M&A AND PRIVATE EQUITY BALTIC LEGAL UPDATE

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PAN-BALTIC

Implementation of Directive on cross-border mergers in the Baltic States

EU Directive 2005/56/EC on cross-border mergers of limited liability companies, which introduces a facilitative framework for mergers between companies in different Member States of the European Economic Area, has been transposed in Estonia and Lithuania. The Latvian Cabinet of Ministers has also adopted amendments to the Commercial Law, although these are not yet in force. Lithuania is the only one of the Baltic States to have chosen to implement the Directive by adopting a new law, while Estonia and Latvia decided in favour of amending the existing legislative framework. It is expected that the legislation will facilitate cross-border mergers between businesses currently operating or planning to operate in two or three Baltic States, but unable or unwilling to form a European Company (SE).

The purpose of the Directive and implementing legislation is to simplify the procedures and remove legal and administrative obstacles for mergers where at least one of the companies involved in a merger is registered in another Member State of the European Economic Area. Prior to implementation of the Directive, these cross-border mergers were impossible in the Baltic States, except through formation of a European Company (SE). Although the main steps and documents required for merger in general remain the same in all three Baltic States, the new legislation harmonises the process and implements some specific requirements set out by the Directive. For example, the merger documents drawn up and the main procedures carried out in the home state of a company taking part in a cross-border merger are verified by the authorities of that state. If all requirements have been complied with, the authority of the home Member State issues a certificate to that effect which must be submitted to the authorities of the Member State where the acquiring company is located and the merger may be finalised.

Since the amendments to the Latvian Commercial Law have not been adopted yet, the table below outlines the implementation of optional provisions of the Cross-Border Directive in Estonia and Lithuania.

See the table on page 2

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Simplified procedures to be applied for mergers and divisions of public limited liability companies

EU Directive 2007/63/EC amending Council Directives 78/855/EEC and 82/891/EEC as regards the requirement of an independent expert's report on the occasion of merger or division of public limited liability companies was adopted on 13.11.2007. Under the Directive, neither an examination of the draft terms of a merger or division nor an expert report is required if all the shareholders of each of the companies taking part in the reorganisation have so agreed. This exemption will facilitate mergers and divisions of companies when all shareholders agree that there is no need for an expert examination. This principle was introduced in the Cross-Border Mergers Directive (discussed above) and has now also been extended to local mergers and divisions. The Directive must be transposed into national laws by 31.12.2008.

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Guidelines on assessment of non-horizontal mergers adopted on 28.11.2007

The European Commission has adopted Guidelines which establish the rules to be followed by the Commission in assessing non-horizontal mergers. These mergers involve undertakings that operate at different levels of the supply chain (vertical merger) or undertakings that operate in closely-related markets (conglomerate merger). The Guidelines set out the main principles that the Commission will apply when assessing the effect of these mergers on competition. The Commission has identified two thresholds as an initial indicator of absence of competition concerns: (i) the post-merger market share of the new entity in each of the markets concerned is below 30%, and (ii) the post-merger HHI (an index used to measure the degree of market concentration) is below 2,000.

