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 gross receipts, the result of the contract- profit or loss- is declared in the part of other activities.

##### **4.2. Real Estate, plant and equipment**

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 being 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 1<sup>st</sup> 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 LTL 100.

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 gross receipts 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.

According to the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania in 30th of August, 2007 The publication "Depreciation normatives of long term assets adjustment" No KD-6133, IAS No 16 and Siauliai County Tax 31th of March, 2010, letter's No (25.27 to 13.1) S19-2053, the adjusted Depreciation normative: long term assets group of equipment, subset of 4500. This subset of the annual depreciation rate of 5 years specified in 10 years. And long term assets group of buildings, the subset of production, the annual depreciation rate is adjusted to 25 years. These groups depreciation normatives applicable from the 1th of January, 2010.



### **4.3. The financial instruments**

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 gross receipts.

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 gross receipts.

### **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 in the report of the gross receipts. The profit or loss due to the changes of the true value for the financial obligation is acknowledged in the report of the gross receipts. 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 report of the gross receipts. The interest and the loss related to the financial obligations must be acknowledged as the expenses in the report of the gross receipts.

### **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 report of the gross receipts.

#### 4.9. Acknowledgement of incomes and expenses

The 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 of 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 report of the gross receipts proportionally during the whole period of the rent.

#### 4.11. Description of operating 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 2011 is the profit is taxable of 15 percent tax according to the Tax law 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 influence the results from the activities of the Company and do increase the risk related to the interest rate.

#### VI. THE POLICY AND PROGRAMMES OF THE COMPANY IN THE SPHERES OF THE ENVIRONMENT PROTECTION, RECLAMATION, AND THE REDUCE OF THE POLLUTION

The policy of the Company is to satisfy all needs of the customers. Offer to match the demand.

To sell production of high quality. To search the market constantly in order to fulfill chosen aims and goals. Big attention is paid to learning of the executives. They participate in seminars and courses. The Company fulfills the task of the Ministry of Environment on the packaging waste collection for the second reclamation in order to reduce pollution of the environment.

#### VII. PRICING POLICY

There is an economist in the Company who evaluates precisely the structure of the cost price for the sold production, its profitability, and factors, which increase and reduce the profit. He knows the opinion of the customers about the sold production of the Company best. Moreover, he evaluates the pricing policy of the rivals, ductility of the market, economical conditions, and ways of selling. He performs market surveys how the pricing policy or the ways of selling alter for one or another good. The employees of the Company from the Sales department use a modern mobile business management system in everyday activities. Modern technologies enable the Company to shorten significantly the period from taking the order until its fulfillment, to prevent making mistakes in formation of the precise data base for buying and sales. Attention is paid to the advertising and promotional campaigns, and fulfillment of the public relations project.

Considering the actions in sales, the Company plans and sequences the advertising of goods in mass media.

The information system of the Company helps the employees from the Commerce department to monitor the development of sales and make right decisions on time observing the altered conditions in the market of the consumer goods or the economics of the country.



**VIII. NOTES OF THE DECLARATORY LETTER****The balance for I- XII months of the year 2011****Note 01: the state of the intangible assets (A.I.)****Litas**

Items	Patents, licences, etc.	Computers software	Other intangible assets	In total
<b>Acquisition value at the end of previous financial year</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>9</b>
<b>a) Acquisition value by the cost price</b>				
At the end of previous financial year	327 000	111 154	59 284	497 438
Changes of the current financial year::				
Acquisition of assets			11 000	11 000
Cessions and disused assets (-)				
+ / (-) Transfers from one heading to another				
<b>At the end of the current year</b>	<b>327 000</b>	<b>111 154</b>	<b>70 284</b>	<b>508 438</b>
<b>b) Depreciation</b>				
At the end of previous financial year	326 998	111 152	59 279	497 429
Changes of the financial year :				
- depreciation of financial year			1 833	
amortization and writing off the assets given to other people				
+ / (-)/Transfers from one heading to another				
<b>At the end financial year</b>	<b>326 998</b>	<b>111 152</b>	<b>61 112</b>	<b>499 262</b>
<b>C) Decrease of value</b>				
<b>At the end of the financial year</b>				
<b>d) Net value at the end of financial year (a) - (b) - (c)</b>	<b>2</b>	<b>2</b>	<b>9 172</b>	<b>9 176</b>

During I-XII months of the year 2011 depreciation of the long-term intangible assets is being calculated LTL 1 833. The 9 units residual of the long-term intangible assets is depreciated to the residual value of LTL 1 before the reporting financial year.



## Note No 02- the status of tangible assets (A.II.)

Litas

Items	Buildings and constructions	Machinery and equipments	Vechile	Tangible assets inkomplektacio n	Other tangible assets	Nebaigta statyba/ Construction in progress	Total
Acquisition value at the end of previous financial year	17 086 953	11 978 173	295 592	516 576	294 857	430 986	30 603 137
<b>a) Acquisition value</b>							
at the end of previous financial year	14 137 972	35 187 129	3 558 673	516 576	7 282 899	430 986	61 114 235
Acquisitions of assets	24 794	25 789	175 344	573 042	41 818		840 787
Cessions and disused assets (-)		( 183 782)	( 894 635)	( 1 120)	( 227 973)		(1 307 510)
Transfers from one heading to another		146 578	40 437	(1 088 498)	109 003	231 996	( 560 484)
<b>At the end of the current year</b>	<b>14 162 766</b>	<b>35 175 714</b>	<b>2 879 819</b>		<b>7 205 747</b>	<b>662 982</b>	<b>60 087 028</b>
<b>b) REVALUATION</b>							
at the end of previous financial year	11 626 009						11 626 009
Increase (decrease) of the value	1 673 280						1 673 280
Transfers from one heading to another							
<b>at the end of financial year</b>	<b>13 299 289</b>						<b>13 299 289</b>
<b>c) Depreciations</b>							
At the end of previous financial year	8 677 028	23 208 956	3 263 081		6 988 042		42 137 107
- depreciation of financial year	258 228	1 245 531	114 026		136 811		1 754 596
reeluation depreciations	424 983						424 983
acquired by third parties		( 183 721)	( 887 871)		( 227 832)		(1 299 424)
- + / (-)/ Transfers from one heading to another							
<b>at the end of financial year</b>	<b>9 360 239</b>	<b>24 270 766</b>	<b>2 489 236</b>		<b>6 897 021</b>		<b>43 017 262</b>
<b>e) Net value at the end of current year (a) + (b) - (c) - (d)</b>	<b>18 101 816</b>	<b>10 904 948</b>	<b>390 583</b>		<b>308 726</b>	<b>662 982</b>	<b>30 369 055</b>

Construction in progress has accumulated the sum for works of LTL 662 982 which increased in LTL 231 996 during the financial I-XII months of the year 2011.

Depreciation of the long-term tangible assets for LTL 2 179 579 was accumulated during I-XII months of the year 2011.



The assets acquired:

- buildings and constructions – LTL 683 211;
- machinery and equipment – LTL 1 245 531;
- vehicle – LTL 114 026;
- other tangible assets – LTL 136 811.

The Company does not owe any assets under the credit right.

Used 5 489 items of the long-term tangible assets depreciated till the residual value of LTL 1 are used.

