LIMARKO SHIPPING COMPANY

AB Limarko Laivininkystės Kompanija

Annual accounts
for the year ended 31 December 2006

Contents

Company details

AB Limarko Laivininkystės Kompanija

(hereinafter Limarko Shipping Company AB)

Telephone	+370 46 34 00 01
Telefax	+370 46 34 11 95
Company code	1403 46648
Registered office:	Naujoji Uosto str. 8, LT-92125 Klaipėda, Lietuva

Board of Directors

V.Lygnugaris (Pirmininkas)
I.Uba
E.Bernotas
P. Lawrence
S.Baltuška

Management

V.Lygnugaris (President)

Auditors

KPMG Baltics, UAB

Banks

AB SEB Vilniaus Bankas,
AB Bankas Hansabankas,
AB DnB NORD bankas,
Berenberg Bank.

Management's statement on the annual financial statements

The Management has today discussed and authorized for issue the annual financial statements and the annual report for issue and signed then on behalf of the Company.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. We consider that the accounting policies used are appropriate and that the annual financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union.

Klaipėda, 29 March 2007

Management:

Vytautas Lygnugaris

"KPMG Baltics", UAB Klaipėdos filialas
Šaulių g. 19
LT 92233 Klaipėda
Lietuva/Lithuania

Telefonas +370 46 480012
Telefaksas +370 46 480013
El. paštas klaipeda@kpmg.lt
Internetas www.kpmg.lt

Independent auditor‘s report to the shareholders of Limarko Shipping Company AB

We have audited the accompanying financial statements of Limarko Shipping Company AB, which comprise the balance sheet as at 31 December 2006, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, set out on pages 5-29.

Management‘s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor‘s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view of the financial position of the Company as at 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on legal and other regulatory requirements

Furthermore, we have read the Annual Report for the year 2006 set out on pages 30-64 of the Annual Accounts and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2006.

Klaipėda, 29 March 2007
KPMG Baltics UAB

Stephen Young
Partner

Rokas Kasperavičius
Certified Auditor

Income statement

For the year ended 31 December 2006

In thousand of Litas	**Note**	**2006**	**2005**
Revenue	1	115 673	88 291
Cost of sales	2	-103 368	-65 332
Gross profit		**12 305**	**22 959**
Other operating income, net	3	4 837	6 704
Distribution expenses		-23	-160
Administrative expenses	4	-6 181	-6 368
Operating profit before financing costs		**10 938**	**23 135**
Financial income		5 769	240
Financial expenses		-4 996	-5 007
Net financial costs/income	5	**773**	**-4 767**
Profit before tax		**11 711**	**18 368**
Income tax expense	6	-2 110	-2 973
Profit for the year		**9 601**	**15 395**
Basic earnings per share (Litas)		0.09	0.14
Diluted earnings per share (Litas)		0.09	0.14

The notes set out on pages 9 to 29 form an integral part of these financial statements.

Balance sheet

As at 31 December 2006

In thousand of Litas	Note	2006	2005
Assets			
Property, plant and equipment	7	186 009	145 899
Intangible assets	8	96	122
Other investments	9	331	331
Long term receivable		49	75
Total non-current assets		186 485	146 427
Inventories	10	3 464	3 008
Receivable	11	10 439	13 966
Cash and cash equivalents	12	7 804	5 576
Total current assets		21 707	22 550
Total assets		**208 192**	**168 977**
Equity			
Issued capital		109 451	109 451
Reserves		6 597	6 597
Retained earnings		(5 664)	(15 265)
Total equity	13	110 384	100 783
Liabilities			
Interest-bearing loans and borrowings	14	66 149	45 197
Deferred tax liabilities	15	6 400	6 198
Total non-current liabilities		72 549	51 395
Interest-bearing loans and borrowings	14	13 168	7 608
Trade and other payables	16	12 091	9 191
Total current liabilities		25 259	16 799
Total liabilities		97 808	68 194
Total equity and liabilities		**208 192**	**168 977**

The notes set out on pages 9 - 29 form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2006