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	Estonia	Lithuania
Companies allowed to participate in cross-border mergers	Private and public limited liability companies (*OÜ and AS, respectively).*	Private and public limited liability companies (*UAB and AB, respectively*).
Publications on common draft terms of a cross-border merger (the **Merger Terms)**	A notice must be published at least one month before the general meeting deciding on the merger.	A notice must be (i) published 3 times with intervals not less than 30 days or (ii) published once provided that notices are given to all creditors by registered mail at least 40 days before the general meeting deciding on the merger.
Independent expert report on Merger Terms	Each of the merging companies may appoint their own auditor (independent expert). Common auditor(s) may be appointed at the request of the companies under merger by the respective court or the administrative authority in the country of one of the merging companies. When the common auditor nominated by the merging companies is located in Estonia, that auditor is approved by the court. There will be no need to audit the merger agreement (including the Merger Terms) if: 1) all shares of the company being acquired are held by the acquiring company; or 2) all shareholders of the companies involved in the merger have so agreed.	Each of the merging companies may appoint their own auditor (independent expert). Common auditor(s) may be appointed at the request of the companies under merger by the respective court or the administrative authority in the country of one of the merging companies. When the common auditor nominated by the merging companies is located in Lithuania, that auditor is approved by the Lithuanian Register of Legal Persons. There will be no need to audit the Merger Terms if: 1) all shares of the company being acquired are held by the acquiring company; or 2) at least 90% of the shares of the company being acquired are held by the acquiring company and the laws of each country where the merging companies are located allow not to audit the Merger Terms; or 3) all shareholders of the companies involved in the merger have so agreed.
Competence of the monitoring authority	When the acquiring company is located in Estonia, the Estonian Commercial Register will be competent to scrutinise the legality of the cross-border merger and will, among other things, check whether: 1) the companies involved in the cross-border merger approved the Merger Terms on uniform conditions; 2) the merging companies have agreed on the employees' participation in the decision-making process.	When the acquiring company is located in Lithuania, the Lithuanian Register of Legal Persons will be competent to scrutinise the legality of the cross-border merger and will, among other things, check whether: 1) the companies involved in the cross-border merger approved the Merger Terms on uniform conditions; 2) the merging companies have agreed on the employees' participation in the decision-making process.
Entry into effect of a cross-border merger	If the acquiring company is located in Estonia, the cross-border merger will take effect upon registration of the merger with the Estonian Commercial Register. The cross-border merger may not be annulled after it takes effect.	If the acquiring company is located in Lithuania, the cross-border merger will take effect upon registration of the merger with the Lithuanian Register of Legal Persons. The cross-border merger may not be annulled after it takes effect.
Cash payments to shareholders of the company being acquired	Cash payments may exceed 10% of the par value of the shares of the acquiring company only if this is permitted by the law applicable to the acquiring company.	Cash payments may exceed 10% of the par value (or the accountable par value in case of absence of par value) of the shares of the acquiring company only if this is permitted by the law applicable to at least one company under merger.

ESTONIA

Sell-out mechanism for minority shareholders
With the coming into effect of amendments to the Securities Market Act (the SMA) implementing the Takeover Directive, Estonia has introduced a sell-out mechanism providing additional rights for minority shareholders of Estonian companies listed on the regulated market.

Under the revised SMA, minority shareholders of a company listed on the regulated market may exercise their sell-out rights to compel a shareholder who has directly or indirectly acquired over 90% of shares in a company as a result of a takeover bid to purchase their shares. As a precondition to the exercise of the sell-out right, the shares of minority shareholders must be offered at a fair price. The statutory minimum fair price is set at the highest value paid for a share of the company during the last six months. However, a majority shareholder may offer a higher price.

The sell-out right provides a symmetrical balance for minority shareholders in correlation to the existing right established for majority shareholders holding 90% of the shares of the company to squeeze-out a minority. The right provides minority shareholders with a three-month period to decide whether to sell their shares or to stay in the company. The protection is especially useful to shareholders who have opposed a takeover or who are indecisive about whether to sell their shares. It is also likely to allow them to receive the highest consideration for their shares in the target company.

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Takeover bid regulation in Estonia
The Takeover Directive requires Member States to set out certain rules concerning the conduct of voluntary and mandatory takeover bids. In our last publication of August 2007, we provided a summary of the key provisions on voluntary and

mandatory takeover bids in Latvia and Lithuania. As the Takeover Directive was transposed into Estonian law in November 2007, we are now able to provide the same information regarding Estonia.

See the table below.