#### Note No 03- Financial assets (A. III.)

Indicators	The residual on 2010-12-31	The residual on 2011-12-31	Increase/Decrease (-)	The residual on 2011-12-31
Investment into daughter and associated enterprises	17 100	17 100	0	17 100

There were no changes of investment into daughter and associated enterprises during I-XII months of the year 2011. On 31 December, 2011 investment make:

- to VŠĮ “Žaliasis taškas” - LTL 15 000.
- to VŠĮ Šiaulių universiteto mokslo ir technologijos parkas - LTL 2000.
- UAB “Krepšinis ir mes.”- LTL 100.

The Financial assets are not assessed by real value, because these are not significant amounts for drawing of the Financial Statements.

#### Note No 04- Resources and prepayments (B. I.1.-3)

Resources are gained by the acquisition cost price. The Company buys resources only for its own use. The stock is written of applying the FIFO method of price valuation.

Litas					
Indicators	Raw materials and consumables	Production in progress	Produced goods	Goods for reselling	In total
a) the acquisition cost price on 31 December, 2010	2 316 568	369 092	572 964	15 099	3 273 723
b) the acquisition cost price on 31 December, 2011	3 377 293	493 390	469 130	13 062	4 352 875
Other					
Prepayments for stocks, works, services the acquisition cost price on 31 December, 2011	229 506				229 506

There uncompleted contracts for the service of I- XII months year 2011, LTL 7 260.

The Company does not have any bond stocks or stocks at the third parties.

Depreciation reserve has not been calculated, we believe that the long-held reserve acquisition cost is less than the prevailing market today identical reserve market prices.

#### Note No 05- Receivable sums in one year (B. II. 1. – II. 5)

Title	The residual on 2011-12-31	The residual on 2010-12-31	Increase/ decrease (-)
Sums receivable in one year in total:	5 01 817	5 283 465	(272 648)
Indebtedness of customers	4 944 572	5 260 302	(315 730)
Other receivable sums	66 245	11 892	54 353
Unsafe debts		11 271	(11 271)



Debts of customers are cleared and the conformity contracts are signed with 32 % of customers. Other uncleared debts of customers in the accounting are considered as true.

**Note No 06- Other short-term assets (B. III.1. – III. 4)**

Title	The residual on 2011-12-31	The residual on 2010-12-31	Increase/ decrease (-)
<b>Other short-term assets</b>	<b>288 300</b>	<b>288 300</b>	<b>0</b>
Deposit accounts	288 300	288 300	0
Other short-term assets	0	0	0

Other short-term assets is the deposit account which is meant to validate paying the excise duty for the production which is taken from the warehouse.

**Note No 7- Money and money equivalents ( B.IV.)**

	On 31 December, 2011	On 31 December, 2010
<b>Litas</b>		
Money in a bank	53 595	36 989
Money in the till	44	761
<b>Money to the till/ bank (from the selling places)</b>	<b>21 892</b>	<b>12 835</b>
<b>Money and money equivalents in total:</b>	<b>75 594</b>	<b>50 585</b>

**Note No 08- The private capital (C.I.1.-6.)**

**The authorized (signed) capital**

The authorized capital of the Company on 31 December, 2011 is LTL 16 129 614. It is divided into 16 129 614 ordinary nominal shares, the value of every share is LTL 1. All shares are completely paid-up.

The structure of the authorized capital of the Company:

Indicators	Number of shares On 31 December, 2011	Number of shares On 31 December, 2010
1. According to the type of shares	16 129 614	16 129 614
1.1. Ordinary shares	16 129 614	16 129 614

Company's equity capital as of 31 December, 2011 consists of 57.49 percent share capital.

**The reserve of revaluation**

The reserve of revaluation consists of the difference in reassessed value of the buildings and constructions. Depreciating the part of the reassessed assets, the reassessment reserve is being reduced and the unacknowledged profit of the reporting year is registered, and the used deferred profit tax appears in the in the report of the gross receipts. The unacknowledged profit I-XII month, 2011 of the reporting cycle due to the depreciation of the reassessed part of the assets is LTL 361 236.



## Reserves

The Company does not have a compulsory reserve formed following the law since 31 December, 2011.

## Unappropriated profit (loss)

The Company had LTL 15 733 707 as the unappropriated loss at the end of the last financial year.

During I-XII months of the reporting financial year 2011 the Company experienced the loss of LTL 275 736.

The Company offers its shareholders a project how to allot the gross receipts of I-XII months of the year 2011:

Articles	Suma (LTL)
1) the unappropriated result- profit (loss) at the end of the previous financial year	(15 457 971)
2) The net result of the reporting financial year- profit (loss)	(275 736)
3) Unacknowledged profit( loss) of the reporting financial cycle in the report of the gross receipts	0
4) Transfers from the reserves	0
5)The reduce of the capital to cover the loss	0
6) Contributions of shareholders to cover the loss	0
7) Appropriated profit (loss) in total	(15 733 707)
8) Part of the profit to the obligatory reserve	0
9) Part of the profit to the reserve to acquire its own shares	0
10) Part of the profit to other reserves	0
11)Part of the profit to pay dividends	0
12) Part of the profit to pay annual bonuses for employees or on other purposes	0
13) Unappropriated profit (loss) at the end of the financial year transferred to another financial year	(15 733 707)

The Company does not plan to buy its own shares in the year 2011. During I-XII months, 2011 the company has incurred losses of LTL 275 736, which is stored.

## Note No 09 - Long-term obligations (D. I.1.-8.)

Indicators	On 31 December, 2011	On 31 December, 2010
Financial debts	3 100 403	0
Deferred taxes	1 488 812	1 301 568

Long-term liabilities LTL 85 379 created purchase the property from the leasing company.



**Notes No 10- Short-term obligations (D. II.1.- II.9.)**

Litas

Indicators	Payable sums or their parts		
	In one financial year	In one financial year, but not later than in five years	In five financial year
The part of the current year of the long-term debts	<b>16 172 750</b>		
<b>Financial debts:</b> 1. Debts to the credit institutions 2. Other debts on 31-12-2011	46 583		
<b>Other debts in total</b>			
Including			
Debts to the suppliers	<b>4 632 752</b>		
Oncluding:			
Associated suppliers			
Other suppliers	4 568 588		
Received prepayments	64 164		
<b>Tax debts</b> including:	<b>3 617 347</b>		
- the real property tax	0		
- environment pollution tax	0		
- value added tax in sales	545 843		
- the excise duty	3 056 892		
- packaging duty	0		
- profit tax	0		
- other taxes	14 612		
<b>Obligations related with labour relations</b> including:	<b>1 337 997</b>		
- salaries	288 894		
- personal income tax	153 945		
- deferred moneyfor unused holidays and social insurance	744 996		
- other debts	150 162		
<b>Other debts</b>	<b>736 609</b>		

The loans of the cuurent year for the long-term loans of the Company on 31 December, 2011 are granted to legal persons.

The interest rate for loans is set the market interest rate which is reviewed each 3 months, so the accounting value of the loans match their true value, and the impact of disposal is not significant.

Obligations/debts the paying of which is quaranteed by the state, the Company does not have.