In thousand of Litas	Note	2006	2005
Cash flows from operating activities			
Profit before tax		11 711	18 368
Adjustments for:			
Depreciation	7	16 825	12 380
Amortization	8	66	55
Gain on sales of non-current assets	3	-4 520	-6 482
Written off non-current assets		7	4
Investment income	5	0	-22
Interest expense, net	5	4 635	1 544
Net cash from ordinary activities before any changes in working capital		28 724	25 847
Change in inventories		-456	-1 775
Change in debtors		3 553	-7 598
Change in trade and other payables		992	1 137
Net cash generated from ordinary activities		32 813	17 610
Net interests paid / received		-4 635	-1 344
Net cash from operating activities		28 178	16 266
Cash flows from investing activities			
Acquisition of tangible non-current assets	7	-61 502	-53 548
Acquisitions of intangible non-current assets	8	-40	-75
Proceeds from sale of tangible non-current assets	3	9 080	20 916
Dividends received		0	22
Net cash from investing activities		-52 462	-32 684
Cash flows from financing activities			
Proceeds from borrowings		46 949	38 499
Repayment of borrowings		-13 631	-28 740
Payment of finance lease liabilities		-71	-67
Net cash from financing activities		33 247	9 692
Effects of exchange rate changes on monetary items		-6 735	4 851
Effects of exchange rate changes on monetary items		-6 735	4 851
Net decrease in cash and cash equivalents		**2 228**	**-1 875**
Cash and cash equivalents at1 January		**5 576**	**7 450**
Cash and cash equivalents at 31 December		**7 804**	**5 576**

The notes set out on pages 9 to 29 form an integral part of these financial statements

Statement of changes in equity

In thousand of Litas	Note	Share capital	Legal reserve	Retained earnings	Total equity
At 1 January 2005		109 451	6 597	-30 660	85 388
Net profit for 2005				15 395	15 395
At 31 December 2005		109 451	6 597	-15 265	100 783
At 1 January 2006		109 451	6 597	-15 265	100 783
Net profit for 2006				9 601	9 601
At 31 December 2006	13	**109 451**	**6 597**	**-5 664**	**110 384**

The notes set out on pages 9 to 29 form an integral part of these financial statements.

Notes to the financial statements

Significant accounting policies

Limarko Shipping Company AB (the "Company") is a company domiciled in Lithuania. The Company is involved in transportation of cargo by sea transport (vessels).

The major shareholder of the Company is UAB Limarko, a company incorporated in Lithuania, which owns 91.07% of the share capital. The ordinary shares of the company are listed on the Vilnius Stock Exchange.

The financial statements were authorised for issue by the directors on 29 March 2007.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

Basis of preparation

The financial statements are presented in Litas, the legal currency of Lithuania and considered to be the functional currency of the company, and are prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value, from accounting records maintained in accordance with Lithuanian laws and regulations.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the note on property, plant and equipment.

Determination of fair values

A number of the Company's accounting policies and disclosures require determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Notes to the financial statements

Investments in debt and equity securities

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date, if available. If not available available-for-sale financial assets are carried at cost less impairment losses.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivative financial instruments

The company does not use derivative financial instruments and hedge accounting.

Other financial instruments

Loans and receivables are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment, if any. Short-term receivables are not discounted.

Foreign currency

Transactions in foreign currencies are translated to Litas at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Litas at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Property, plant and equipment

Items of property, planned and equipment, including assets under finance lease terms, are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor costs and an appropriate proportion of production overheads.

Leases under the terms of which the Company assumes substantially all the risks and rewards of the ownership are classified as finance leases. The owner-occupied property acquired by way of a finance lease is stated at the present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses.

Notes to the financial statements

Significant accounting policies (continued)

The Company recognises in the carrying amount of an item of tangible non-current assets the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the costs of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Costs incurred during regular inspections of vessels are recognised in the carrying amount of the vessels as a replacement. Any remaining carrying amount of the cost of previous inspection is derecognized.

Component accounting is not considered appropriate for vessels.

The base for depreciation property, plant and equipment is cost less expected residual value

Depreciation is charged to the income statement on own assets and assets leased under finance lease terms on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment until it reaches estimated residual value..