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Bid Threshold	Voluntary	Mandatory
	The same procedure as upon mandatory takeover bid.	A person who has gained a dominant influence over the target issuer either directly or together with other persons acting in concert is required to launch a takeover bid for all shares of the target issuer.
Supervisory Authority Notification	Immediately after commencement of proceedings for a takeover bid.	
Other Notifications	An offeror is required to disclose information concerning the launch of a takeover bid immediately after notifying the target issuer through the web page of the operator of the regulated market where the offeree is registered.	
Supervisory Authority Approval	The Estonian Financial Supervision Authority (the EFSA) must approve the takeover notification and the prospectus. Only after these documents have been approved may a takeover bid (mandatory or voluntary) be initiated. The EFSA may demand a change in the conditions of a takeover bid. The fairness of the bid price is checked by the EFSA along with the other terms of notification and the prospectus.	
Statement by Target	The supervisory board of a target issuer must announce its reasoned opinion concerning the conditions of a takeover bid within 14 calendar days after the notice and the prospectus of a takeover bid have been made public. The supervisory board is required to make its opinion available in writing and free of charge to all interested persons at the address of the target issuer in Estonia or at any other place approved by the EFSA.	
Publication of Prospectus	The prospectus must be made public on the same date as the notice of the takeover bid. The prospectus must be made available free of charge to all interested persons at the address of the offeror in Estonia or at any other place approved by the EFSA and be communicated to the regulated market operator or the stock exchange operator by electronic means in a format established by that operator.	
Acceptance Period	Not less than 28 days and not more than 42 days.	
Counter-bids	Counter-bids are permissible.	

Participation of employees in cross-border mergers

In the light of implementation of the Cross-Border Mergers Directive, amendments were also made to the Community-scale Involvement of Employees Act (the Act). To ensure facilities of the amendments made to the Commercial Code as a result of implementation of the Cross-Border Mergers Directive, regulation of participation of employees in the management of Estonian companies required re-examination.

Prior to introducing amendments to the Act, there were no provisions on participation of employees in the management of private or public limited companies. The Act was only designed to ensure the right of employees of *Societas Europaea (SE)* and *Societas Cooperative Europaea (SCE)* to participate in the management of those companies.

One of the purposes of the Cross-Border Mergers Directive is to ensure minimal protection of employees in case the law of the Member State of an acquiring company does not guarantee the same level of participation to the employees of a company as that set forth by the Cross-Border Mergers Directive. Therefore, if upon cross-border merger the acquiring company is an Estonian company, employees will have the same participation rights in the management of the company as granted by the Act to the employees of *SE* and *SCE*. In order to exercise the employee participation right, merging companies must meet certain criteria. For example, the average number of employees in at least one of the merging companies must exceed 500 during the last six months prior to publication of the merger terms.

Importantly, if the cross-border merger triggers application of the employee participation regulation, the same participation rules must be followed upon a subsequent national merger taking place in Estonia within three years after completion of the cross-border merger.

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LATVIA

Substantial amendments to regulation of securities and investment services

The Law on the Financial Instruments Market (the LFIM), the main legal act regulating securities and investment services in Latvia, was substantially amended with effect from 08.11.2007. These amendments implement into Latvian law the Markets in Financial Instruments Directive (MiFID), which has been widely discussed across the European Union for the past couple of years. With these amendments, the LFIM imposes significant new requirements for investment service providers (including investment advisers, fund managers, stockbrokers, and banks offering investment services) with activities in Latvia. In addition, these amendments provide for easier access of EU and EEA-based investment service providers to the markets of all EU and EEA Member States due to the enhanced "passporting" system. They also allow creation of less strictly regulated alternative investment markets (referred to as multilateral trading facilities) which will provide new opportunities for small to medium size companies with growth potential seeking to raise capital.

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Composition of special negotiating body of a European company and Groups of European companies

The Law on Informing and Consulting Employees of European Companies and Groups of European Companies (the Law) saw amendments related to the composition of a special negotiating body with effect from 26.01.2008.

According to the Law, a special negotiating body must be established in order to organise negotiations with the central management body of a European Company regarding establishment of a European Works Council or regarding establishment of other information and consultation procedures with employees.

The amendments provide that a minimum number of members of a special negotiating body of a European Company and groups of European Companies must not be less than three, while the maximum number must not exceed the number of European Community Member States, i.e. not more than 27 members. Previously, the Law provided that the maximum number of members could be 17.

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LITHUANIA

New opportunities for collective investment undertakings

On 01.03.2008 a new version of the Law on Collective Investment Undertakings (the Law) will come into force. It addresses inadequacies that resulted from practice when applying the current version of the law.