Debts are cleared with the suppliers and conformity contracts are signed with 39% of suppliers. Other debts to the suppliers in the accounting records are considered as true. The Company does not have any rights and obligations not shown in the balance.

The inner period of payment with the suppliers is 53 days.

### **The report of the profit (loss) (I.-XIV.)**

#### **Note No 11- Business segment ( I., III.)**

Information about the main segments of the sales and services (The cost of goods is presented with an excise duty)

Indicators	Evaluation, un.	Business segments				Litas	
		Sales		Services		I-IV quarter	
		2011	2010	2011	2010	2011	2010
Incomes	LTL	41 706 251	33 940 853	256 058	533 218	41 962 309	34 474 071
Expenses	LTL	41 704 335	33 146 422	144 258	289 660	41 831 493	33 436 082
Profit (loss) from continuing activities	LTL	19 016	784 431	111 800	243 558	130 816	1 037 989
Costprice of goods:	LTL	33 317 719	24 519 681	72 237	23 458	33 389 956	24 543 139

The given data show that the result from continuing operations of the Company for I- XII months of the year 2011 was positive. Therefore, considering the incomes and the expenses to get these incomes, the better result is from rendering services. Incomes from sales for I-XII months of the year 2011 in comparison with I-XII months of the year 2010 increased in 22.88%, and the incomes from the services decreased in 51.98%.

#### **Note No 12- Other activities (II.)**

Indicators	31 December, year 2011 LTL	31 December, , year 2010 LTL
<b>Incomes</b>	62 150	21 224

Incomes of sum LTL 62 150 activities accounted in the article of incomes from other activities increased in 292.83% in comparison with the year 2010.



**Note No 13- Results from financial and investment activities (IV.)**

Indicators	31 December, year 2011 LTL	31 December, year 2010 LTL
<b>a)Incomes from financial and investment activities</b>	<b>47 807</b>	<b>87 694</b>
Specification of significant sums		
- interest received from the banks	17	41 414
- Subsidies from the labour office		
- received fines	25 245	6 560
The positive influence of the currency Exchange rate	22 545	39 720
-other incomes		
<b>b)Expenses of the financial and investment activities</b>	<b>941 291</b>	<b>889 990</b>
Specification of significant sums		
- expenses on interest	828 091	697 333
- the negative influence of the currency exchange rate	27 685	30 123
- expenses on fines	85 515	162 534
-other expenses		

Incomes from activities accounted in the article of incomes from the financial and investment activities make LTL 47 807 which decreased in 45.48% in comparison with of the year 2010. Financial and investment expenses of accounted in the article of the expenses make LTL 941 291, i. e., increased in 5.76% in comparison with of the year 2010.

**Note No 14 - Contracts with associated parties party**

The shares of the Company belong to different shareholders, so one unable directly to control another party or make significant influence on the other party making financial and activity decisions.

The profit tax of LTL 63 748 is used for the deferred profit tax due to the depreciation of reevaluation for the long-term assets which had formed postponements of the profit tax in earlier periods.

**Pastaba Nr.16 - Pelnas (nuostolis) gautas iš perkainojimo rezervų pasikeitimo (X.1.)**

Profit from revaluation reserve during the year 2011 led to LTL 361,236.

**Note No 17 - The net profit (loss) (XIII.)**

In I-XII months of the year 2011, the Company experienced loss of LTL 275 736. During the I-XII months of the year 2010 earned it the profit of LTL 681 901.



### Note No 18 - Other significant information

The decision of State Tax Inspectorate of Šiauliai District on December 30, 2009 to grant a tax loan of LTL 2 321 873, 05 ( for accumulated taxes and fines). These contributions are arranged in a tax credit to pay up to 10 July, years 2012.

We received Siauliai County State Tax Inspectorate the decision of the 26th of January, 2012 for payment of arrears (accumulated taxes, arrears and with accrued interest) the sum of LTL 1 689 620.30. These arrears in contributions arranged to pay out until the 25<sup>th</sup> of July, 2013.

On 31 December 2011, the Company's current liabilities exceeded current assets by LTL 16 579 686. The current liabilities reflect the repayment of loans – LTL 16 172 750. Currently, the Vilnius Regional Court is proceeding the civil case No. 2-2077-104/2009, which investigates the issue related with the Credit Agreement No. 0640404060817-20 of 28 of December 2004 of the creditor UAB “Respublikos investicija” the recognition.

For this reason, the aforementioned payment penalty was not registered in the accountancy. During the reporting year, the amount of LTL 2 317 248 was paid to the creditor for the debt reduction. The Company paid to the creditor under the payment schedule proposed to the creditor on the 4<sup>th</sup> of December in 2009. The creditor did not respond to the letters sent by the Company regarding arrangement of the credit.

Last and next financial year, it is difficult to predict and manage the risk of fluctuating prices of raw materials exchange - its price rises of up to 50 percent, of competing firms and state policies on imports of beer.

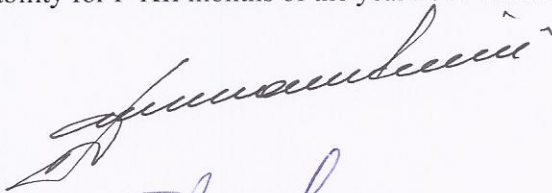
Accounting error discovered during the audit for the amount of LTL 494 372.14 is included in to the accounts of 2012 and the profit and loss statement of 2012 is adjusted.

### Note No 19- Information about management

On 19 April, 2011 an ordinary shareholders' meeting took place where the financial accountability for the year 2010 was approved and the decision to give the profit of the year 2010 to cover the loss of the last year was made.

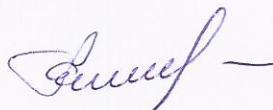
The financial accountability for I- XII months of the year 2011 of AB “Gubernija” has audited.

General manager



Vijoleta Dunauskiene

Deputy chief accountant



Eugenija Tarbunaite



AKCINĖ BENDROVĖ

## ANNUAL REPORT

### *Reporting cycle for which annual report was formulated*

Annual report was formulated for the 2011 financial year.

### *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 email 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.

### *Data about trade by issuer stock in regulable market*

The equity of the Company on 31 December, 2011 was 57.49 percent of the authorized capital. The authorized capital of the Company on 31 December, 2011 is LTL 16 129 614. It is divided into 16 129 614 ordinary nominal shares, the value of every share is 1 Litas. All shares are completely paid-up.

The nominal equity of stock company „Gubernija” are in running trade list “NASDAQ OMX” (registered on 13-19-2004). Business with the stocks of company during the year of 2004-2011 runs at The Vilnius stock exchange. There is no business with “Gubernija” shares at other exchanges.