The estimated useful lives are as follows:

Land and buildings	11-44 years
Ships and other transport vehicles	4-16 years
Capitalised dry docking expenses	3 years
Other non-current assets	2-7 years

Useful lives, residual values and depreciation methods are reassessed annually.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the lease asset is recognised an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the assets leased are not recognised in the Company's balance sheet.

When preparing the financial statements for 2005 the Company applied IFRIC 4 "Determination of lease elements in a transaction", which is obligatory for accounting periods as of 1 January 2006.

Notes to the financial statements

Significant accounting policies (continued)

Intangible assets

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of 3-4 years.

Investments

Investments, held by the company are classified as being available-for-sale. Due to an inability to determine the fair value of investments, investments are stated at cost les impairment, if any.

Trade and other receivables

Trade and other receivables are stated at their amortised cost less an allowance for estimated doubtful amounts.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank, including call deposits.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable.

Notes to the financial statements

Significant accounting policies (continued)

Whenever such indication exists or when it is required to test for impairment, the Company calculates the recoverable amount of the assets. The recoverable amount is the greater of the net selling price and the value in use. The recoverable amount is estimated for individual assets, except for cases when the asset does not generate any cash flows not dependent on other assets or asset groups. When the carrying amount of an asset exceeds its recoverable amount, the value of the asset is impaired and is decreased to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the income statement under those costs items which are related to the activity of the impaired asset.

At each balance sheet date the Company estimates whether there is any indication that the previously recognised impairment no longer exists or is decreased. If such indication exists, a recoverable amount is estimated. Impairment losses recognised in prior years are reversed only upon the change of estimates which were used for determination of the recoverable amount, compared to the last recognitiont of the impairment. In this case the carrying amount of the asset is increased up to its recoverable amount. The increased value cannot exceed the recoverable amount after estimation of depreciation, which would have been if no impairment had been previously recognised. Such a reversal is recognised in the income statement unless the asset is accounted for at a revalued value and the reversal, in this case, would be recognised as an increase of revaluation. Subsequent to such reversal the depreciation rate (if such applied) is adjusted so that in the future the difference between the reversed carrying amount and the residual value would be distributed over the remaining useful lifetime of the asset.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest rate method.

Notes to the financial statements

Significant accounting policies (continued)

Trade and other payables

Trade and other payables are measured at amortized cost, if under short term then measured at cost.

Revenue

Revenue from sales of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Vessel charter contracts are recognized as turnover according to the percentage of completion method. The stage of completion is assessed by reference of surveys performed.

Cost of goods sold and services rendered

Cost of sales include depreciation, wages and salaries and other operating costs incurred in order to obtain the turnover for the year.

Repair expenses of the vessels in connection with regular inspection are capitalised as a part of the asset concerned and amortised during the period of 3 years. Other repair and maintenance expenses of the vessels are recognised as expenses in the year they occur.

Distribution and administrative expenses

Distribution and administrative expenses comprise expenses of administrative staff, management, office expenses, etc. including depreciation and amortisation.

Other operating income and charges

Other operating income and charges comprise gains and loses from sale of vessels and other non-current assets and other items, which are not directly related to the primary activities of the company.

Financial income and expenses

Financial income and expenses comprise interest receivable and payable, realised and unrealised exchange gains and losses regarding debtors and creditors denominated in foreign currencies.

Notes to the financial statements

Significant accounting policies (continued)

Interest income is recognised in the income statement as it accrues. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year using applicable tax rates and calculated in accordance with Lithuanian tax legislation.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in a foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Subsequent events

Events subsequent to the year end that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

Notes to the financial statements

Significant accounting policies (continued)

New Standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these financial statements:

- IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Company's 2007 financial statements, will require extensive additional disclosures with respect to Company's financial instruments and share capital.
- IFRS 8 Operating Segments (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has not yet completed its analysis of the impact of the new Standard.
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.
- IFRIC 8 Scope of IFRS 2 Share-based Payment addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Company's 2007 financial statements, with retrospective application required. IFRIC 8 is not relevant to the Company's operations as the Company has not entered into any share-based payment arrangements.
- IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9 becomes mandatory for the Company's 2007 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.
- IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Company's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 January 2004). The adoption of IFRIC 10 is not expected to have any impact on the consolidated financial statements.