The previous version of the Law was adopted in implementation of the UCITS Directive[1] into Lithuanian law. Hence, the law only recognised and regulated the activity of open-ended collective investment undertakings established as companies or as common funds.

The new version of the law introduces a number of significant novelties relating to the form of a collective investment undertaking (CIU). Firstly, the Law allows formation of a closed-end investment company (CEIC) issuing a fixed number of shares or a closed-end investment fund issuing units, the shares/units of which are redeemable only on liquidation of the company/fund or at any other time established in its statutes/rules. Secondly, the Law introduces another categorisation of CIU: (i) CIUs established under the framework of the UCITS Directive (hence, combined CIUs); and (ii) specialised CIUs (including CIUs investing in Transferable Securities, Private Equity CIUs, Real Estate CIUs, Alternative CIUs and CIUs investing in other CIUs) to which the requirements of the UCITS Directive do not apply. Moreover, the Law also enables setting up a joint collective investment undertaking. This may take the form of an open-end investment company or a common fund the assets of which are divided into separate subfunds.

These novelties also include other changes to the CIU regulatory framework. To start with, specialised CIUs may invest their assets in real estate as well as in securities of companies admitted to trading on a regulated market and in other alternative investment instruments.

Under the new version of the Law, only a public company holding a CEIC licence issued by the Lithuanian Securities Commission (the LSC) will be entitled to engage in CEIC activities. A public company seeking engagement in CEIC activities is required to apply to the LSC with its programme of intended activities and other information, on the basis of which the LSC would be able to decide if the company meets requirements for licensed activities.

Managers of management companies (i.e. companies engaged in managing investment companies or funds) will be subject to extremely strict standards of good repute, which were not emphasised in the previous wording of the Law.

The competence of the LSC has been extended by granting wider control in respect of use of financial derivatives by CIUs and assessment of related risks, merging common funds and distribution of units and shares of CIUs.

Issues regarding acquisition of a qualifying holding of a management company are considered separately. If a person wishing to acquire a qualifying interest in a management company is a licensed management company in another Member State of the European Economic Area, or a financial brokerage company, credit institution, insurance company, or a parent company or a controlling person of any of those entities, the LSC is required to seek an opinion from the regulatory authority of the respective Member State regarding that person.

According to the Law, a permit from the LSC is required for approval, change of or supplement to the digest of instruments of incorporation as well as for merging common funds administered by a management company.

This new version of the Law was intended to harmonise the existing law with Commission Directive 2006/73/EC of 10.08.2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

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Clarification by Lithuanian Securities Commission on scope of companies subject to a takeover bid

On 04.10.2007 the LSC provided clarification on the scope of companies which are subject to takeover bids, squeeze-outs, and sell-outs as determined in Part IV of the Law on Securities. The LSC explained that this obligation applies only to companies that qualify as issuers under the Law on Securities and provided that their shares granting voting rights are traded on a regulated market or the shares are offered publicly. Thus, when a company qualifies as an issuer only due to issue to the regulated market of debt transferable securities, for example bonds, it will not be subject to a takeover bid, squeeze-out, or sell-out.

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Clarification by Lithuanian Securities Commission of grounds for launch of mandatory tender offer

On 18.10.2007 the LSC provided clarification on Article 31 of the Law on Securities which imposes an obligation on a shareholder acquiring over 40% of all votes at the general meeting of an issuer to launch a mandatory tender offer (takeover bid) to acquire the shares of the remaining shareholders. The LSC went beyond the literal interpretation of Article 31 of the Law on Securities by opining that the obligation to launch a tender offer will apply even when control is acquired over a majority shareholder which holds more than 40% of all votes at the general meeting of the issuer. Thus, according to this clarification, indirect acquisition of over 40% of all votes at the general meeting of the issuer would also trigger the obligation to launch a mandatory tender offer. Besides, the obligation to launch a mandatory tender offer would apply even if a majority shareholder, whose control is taken over, had already exercised a takeover bid in the past.