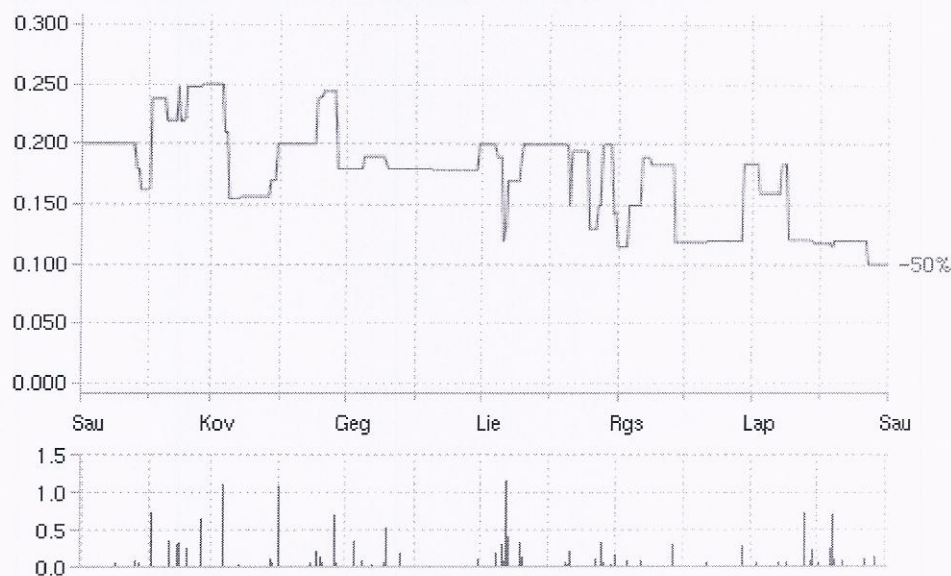
Below the history of the year 2007-2011 of stock company „Gubernija” stocks business at NASDAQ OMX - The Vilnius stock exchange is given (currency LTL):

Rodiklis	2007	2008	2009	2010	2011
Opening price	1,190	1,180	0,420	0,330	0,691
Maximum price	2,310	1,190	0,400	1,070	0,863
The lowest price	0,900	0,370	0,150	0,140	0,342
Final price	1,190	0,420	0,330	0,691	0,345
Turnover by units	3 002 289	184 244	55 608	589 699	84 500
Turnover by millions	4,78	0,15	0,02	0,24	0,05
Capitalization by millions	25,93	9,15	7,19	9,78	4,89

Stock company “Gubernija” during the reporting cycle did not buy its own stocks.



The diagram of stocks price of stock company "Gubernija" in 2011:



#### ***Information about contracts with brokers of stock public turnover***

Stock company „Gubernija” and AB Bank „Finasta” (Konstitucijos pr. 23, Vilnius) have signed a contract regarding accounting administration, periodic report preparation and other offered services of company published stocks.

#### ***The Issuer's share capital***

The authorized capital of the Company on December 31, 2011 was LTL 16 129 614. It is divided into 16 129 614 ordinary nominal shares of one litas nominal value.

The issue of new shares was not released during the year 2011.

The Company does not plan to buy its own shares during the year 2012.

All stocks are fully paid and there are no negotiation restrictions for them.

#### ***Objective review of company condition, proceeding execution and expansion***

##### ***Economical situation***

AB “Gubernija” sells its production in Lithuania and exports to the USA, Russia, Africa and countries of European Union. Traditional technologies are used in production of the high quality production: a natural method of fermentation is applied, the technology of high gravity is not applied, stabilizers and other synthetics are not used. Beer makes 86,3 percent in the structure of the produced products of the Company. The production of beer increased by 30.3 percent in comparison with the same period of the last year.

Incomes from sales of the production increased to 7.5 million LTL or by 21.72 percent in comparison with the last year. The increase of beer sales made a positive influence on the indicator of the gross profitability of the Company. However, during the reporting period, net loss of LTL 275 736 was incurred due to financial investment activities, i.e. calculated loan, taxable loan interest, penalties and fines as well as effect of exchange rate changes.

In the year 2011, after optimizing the activities of the Company, expenditures on activities were reduced by 5.08 percent more than during the year 2010. In the year 2011, EBITDA indicator was 2219.8 thousand LTL. This indicator decreased in 1248.97 thousand LTL in comparison with the year 2010.



### ***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 IST 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. Since 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.

### ***Description of main types of risk and indeterminac faced by the company and management thereof***

Company specializes in production and selling of beer, drinks of beer, production and selling of kvass. Main factors which give the risk of company business are possible price movements in the markets of products; also possible political, juridical, social and technological changes immediately or indirectly concerned with AB „Gubernija” continue proceeding, which might make a negative influence on company's money flows and results of activity. Risk management process ensures sufficient quality of organizational decisions, reduces the influence of subjective factors. Rational binding of all factors having influence on the company into one system and risk assessment subject to time, season, and consumption of the products being produced enables maximum exploitation of all possibilities in order to obtain a better desired return.

### ***Analysis of financial and non financial activity results with environment and personnel matters concerned information***

#### ***Indicators of short-term solvency***

<b>Solvency (liquidity)</b>	<b>Formula</b>	<b>2010</b>	<b>2011</b>	<b>The meaning</b>	<b>Notes</b>
The indicator of the working capital	Short-term assets- short-term obligations	-20830980	-16579686	Sufficiency of the short-term assets also to cover obligations	Satisfactory value >0
General liquidity	Short-term assets- short-term obligations	0,305	0,375	Sufficiency of the short-term assets also to cover obligations	Satisfactory value 1,2 -2
Critical liquidity	(Short-term assets- resources) /short-term obligations	0,196	0,211	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, 2011 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 fullfil its short-term obligations. The possibilities to perform its activities, develop them, and be competetive depend on the working capital.

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

#### *Indicators of the long-term obligations*

Indebtedness	Formula	2010	2011	The meaning	Notes
General indicator of the debt	Long-term indebtedness/private capital	0,153	0,490	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	3,532	2,863	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	23,53	6,69	Insurance of long-term debts(credits) by the assets	Standard <3. but not the rule. >0,3 is also possible

On December 31, 2011 the general indicator of debts 0.49 shows that the bigger part of the assets belong to the creditors in comparison with December 31, 2010. 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. In the year of 2011 all debt rates fluctuated in positive direction, however unsignally.

#### *The analysis of profitability of the assets*

Profitability	Formula	2010	2011	The meaning	Notes
Gross profitability	Cost price of the sold goods/ gross sales	0,711	0,795	Profitability of the routine activities	Standard- range $0 < x < 1$ . It should be as high as possible
Net profitability	Net profit/Net sales	0,020	-0,007	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	0,080	-0,030	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	0,070	-0,020	The efficiency in using the constant capital	Standard >0. It should be as high as possible
Profitability of the assets	Net profit/ assets	0,017	-0,007	The efficiency of managing the assetss	Standard >0. It should be as high as possible
Profit for one share	Net profit/Amount of ordinary shares (100 un..)	0,042	-0,017	How much does one share earn?	Standard >0. It should be as high as possible



The Overall operating profit on December 31, 2011 compared to that of December 31, 2010 dropped down by 13,24 percent, suggesting that the sales profit decreased due to the increased in self-cost price. Considering the indicator of the net profit it is aparent that one litas in sales does generate loss of 0,007 LTL.

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. This is the indicator, which shows the incurred loss of the shareholders on 31 December, 2011.

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 2011 is LTL 0.017, and in the year 2010 it was profit - LTL 0,042.

