

**"Where, in the very centre of the enlarged
European Union, can you operate your
business within a legal TAX-FREE environment ?"**

KAUNAS

free economic zone

**INVEST
IN EUROPE'S
TAX-FREE ZONE**

**IN KAUNAS, LITHUANIA,
YOUR TAX-FREE BUSINESS WILL REACH MORE THAN
200 MILLION CONSUMERS**

500 km = 41 million
1000 km = 200 million



Lithuania is the fastest growing economy in the expanded EU.

You are offered a great opportunity to operate in an integrated EU market with over 350 million people.

The Baltic States are well positioned for developing trade with rapidly growing Russia and the Ukraine and providing easy access to the rapidly developing consumer markets in Poland.

Lithuania offers substantial cost advantages over other European manufacturing locations whilst offering skilled and efficient labour force.

The Free Zone offers substantial corporation tax advantages and other financial benefits.

Your strategic link with the EU,
the Russian Federation and the New Independent States

KAUNAS, CENTRAL LITHUANIA, YOUR GATEWAY TO EUROPE



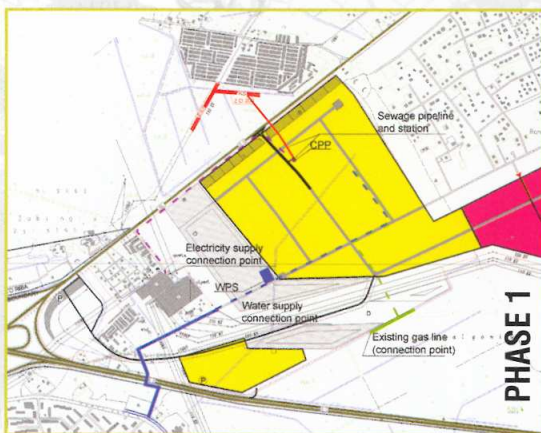
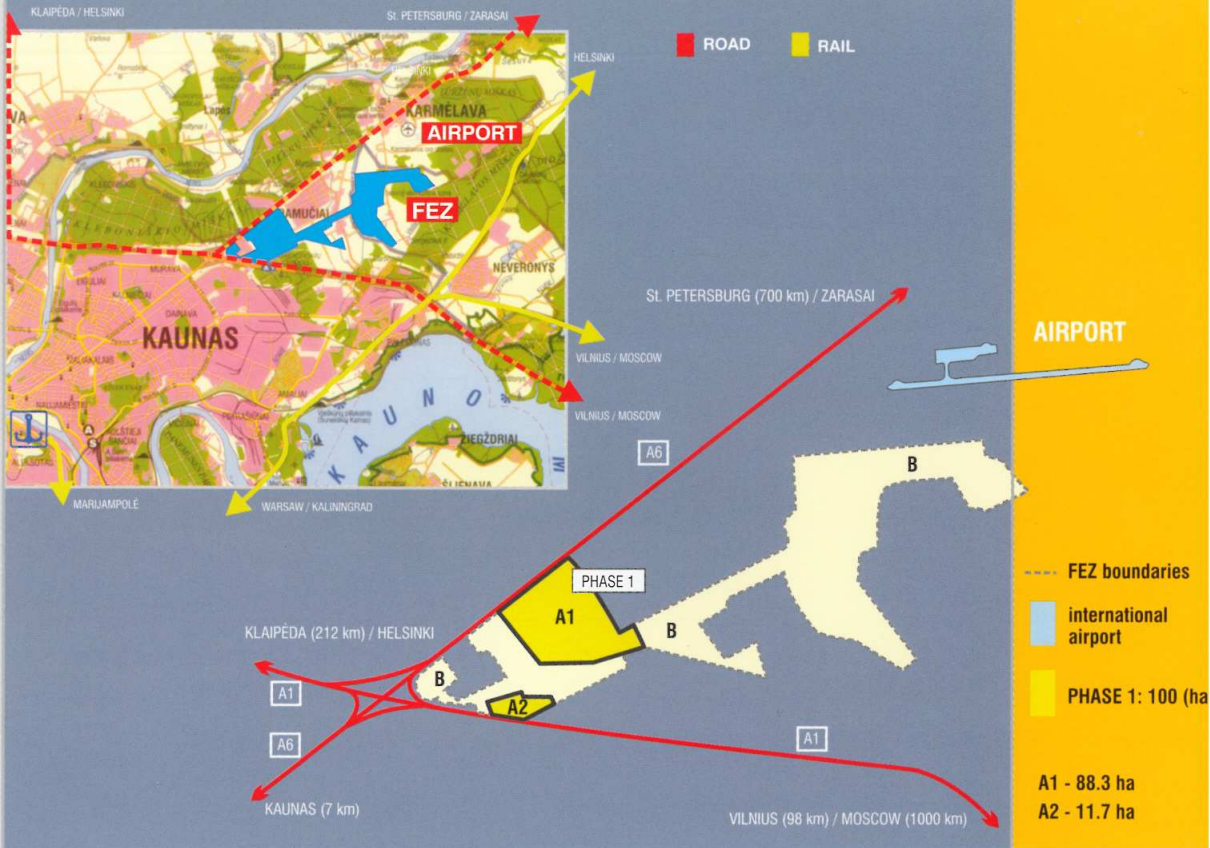
LITHUANIA