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Amendments to Law on Companies to be considered by the Parliament

In December 2007 the Government submitted proposed amendments to the Law on Companies to the Parliament (*Seimas*) for consideration. The amendments are aimed at implementing Directive 2006/68/EC amending Directive 77/91/EC as regards the formation of public limited liability companies and the maintenance and alteration of their capital (the Directive) and at addressing some of the questions that have arisen in practice under the existing law. Laimonas Skibarka, partner of Sorainen Vilnius office, participated in the working group which prepared the proposed amendments to the Law on Companies.

The two most significant novelties proposed in the draft amendments are based on the Directive and relate to relaxation of two notorious rules which were imposed on companies as a result of the Second Company Law Directive (i.e. Directive 77/91/EC). The current wording of the Law on Companies explicitly requires all non-cash contributions for newly-issued shares of a company to be evaluated by an independent expert. The proposed amendments relax the rule by permitting companies not to obtain an expert report where the following assets are contributed as consideration for allotted shares: (i) transferable securities or money market instruments with a certain track record of trading on a regulated market; (ii) assets which have been valued by an expert not less than six months before the date of contribution in accordance with the laws on valuation; and (iii) assets whose value is derived from the audited financial accounts of the previous year.

The second relaxation relates to the possibility for companies to grant financial assistance (i.e. advance funds, make loans, or provide security) for the purpose of acquiring its shares. The blanket ban on granting financial assistance has been

[1] Council Directive 85/611/EEC of 20.12.1985 on the coordination of laws, regulation and administrative provisions relating to undertakings for collective investment in transferable securities.

criticised for being unnecessary and for obstructing viable commercial transactions (especially leveraged buyouts). The proposed amendments would allow financial assistance provided that certain conditions are fulfilled: (i) the decision to grant financial assistance must be adopted at the general meeting of shareholders upon receipt of a report to that effect from the Board; (ii) the transaction must be made on an arm's length basis, (iii) after the transaction the net assets must still exceed the company's own capital; (iv) a special reserve unavailable for distribution must be formed; and (v) a certain level of ownership capital (equity) of the company must be maintained.

In addition to the novelties resulting from implementation of the Directive, it is also proposed to remove the existing prohibition in respect of reducing a company's authorised capital when the company has long-term liabilities.

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RECENT COURT PRACTICE

Lithuanian Supreme Court clarifies issues on execution of shareholders' pre-emption rights in private limited companies

Two recent decisions of the Lithuanian Supreme Court have shed some light on uncertainties related to shareholders' pre-emption rights in private companies as established in Article 47 of the Law on Companies. In its rulings (Lithuanian Supreme Court Decision No. 3K-3-495/2007 dated 19.11.2007 and Lithuanian Supreme Court Decision No. 3K-3-464/2007 dated 14.12.2007) the Supreme Court addressed several important issues:

1. A shareholder who serves a written notice expressing its intention to sell shares in a private company but later decides to change the number of shares offered for sale and/or their price must serve a new written notice with the respectively revised number of shares and/or their price. This principle also applies to notices served by groups of shareholders.

2. The pre-emption right may not be assigned to another person. Only shareholders who hold shares of a private company on the day when a written notice on the contemplated sale of shares is served on the company may exercise their pre-emption right to buy shares offered for sale.

3. The shareholders of a private company retain pre-emption rights even in certain cases when the shares of the company are transferred during enforcement of a court decision. The Supreme Court applied a restrictive interpretation of Article 47 of the Law on Companies which provides that shareholders' pre-emption rights do not apply when shares are transferred under a court decision. According to the Supreme Court, the exemption applies only when shares are sold at public auction, but not when during enforcement of a court decision the shares are sold to a buyer which is offered by the debtor himself (rather than through public auction).