#### *The indicators of the turnover for the short-term assets*

No	The title of the coefficient of the indicator	No ./ No	2011	2010	Standard 1,6-1,8, bigger as possible
1	General coefficient of the turnover	01:04	1,04	0,87	bigger as possible
2	The coefficient of the stock turnover	02:03	7,28	6,97	bigger as possible
3	The turnover of the resources	360/7	49,48	51,65	lesser as possible
4	The coefficient of the capital turnover	01:05	1,68	1,44	bigger as possible

The turnover of The Company in days of the year 2011 increased, it was shown by changing tendencies of the indicators. The turnover of the resourses in the year 2011 decreased by ~ 2.17 days and made 49.48 days.

#### *The analysis of other indicators*

No	ARTICLES	Article on the balance	The report of the profit (loss)	2011	2010	Pokytis Lt	Pokytis proc.
1	INCOMES FROM SALES		I	42024459	34495295	7529164	21,83
2	THE COST PRICE OF THE SALES		II	33389956	24543139	8846817	36,05
3	Resources, prepayments, and incompletely fullfilled contracts	B. I.		4589641	3521476	1068165	30,33
4	Assets in general:	In total (Active)		40359683	39764071	595612	1,50
5	Capital and the reserves	A (Passive)		25006720	23945668	1061052	4,43

In the year 2011 the incomes from sales increased by 21,83 percent, the stocks increased in 36.05 percent.

It shows that the prices of the raw materials took the jump; also the inefficient price policy for sales due to the conditions imposed by the supermarkets. Stocks on December 31, 2011 increased in LTL 1 068 165, it shows that the stocks are not stockpiled, but bought only in amounts for the production to satisfy customers' needs, taking into account the increase in sales.



The equity of the Company on 31 December, 2011 was 57.49 percents of the authorized capital and assets in general increased in 595 621 Lt, i.e. by 1.5 percent. That is because of long-term real property assessment conducted in the end of 2011, reduction in sales and increase in buyers liabilities.

#### ***References and additional explanation of given data in annual financial report***

The information which is given in annual financial accountability and in explanatory note is satisfactory, comprehensive and additionally unexplained. The financial accountability of 2011 was successfully audited by auditors "Šiaulių pagautė" JSC.

#### ***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 - 15,74 t/a year, dust (solid particles) - 0,50 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. 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 stationery pollution sources a tax of LTL 12 508 was paid for the State for the year 2011. 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 2011. 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 protecting 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.

#### ***The personnel***

The education, qualification and competence of managers and specialists meet the requirements. Employees 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 increased production demand has not increased the number of employees. 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 and 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.

#### ***Information about company's departments and representations***

The Company has 11 its branded stores in major cities of Lithuania: Šiauliai, Vilnius, Klaipėda and Kretinga. The Company has also got the representative office and the warehouse of the wholesale at Kalvarijų g. 204 B, Vilnius.

#### ***Important events which have happened since the end of last financial year***

On the 18<sup>th</sup> of August 2009 judicial issue started because of Ltd. company „Kalnapolis-Tauras” group, Ltd. company „Ragutis”, Ltd. company „Kauno alus” and stock company



„Gubernija” peace treaty signing regarding to fraudulent competition in 2007 for a sum of LTL 16 716 145.50.

According to the decision of Vilnius District Court on the 7<sup>th</sup> of April 2009 and on the 20<sup>th</sup> of April 2009 prohibited for Ltd. company „Respublikos” investicija” to apply a liability recovery for stock company “Gubernija” under the Lending agreement for security collateral. The trial has been moved to the year of 2012.

Presently at Vilnius District Court the civil case No.2-2077-104/2009 is running, where the subjects are being solved, connected with performance of lending agreement No.0640404060817- of the 28<sup>th</sup> of December 2004.

### ***Activity plans and prognoses of company***

In 2011 the company have planned to sell production for millions LTL 36.2 and to receive million LTL 1,1 of profit but on 28 November 2011 in Vilnius Stock Exchange web-page it revised revenue forecasts to earn income of millions LTL 42.5 millions LTL and due to significantly higher prices for raw materials and energy resources, did not forecasted profit. Accordingly, in 2012 we plan to maintain the same level of sales.

Main tasks of company are: to reduce production outlay and cost price of products; to resign as soon as possible economically useless production; that all produced products would be stored in modern premises, to increase sales under favourable prices for company, to keep and keep trying to cover a major internal market part; to orient towards receivable higher value added production price in export market, to strengthen the function of marketing and the name of company, to decrease assignment expenses, to motivate employees only for the final result of assumed plans fulfilment, to improve and renew constantly available equipment of technological processes and transport property while seeking the higher quality of production and work, economy and productivity.

### ***Information about company’s researches and expansion activities***

The company constantly holds investments for researches and expansion, looks for various ways how to vouch stable development and improved effectiveness of activity.

### ***Information about company’s usable financial means***

At this moment company’s financial situation is very complicated. There are delays in payment of taxes, debts to suppliers, payments to redundant workers and the company staff. In order to avoid conflicts with the redundant workers, they have been awarded contracts for payment schedules.

The decision of State Tax Inspectorate of Šiauliai District on December 30, 2009 to grant a tax loan and set the defer for paying the taxing arrears with a condition that its paying will be guaranteed with bonding the assets or a warranty was specified on January 27, 2010 and February 4, 2010. Due to these changes State Tax Inspectorate of Šiauliai District made a decision to grant the tax loan of LTL 2 321 873.05 (for accumulated taxes and fines) and signed with AB “Gubernija” a taxing contract No 49 on April 23, 2010 with no bonding the assets with the condition that the assets will be mortgaged during 3 months since the end of the loan with AB Ūkio Bankas. To guarantee this tax credit mortgage bonds were signed on November 11, 2010.

There was received a decision of the State Tax Inspectorate under the Ministry of Finance of 26 January 2012 regarding payment of taxing arrears (accumulated taxes, delay penalties and accrued interest) in the amount LTL 1 689 620,30. These arrears contributions were arranged for payment until 25 July 2013. A Mortgage Bond was signed on 21 February 2012 to guarantee the taxing loan.

### ***Disposal restrictions of all stocks***

From the 31<sup>st</sup> of December 2011 disposal restrictions of stocks are not applicable.



### **Shareholders**

On the 28<sup>st</sup> of September 2011 total number of company's shareholders is 337. All published stocks give the same rights for all shareholders, which are provided by the joint-stock companies Law of the Republic of Lithuania and statute of company.

Shareholders that got ownership to hold more than 5% of authorized capital and votes of stock company „Gubernija” are as follows:

<b>Name and surname of shareholder (name of company, type, address of residence, code)</b>	<b>Amount of available stocks, in units</b>	<b>The part of available authorized capital, %</b>	<b>Available part of votes, %</b>	<b>Together with associated people available part of votes, %</b>
VITAS TOMKUS	LT0000114357 PVA 4 609 703	28,58	28,58	38,53
UAB „RESPUBLIKOS“ SPAUSTUVĖ, A. Smetonos g. 2, Vilnius, į.k. 124250999	LT0000114357 PVA 1 604 981	9,95	9,95	
LARISA AFANASEVA	LT0000114357 PVA 1 683 572	10,44	0	0
TAKHIR SHABAEV	LT0000114357 PVA 851 604	5,28	0	
ROMUALDAS DUNAUSKAS,	LT0000114357 PVA 1 865 559 LT0000127615 PVA 513 787 Viso: 2 379 346	14,75	14,75	39,97
VIJOLETA DUNAUSKIENĖ	LT0000114357 PVA 64 311 LT0000127615 PVA 500 420 Viso: 564 731	3,5	2,99	
LINA DUNAUSKAITĖ	LT0000114357 PVA 7 631 LT0000127615 PVA 2 101 Viso: 9 732	0,06	0	
UAB „LINOS NAMAI“, Vilniaus g. 166, Šiauliai, į.k. 300038452	LT0000114357 PVA 889 875 LT0000127615 PVA 941 738 Viso: 1 831 613	11,36	11,36	
JAVELIN FINANCE, Siute 4, 41 Lower Baggot Street, Dublin, Airija, į.k. 221234	LT0000114357 PVA 1 752 712 Viso: 1 752 712	10,87	10,87	



Gubernija SC shareholders do not have special rights of control.