2003

Population, start of the year, <i>million</i>	3,462,500
Average gross monthly salary, <i>EUR</i>	306
Inflation (compared with December, of the previous year), %	-1.3
Exports, <i>million EUR</i>	6,398
Imports, <i>million EUR</i>	8,691
GDP increase at constant prices in 2004 II Q, %	7.3
Foreign direct investment, <i>million EUR</i>	3,823
Number of present foreign investors	2,444

"A rising regional star." (IMF)

KAUNAS FREE ECONOMIC ZONE, DEVELOPMENT STAGES



PHASE 1 = 100 ha now available

KAUNAS **FREE** ECONOMIC ZONE: YOUR TAX ADVANTAGES

TAX INCENTIVES:

The corporation tax rate in Lithuania for 2004 is 15 %, one of the lowest rates of the EU. The FEZ customers also enjoy the following tax incentives:

-investors of at least EUR 1 million are subject to:

- no corporation tax during the first six years
- only 50% of Lithuanian corporation tax (15%) over the next ten years, i.e. the effective tax rate of 7.5%

- no custom duties
- no VAT or excise taxes
- no road taxes
- no real estate taxes

OTHER ADVANTAGES INCLUDE:

- no foreign exchange restrictions
- withholding tax exemptions for repatriated dividends
- streamlined and simplified customs and administrative procedures
- uniform legal guarantees for companies located inside and outside the FEZ



Lithuania is a **great place** to live and work

KAUNAS

That is a city which is attractive to investments, open to partnership, interesting and hospitable to the visitors.

Total area 15.7 thousand hectares.
Population 368,917 inhabitants

Kaunas is one of the major industrial centres in Lithuania. The dominant industries:

textile - 34.7%
food products and beverages - 25.5%, *of total sales* .

The city enjoys a considerable creative potential, a good technical base and not expensive but high-qualified labour. A huge scientific potential has been accumulated in Universities of Kaunas;

- Kaunas University of Technology
- Vytautas Magnus University
- International School of Management.
- University of Medicine
- Lithuanian University of Agriculture
- Veterinary Academy
- Kaunas Humanities Faculty of Vilnius University
- Kaunas Faculty of Lithuanian Music Academy
- Kaunas Police Faculty of Law University of Lithuania
- Kaunas Arts Institute of Vilnius Arts Academy

Following the needs of the market, they have trained qualified specialists for a successful work in foreign and Lithuanian companies.



WHAT DO THESE "MULTINATIONALS" HAVE IN COMMON?

Siemens, Telia, Motorola, Saab, Volvo, Volkswagen, Renault, IKEA, 3M, Samsung, Philip Morris, Kemira, ABB, Partec, Lancaster Steel, Carlsberg, Morzotto, Mars/Masterfoods, Sonera, Cacharel, Quelle, Adidas, Laura Ashley, Festo, SEB, Kraft Food International,...

They have all chosen Lithuania !

Lithuania, "*the first Baltic tiger*" (GoldmanSachs)
invites your company to settle at the centrally
located Kaunas Free Economic Zone.

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