Procedure for forced sale of shares applied in practice

In *UAB Kapitalo valdymo grupe v. UAB Penki kontinentai* (Lithuanian Supreme Court Decision No. 3K-3-483/2007 dated 12.11.2007), the Lithuanian Supreme Court ruled that if a shareholder acts unfairly and unreasonably towards the company and other shareholders, these actions may be qualified as unlawful and give rise to the forced sale of shares. In this case, the Lithuanian Supreme Court stated that continuous conflicts between two shareholders of the company (e.g. a deadlock situation at general meetings, blocking access to information, actions resulting in deterioration of financial status of the company), which were not likely to change in the future, constituted grounds for the forced sale of shares of one of the shareholders (in this case, the respondent) in accordance with Article 2.115 of the Civil Code. This was one of the first important cases where the procedure for forced sale of shares in a private company as provided by the Civil Code was applied in practice. It is also a good example of how shareholders with 50/50 shareholdings in a company without a proper shareholders' agreement may end up in a bitter deadlock and protracted litigation.

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NEWS IN SORAINEN

Sorainen ranked among top 10 in the whole CEE
According to leading M&A intelligence company Mergermarket, Sorainen ranked No. 1 in the league tables of legal advisers in M&A transactions by deal volume in the Baltics and No. 9 by deal volume in the whole CEE region in full year 2007. "This is an outstanding achievement for our M&A team. These rankings mean that Sorainen is not only No. 1 M&A law firm in the Baltics, but is also among the leading regional M&A law firms in the whole CEE. Ahead of us in the league tables are only global law firms who have offices in most major CEE cities", said partner Toomas Prangli, who heads the Sorainen pan-Baltic M&A team.

RECENT DEALS

Acquisition of IKI retail chain
Sorainen is advising Coopernic Alliance in its acquisition of a controlling shareholding in UAB Palink, operator of retail chain IKI. IKI is the second largest retailer in Lithuania with an 18% market share and is also growing fast in Latvia. With its 209 stores generating annual revenues of 635 MEUR, IKI is among the ten largest companies in the Baltics. Coopernic is an alliance of Europe's major independent retailers – REWE Group (Germany), E.Leclerc (France), Colruyt (Belgium), Conad (Italy) and Coop (Switzerland). Coopernic members operate in total 17,559 shops in 18 countries in Europe and have a combined turnover of 101.8 billion euros. This acquisition is one of the largest M&A transactions in Lithuania and the Baltics in 2007-2008 and is expected to complete in the first quarter of 2008. Sorainen's team in this transaction is led by partner Laimonas Skibarka and senior associate Raminta Karlonaite.

Leading role in acquisitions in the insurance market
The second half of 2007 and beginning of 2008 were marked by numerous acquisitions in the Baltic insurance market: two major insurance companies – Seesam Life Insurance SE (operating throughout the Baltics) and ADB RESO Europa (with operations in Lithuania and Latvia) and a major Lithuanian insurance broker company – UADBB Hansa draudimo brokeris were acquired by foreign strategic buyers. Sorainen advised the buyers in all three transactions, which is also a result of close cooperation between our M&A and Insurance teams.

Acquisition of Seesam Life Insurance SE
Sorainen's M&A and Insurance teams are advising Wiener Stadtische Versicherung AG Vienna Insurance Group in its acquisition of 100% shares in Seesam Life Insurance SE from Suomi Mutual Life Assurance Company. Seesam Life Insurance SE operates ten branches in all three Baltic States and provides services for 45,000 clients with a staff of approximately 200 employees. "This transaction is notable also for the fact that it is the first direct acquisition of the shares in a SE (the new European company type) in the Baltics and one of the first in the whole of Europe", says Toomas Prangli, Sorainen's M&A partner in charge of the transaction along with Tomas Kontautas, head of Sorainen's Insurance team.

Allied Irish Banks acquired AmCredit
Sorainen advised Allied Irish Banks (AIB), the largest Irish bank in Ireland, in acquisition of the mortgage finance business AmCredit in Baltics from the Baltic-American Enterprise Fund. This was the largest mortgage finance acquisitions in the Baltics in 2007 and Sorainen was involved in most stages of the transaction, including the legal due diligence, structuring the transaction and up post-closing matters. The transaction included advice on solving complex finance law issues. Sorainen team was led by partners Eva Berlaus-Gulbe, Reimo Hammerberg and senior associate Tomas Kontautas.