There are no disposal restrictions for stocks. Shareholders take property and non-property rights and have got functions, which are provided by the joint-stock companies Law of the Republic of Lithuania and statute of company.

Restrictions of vote. All company's stocks which give the right to vote have got the same denomination; each one stock gives one vote at ordinary general meeting of shareholders.

### ***Rights of Shareholders***

The Company shareholders have the following proprietary rights: to get a part of the Company income (dividends); to get a part of the property of the liquidated Company; to get a part of shares free of charge if the authorized capital is raised from the funds of the Company, except cases, described by legal acts and laws. In case the shareholder is the natural person – to leave all shares or part of them by the testimony to one or several persons under conditions, described in legal acts and laws or to sell or to pass all shares or the part of them in any other way under ownership of any other person.

The Company shareholders have the following non-proprietary rights: to participate in meetings, to vote in meetings in accordance with the amount of owned shares, to get the unprivileged information concerning economic activity of the Company, to vote and to be elected to the Company management and control bodies, to occupy any position within the Company if it is not otherwise explained by the Law on Companies, the Company Regulation, to present concrete offers for the development and improvement of the Company financial, economic, organizational and other activity, to present complaints to the court concerning decisions of Shareholders' Meetings, the Board as well as decisions or actions of the Head of the Company, which contravene legal acts and laws of the Republic of Lithuania, the Company Regulation, proprietary and non-proprietary rights of shareholders. One or several shareholders have a right to request the refund of the detriment for shareholders without separate notice as well as other non-proprietary rights, defined by legal act and laws.

The person acquires all rights and obligations, which is given to him / her by the owned part of the Company authorized capital or the part of the voting rights: in case of the raise in the authorized capital – since the date of registration of changes in the Company Regulation, related to the raise in the authorized capital or raise of the part of the voting rights; in other cases – from the appearance of proprietary rights, authorized capital and / or the voting rights.

### ***Shareholders with Special Control Rights and Description of These Rights***

The Company has no shareholders with special control rights.

### ***All Restrictions of the Voting Rights***

The Company has no shareholders with restricted voting rights.

### ***All Internecine Decisions of Shareholders, Known to the Issuer, Which May Restrict the Pass of Stock and (or) the Voting Rights***

Following the Credit Agreement No. 0640-40-4060817-20 of 28 December 2004, 76,68 percent or 12 368 131 shares were put in pledge in favor of the creditor in a Mortgage institution.

### ***Employees***

The average number of employees in the Company was calculated according to rules, confirmed by the order No. 141 of 22-12-2001 of the Department of Statistics of the Republic of Lithuania under the Government of the Republic of Lithuania. In December 2010, the Company had 189 employees, and during the reporting cycle, on 31 December 2011 – 185 employees.

The average change in the number of employees of AB "Gubernija" group during the last financial year – 4 employees.



Grouping of employees according to their education:

The group of Employees	Average number in the list		Education								Average Salary, LTL	
			Higher Education		Special Secondary Education		Secondary Education		Not finished Secondary Education			
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Heads	4	4	7	4							9191	8957
Specialists	57	55	25	26	20	21	3	4			2228	2307
Workers	128	126	1	1	34	34	87	87	9	8	1627	1809
Total:	189	185	33	31	54	55	90	91	9	8		

Average salary in AB “Gubernija” group according to separate groups of employees:

Department	31-12-2010		31-12-2011	
	Number of Employees	Average Salary	Number of Employees	Average Salary
Administration	17	3820	18	4008
The Sales Department	55	2178	52	1872
The Transportation Department	21	2423	21	2143
The Department of Production	93	1790	94	1953
Total:	186	-	185	

Rights and obligations of the Company employees are defined in their position descriptor. The Work Agreements do not suggest any special rights or obligations.

***The Order of Change of the Issuer’s Regulation***

Regulation of AB “Gubernija” is changed under the order defined by legal acts of the Republic of Lithuania.

AB “Gubernija” in its activity follows laws of the Republic of Lithuania, decisions and normative acts of the Government, regulating activities of companies, the Law of the Stock Market, the Company Regulation.

***Issuer Management Bodies***

Issuer management body is the General Shareholders’ Meeting, the Board, Internal Audit Committee, and the Head of the Company (the Director General). The management body is the Company Board and Head of the Company.

***General Shareholders’ Meeting***

The competence of the General Shareholders’ Meeting, rights of shareholders and their implementation, which is not described by legal acts and laws, are regulated by provisions of the Civil Code of the Republic of Lithuania.



### ***The Company Supervisory Board***

The Company's Board of Supervisors not formed.

### ***The Company Board***

The Company Board is the collegial management body, representing shareholders of the Company during the period between meetings and making decisions on the most important issues of the economic activity of the Company. The Work Order of the Board is defined by the Work Regulation, confirmed by the Board. The Board is composed from 5 (five) members. The Board members are elected by for the period not longer than four years. The Board activity is supervised by the Chairman, which is elected from the Board members by the Board.

Considers and confirms:

The Company Work Strategy, the Company Management Structure, position descriptors and salaries of the Director General and Deputy Directors.

The Board elects and dismisses the Head of the Company. The Board confirms the candidates to positions of Deputy Directors, offered by the Head of the Company as well as confirms candidates to positions, to which candidates are employed under the competition.

The Board analyzes and assesses the material, presented by the Director General, concerning: implementation of the Company Work Strategy, sources for the accumulation of the financial means and ways of spending as well as contracts.

The Board analyzes, assesses the Project of the Company Annual Financial Accountability, the Project of the Profit Distribution, presented by the Director General and in cases the projects are confirmed, presents them to the General Shareholders' Meeting.

The Board is obliged to organize General Shareholders' Meeting in a timely manner, to ensure the preparation of lists of the owners of nominal shares, to prepare agendas for General Shareholders' Meeting, to introduce the Company Annual Financial Accountability, the Project of the Profit Distribution, the Company Work Report and other information necessary for the discussion of agenda issues.

The Board makes the following decisions without the confirmation of the General Shareholders' Meeting: the establishment of the Company branches; decisions concerning the long-term assets, the balance value of which is higher than 1/20 of the Company authorized capital as well as decisions concerning investment, transfer, rent, mortgage and hypothec. Moreover, it makes decisions connected with implementation, voucher or guaranteeing other persons' obligations, the sum of which is higher than 1/20 of the Company authorized capital; decisions to obtain the long-term assets with a value not higher than 1/20 of the Company authorized capital, decisions on the issues of conditions of restructurization, reorganization of companies and / or projects for restructurization, reorganization of the Company / -ies; to give financing for charity, health protection, culture, science, physical education and sports as well as for the liquidation of natural disasters or special situations; other decisions intended for the Board competence in the Company Regulation or in General Shareholders' Meetings.

### ***Internal Audit Committee***

Audit Committee is formed of 3 (three) members, one of them is independent, elected by General Shareholders' Meeting. The other 2 (two) members of the Audit Committee may be non-executive administrative staff. Members of the Audit Committee are appointed and recalled by General Shareholders' Meeting following an offering of the Company Board. Period of tenure of the Audit Committee – four years, but it shall not exceed 8 (eight) years.

The Audit Committee invites the Head of the Company, members of the Board, employees in charge for finances, accounting, and external auditors to the meetings thereof.

The Audit Committee is a collegial body and passes decisions during meetings. Meetings of the Audit Committee are summoned subject to the initiative of the Chairperson of the Audit



Committee. The members of the Committee may determine the order for summoning and organization of meetings by common agreement. Decisions and other written documents passed by the Audit Committee are submitted to the Head and/or the Board of the Company. The passed decisions and other documents are recommendatory for the Company. The members of the Committee may be remunerated for their work at the Audit Committee with a salary set by General Shareholders' Meeting.

Regulations of the Audit Committee may be revised and appended by the decision of the Company Board. The activities of the Audit Committee are within the laws valid in the Republic of Lithuania as well as Regulations of the Audit Committee.

The members of the Committee choose the order and procedures for implementation of their duties using their professional knowledge and skills. They process the required information, explanations, documents related to specific peculiarities of the Company's accounting, financial and activity peculiarities obtained from the Company and inform the Head and/or the Board of the Company.

The members of the Audit Committee make recommendations related to selection of an external audit company to the Company Board, observe the order of this external auditing and how the external auditor and audit company follow the principles of independence and objectivity, process of preparation of financial statements. They inform the Head of the Company about the information submitted by the audit company to the Audit Committee about the issues related to the audit, especially when important internal control issues related to financial statements and shortcomings are found. They observe how the Company Administration reacts to recommendations made by the external audit, implement other functions provided by legislations of the Republic of Lithuania.

### ***The Head of the Company***

The Head of the Company is the Director General, who follows the Company Regulation, decisions of General Shareholders' Meetings, decisions of the Board as well as the Regulation of Administrative Work in his / her own work. The Director General is elected and dismissed by the Board of the Company. The Work Agreement with the Director General is signed by the Chairman of the Board. The Work Agreement with the Director General who is the Chairman of the Board is signed by the authorized member of the Board. The Director General participates in meetings of the Board of the Company with an advisory right in cases he / she is not the member of the Board.

The Head of the Company organizes everyday activities of the Company and performs actions, necessary for implementation of its functions as well as for fulfillment of decisions of other bodies in the company and assurance of smooth activities of the Company. The Director General of the Company is responsible and regularly accounts to the Board.

The Head of the Company leads the Company Administration within boundaries of own competencies, signs agreements and contracts on the name of the Company, represents the Company in case of relations with third parties as well as in court or arbitrage. The right to represent the Company is given to the Director General from the day, defined in the Work Agreement; he / she opens / closes bank accounts in bank institutions, prepares the project of shares' signing, employs and dismisses employees, signs and cancels work agreement with them, evaluates the work results, gives employees disciplinary punishments as well as encouragements, defines internal work conditions, confirms the Regulation of Administrative Work, gives rights for implementation of those functions, which are in his / her competences. In cases, defined by the Law on Companies, he /she organizes the General Shareholders' Meeting, prepares projects of documents, necessary for the General Shareholders' Meeting, implements other functions described by laws and legal acts as well as by this Regulation, disposes the property of the Company, including the monetary funds.



***Participation of the Members of the Company Board, the Head of the Company, Chief Accountant in Issuer Capital***

***The Structure of the Board***

Name, Surname	Position Issuer	Number of owned shares	The part of the owned authorized capital, %	Start of the tenure	End of the tenure	Start of the work at AB Gubernija
Romualdas Dunauskas	Chairman of the Board	2 379 346	14.75	2009.06.23	2013.06.22	not working
Lina Dunauskaitė	Member of the Board	9 732	0.06	2009.06.23	2013.06.22	not working
Augustinas Radavičius	Member of the Board	0	0	2009.06.23	2013.06.22	not working
Sigitas Vilčiauskas	Member of the Board	0	0	2009.06.23	2013.06.22	not working
Andrius Šimaitis	Member of the Board	0	0	2009.06.23	2013.06.22	not working

***Administration***

Name, Surname	Position	Number of owned shares	The part of the owned authorized capital, %	Start of the work at AB Gubernija	Calculated amounts of money in LTL in the year 2010	Calculated amounts of money in LTL on an average of one month
Vijoleta Dunauskienė	Generalinė direktorė	564 731	3,5	2009.06.23	150 497,40	12 541,45
Daiva Leinartienė	Vyr.buhalterė	0	0	2009.12.07	75 543,62	6 295,30
Viso:	-	564 731	3,5	-	226 041,02	18 836,75

***All significant agreements, the part of which is the issuer, and which would come into force, be changed or be cancelled in case of the change in the issuer's control, as well as their effect, except those cases, when the revelation of agreements, due to their nature, would cause a significant harm for the issuer***

There are no agreements, where the part is the issuer and which would come into force, be changed and be cancelled in case of the change in the issuer's control.

***All agreements between the issuer and members of bodies, allowing compensations in case of their resign or dismissal without any legitimate reason or in cases their work is terminated due to the change in the issuer's control.***

The issuer has no valid agreements with members of its management bodies or employees, which would allow compensations in case of their resign or dismissal without any legitimate reason or in cases their work is terminated due to the change in the issuer's control.

***Information concerning the conformity to the Code of the Management of Companies***

AB "Gubernija" follows the Code of the Management of Companies, listed in the Stock Exchange and tries to ensure the conformity with it. The Code of Management is published once a year on Vilnius Stock Exchange website (NASDAQ OMX Vilnius) and on the Company's website [www.gubernija.lt](http://www.gubernija.lt), including the audited financial statement.

***Data concerning the public information***

AB "Gubernija" informed Securities Commission of the Republic of Lithuania and Vilnius Stock Exchange (NASDAQ OMX Vilnius) about all essential events under the order established by Company Regulation and normative acts of the Republic of Lithuania.



On 10 March 2011 AB “Gubernija” issued the announcement, that the General Shareholders’ Meeting shall be held on the 19<sup>th</sup> of April 2011. The General Shareholders’ Meeting took place on the 19<sup>th</sup> of April 2011, during which the unappropriated balance of 2010 was confirmed and which was devoted to cover the losses of past year.

On 28 October 2011, there was declared a notice regarding disposal and acquisition of voting rights. AB Gubernija received the notices of Takhir Shabaev and Larissa Afanaseva regarding disposal of voting rights and the notice of Sigitas Vilciauskas regarding acquisition of voting rights. The reason for transcending of the declared limit – an Agreement of Voting Rights Transfer. The Agreement is valid before 25 October 2021.