Advising Gjensidige Forsikring in acquisition of ADB RESO Europa
The Vilnius office of Sorainen is advising Gjensidige Forsikring, the largest Norwegian non-life insurer, in acquiring 100% of the shares of Insurance Company ADB RESO Europa, a major non-life insurance company in Lithuania which also operates in Latvia. A share purchase agreement was signed by Gjensidige's Latvian subsidiary AS Gjensidige Baltic on 04.01.2008 and it is expected that the transaction will be completed when required regulatory approvals are received.

Advising landmark transaction in the Baltics
Our M&A and real estate teams advised North European financial group SEB in a landmark transaction involving sale and lease-back of SEB's entire property portfolio in the Baltics, which also included sale of shares in certain companies owning the assets. With a value of approx. 200 MEUR, it is the largest and probably most complex real estate transaction in the Baltics to date. The project was led by partners Kaido Loor, Kestutis Adamonis, and Girts Ruda.

Arco Capital acquires Hanseatic Capital
The Sorainen M&A team advised Arco Capital Corporation in its acquisition of Hanseatic Capital from the Baltic-American Enterprise Fund. Arco Capital Corporation is a premiere credit investment platform that serves emerging markets. Hanseatic Capital is a dedicated provider of mezzanine capital to growth-oriented businesses in Estonia, Latvia, and Lithuania, and recently expanded its geographic reach to Poland and Finland. The Sorainen team, led by partners Toomas Prangli and Janis Taukacs, advised in all phases of the transaction regarding Baltic matters.

Acquisition of Latvia's leading electrical wholesalers
One of Finland's leading electrical wholesalers and professional lighting suppliers, Elektroskandia Oy, was advised by Riga office associate Julija Jereneva in its acquisition of three of Latvia's electrical wholesalers: Energo SIA, Baltlauva SIA, and Kolorits SIA. The buyer was advised at all stages of the transactions. With these Latvian acquisitions, Elektroskandia becomes market leader in electrical wholesaling in the region, with estimated joint sales of well over 30 MEUR.

HeidelbergCement Group enters Lithuanian market
In October 2007 HeidelbergCement Group, the leading global building materials producer, acquired a controlling shareholding in UAB Gerdukas, a major cement distributor in Lithuania. The entry of HeidelbergCement into Lithuania is a significant development for the whole building materials industry in Lithuania. In this acquisition HeidelbergCement was advised by Sorainen's Vilnius office team led by partner Laimonas Skibarka and senior associate Raminta Karlonaite.

Asseco acquires Sintagma in Lithuania
Vilnius office team led by partner Laimonas Skibarka and senior associate Raminta Karlonaite advised Asseco Poland S.A. in its acquisition of a majority stake in UAB Sintagma, a major Lithuanian IT company. The transaction was completed in September 2007. Asseco Poland S.A. is the largest IT company in Poland, while the Asseco Group also operates in Slovakia, the Czech Republic, Romania, and Serbia.

EMPLOYEES

Eva Berlaus-Gulbe, Attorney-at-Law with the Riga office has become a partner in Sorainen. Mrs. Berlaus-Gulbe heads the firm's Corporate Advisory pan-Baltic team. Since joining Sorainen in 2000 she has participated as counsel in major cross-border M&A deals in Latvia for both sellers and buyers on behalf of listed and non-listed companies in various business sectors, such as media, utilities, food, construction, property development, energy, consumer finance, and environment. She is a Legal 500 recommended practitioner in Latvia.

Because of their growing workload, the Tallinn team has employed an assistant, **Alla Ivanova**, who will assist the M&A team in their work. Alla graduated in Estonian as a foreign language and Estonian Culture from Tallinn University.

Senior associate Stefano Grace elected to the AmCham Estonia Board of Directors
Stefano M. Grace, senior associate at our Tallinn office, was recently elected to the Board of Directors of the American Chamber of Commerce in Estonia. AmCham Estonia is a non-profit, non-political association of business executives interested in facilitating trade between the United States and Estonia, increasing US investment in Estonia, and developing relationships with suitable business partners locally and internationally.