Announcements were published in regulated Central Information Base and on the Company’s website [www.gubernija.lt](http://www.gubernija.lt).

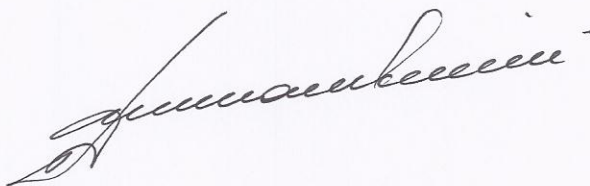
Announcements about Shareholders’ Meetings were additionally published in the Daily Newspaper “Lietuvos rytas”.

Information about the Management’s transactions is published on the websites of Vilnius Stock Exchange and Securities Commission of the Republic of Lithuania

***Important events after the end of the financial year***

There is no additional information, which should be revealed under the Company Regulation, laws or legal acts, regulating the activity of companies and which was not revealed in thin annual report as well as in financial reports.

General Manager



Vijoleta Dunauskiene



## 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
<b>Principle I: Basic Provisions</b>  <b>The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.</b>		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	
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	
<b>Principle II: The corporate governance framework</b>  <b>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.</b>		



2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	A general shareholders' meeting, the board, and the chief executive officer are the company's management bodies. The supervisory board is not set up.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The General manager and the board perform basic functions of management in the Company.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	The supervisory board is not set up.
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. <sup>1</sup>	No	The supervisory board is not set up.
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. <sup>2</sup>	Yes	

<sup>1</sup> 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.

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



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

<sup>3</sup> 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.



3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	The board operates according to the regulation of the Board.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	Members of the board and other specialists have all opportunities to participate in seminars and conferences to raise their qualifications.
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.	Yes	
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>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient<sup>4</sup> number of independent<sup>5</sup> 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"> <li>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;</li> <li>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;</li> <li>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);</li> </ol>		

<sup>4</sup> 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.

<sup>5</sup> 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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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.		
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.		
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. <sup>6</sup> . The general shareholders' meeting should approve the amount of such remuneration.	No	Not applicable because it is not remunerated from the company's funds.
<b>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</b>  <b>The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring<sup>7</sup> of the company's management bodies and protection of interests of all the company's shareholders.</b>		
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. <sup>8</sup>	Yes	The annual financial integrity / accountability and the project of the profit share are discussed and confirmed by the board.

<sup>6</sup> 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.

<sup>7</sup> See Footnote 3.

<sup>8</sup> 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.



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).	Not applicable	
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half <sup>9</sup> of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Not applicable	
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The clear order of communication with the shareholders is provided in the regulation of the activities of the Company.

<sup>9</sup> 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 bodies<sup>10</sup>. 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>	

<sup>10</sup> 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 committees<sup>11</sup>. 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>		

<sup>11</sup>The 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> <ol style="list-style-type: none"> <li>1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company;</li> <li>2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes;</li> <li>3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;</li> <li>4) Properly consider issues related to succession planning;</li> <li>5) Review the policy of the management bodies for selection and appointment of senior management.</li> </ol> <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>		
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ol style="list-style-type: none"> <li>1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;</li> <li>2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;</li> <li>3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company;</li> <li>4) Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation;</li> </ol>		

<p>5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</p> <p>6) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);</p> <p>7) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <p>8) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</p> <p>9) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</p> <p>10) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.</p> <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p> <p>4.13.4. 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> <ol style="list-style-type: none"> <li>1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);</li> <li>2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;</li> <li>3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;</li> <li>4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;</li> <li>5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</li> <li>6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</li> </ol> <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><b>Principle V: The working procedure of the company's collegial bodies</b></p> <p>The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</p>		



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.		
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month <sup>12</sup> .	Yes	
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	The agenda of the meeting is submitted to the members of the board one week before.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	Dates and agendas of the meetings are coordinated.

<sup>12</sup> 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.

**Principle VI: The equitable treatment of shareholders and shareholder rights**

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

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	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. <sup>13</sup> 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.

<sup>13</sup> 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.



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

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

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

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The members of the board follow these recommendations and do not participate in voting and making decisions when personal interests are involved.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.		
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.		
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	Recommendations are being followed.
<b>Principle VIII: Company's remuneration policy</b>  <b>Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.</b>		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) 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.	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> <ol style="list-style-type: none"> <li>1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; <ul style="list-style-type: none"> <li>• Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration;</li> </ul> </li> <li>2) An explanation how the choice of performance criteria contributes to the long-term interests of the company;</li> <li>3) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled;</li> <li>4) Sufficient information on deferment periods with regard to variable components of remuneration;</li> <li>5) Sufficient information on the linkage between the remuneration and performance;</li> <li>6) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits;</li> <li>7) Sufficient information on the policy regarding termination payments;</li> <li>8) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code;</li> <li>9) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code;</li> <li>10) 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;</li> <li>11) A description of the main characteristics of supplementary pension or early retirement schemes for directors;</li> <li>12) Remuneration statement should not include commercially sensitive information.</li> </ol>		
<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> <ol style="list-style-type: none"> <li>1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting;</li> <li>2) The remuneration and advantages received from any undertaking belonging to the same group;</li> <li>3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted;</li> <li>4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director;</li> <li>5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;</li> <li>6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.</li> </ol> <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> <ol style="list-style-type: none"> <li>1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;</li> <li>2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;</li> <li>3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</li> <li>4) All changes in the terms and conditions of existing share options occurring during the financial year.</li> </ol> <p>8.5.3. The following supplementary pension schemes-related information should be disclosed:</p> <ol style="list-style-type: none"> <li>5) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;</li> <li>6) 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.</li> </ol> <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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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.		
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.		
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.		
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.		
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.		
8.11. Termination payments should not be paid if the termination is due to inadequate performance.		
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.		
8.13. Shares should not vest for at least three years after their award.		
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.		



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).		
8.16. Remuneration of non-executive or supervisory directors should not include share options.		
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.		
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.		
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.		
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 4) 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.		

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.		
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.		
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.		
<b>Principle IX: The role of stakeholders in corporate governance</b>  <b>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.</b>		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.		



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.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
<b>Principle X: Information disclosure and transparency</b>  <b>The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.</b>		

<p>10.1. The company should disclose information on:</p> <ol style="list-style-type: none"> <li>1) The financial and operating results of the company;</li> <li>2) Company objectives;</li> <li>3) Persons holding by the right of ownership or in control of a block of shares in the company;</li> <li>4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration;</li> <li>5) Material foreseeable risk factors;</li> <li>6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations;</li> <li>7) Material issues regarding employees and other stakeholders;</li> <li>8) Governance structures and strategy.</li> </ol> <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>	Yes	All information is provided in the website of the Company.
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	Yes	The recommendations are being followed.



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.		
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.		
<b>Principle XI: The selection of the company's auditor</b>  <b>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</b>		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	An independent firm of auditors conducts an audit of the Company's financial statements and the annual report.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The 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.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Yes	All information about the audit firm is given to the shareholders.

General Manager

Vijoleta Dunauskiene

Siauliai,  
03-04-2012