Notes to the financial statements

Significant accounting policies (continued)

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent, should be accounted for as cash-settled or equity-settled in the entity's financial statements. IFRIC 11 is not relevant to the Company's operations as the Company has not entered into any share-based payments arrangements.
- IFRIC 12 Service Concession Arrangements (effective from 1 January 2008). The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Company's operations.

Notes to the financial statements

1. Revenue

In thousand of Litas	2006	2005
Pool operations	37 104	49 829
Voyage charter operations	68 960	31 570
Time charter operations	8 670	5 213
Demurrage	939	1 679
Total revenue	**115 673**	**88 291**

As at 31 December 2006 the Company owned 13 reefer ships, one container ship and chartered one dry cargo ship.

During the year 2006 the Company operated 8 ships in pool operations. One of these vessels was sold during 2006 (see note 7).

7 ships were chartered for separate voyages, including one vessel, which was chartered from a related company. 2 of these vessels were acquired during 2006.

Two ships were chartered according to time charter contracts – one during full year 2006, another for 5 months only.

2. Cost of sales

In thousand of Litas	2006	2005
Fuel	26 469	10 108
Crew costs	21 372	17 594
Depreciation	16 612	12 140
Repair and maintenance of vessels	14 484	8 908
Port dues	6 959	3 992
Insurance	5 638	4 134
Commissions	4 313	2 165
Lubricating oil	3 185	2 006
Other costs	4 336	4 285
	103 368	**65 332**

Notes to the financial statements

3. Other operating income

In thousand of Litas	2006	2005
Revenue from sale of non-current assets	9 080	20 916
Cost of sold non-current assets	-4 560	-14 434
Net revenue from sale of non-currents assets	4 520	6 482
Other operating income, net	317	222
	4 837	**6 704**

During the year 2006 the Company sold one vessel and an administrative building.

4. Administrative expenses

In thousand of Litas	2006	2005
Staff costs	3 338	3 649
Business trips	427	375
Depreciation and amortization	279	295
Communication	279	208
Financial, legal advisory	238	266
Explotation and maintenance of real estate	204	92
Learning/qualification improvement	193	205
Other costs	1 223	1 278
	6 181	**6 368**

5. Net financial costs / income

In thousand of Litas	2006	2005
Financial income		
Dividends received		22
Penalties	62	61
Interest	339	157
Currency exchange rate gain	5 368	0
Total financial income	5 769	240
Financial expenses		
Currency exchange rate loss	-4 974	-1 701
Interest	-22	-13
Other		-3 293
Total financial costs	-4 996	-5 007
	773	**-4 767**

Notes to the financial statements

6. Income tax expense

Recognised in the income statement

In thousand of Litas	2006	2005
Current tax expense	-1 908	0
Deferred tax expense	-202	-2 973
Total income tax expense in income statement	**-2 110**	**-2 973**

Deferred tax liabilities arise due to a difference in the carrying amounts of property, plant and equipment for financial and tax purposes. Deferred tax assets arise due to the availability of taxable losses carried forward (see note 15).

Reconciliation of effective tax rate

In thousand of Litas	2006		2005	
Profit before taxation		11 711		18 368
Profit tax using tax rate defined by Profit tax law	19%	2 225	15%	2 755
Tax effect of non-deductable expenses	12%	1 384	6%	1 117
Tax effect of non-taxable income	-10%	-1 199	-6%	-1 014
Effect of tax rate change	-3%	-300	1%	115
		2 110		**2 973**

A new provisional Law on Social Tax came into effect, which will be valid only from 1 January 2006 to 31 December 2007. According to the law, social tax payers are defined as entities that are obliged to pay profit tax according to the Law of Profit Tax. The taxable base for this additional tax is taxable profit defined in the Law of Profit Tax. The tax rate is 4% in 2006 and 3% in 2007. In such a case, generally the taxable profit is subject to 19% rate for 2006 and shall be subject to 18% rate for 2007.

Notes to the financial statements

7. Property, plant and equipment

In thousand of Litas	Land and buildings	Vessels and cars	Other assets	Under construction, advance payments	Total
Cost					
Balance at 1 January 2005	4 204	162 747	908	3 180	171 039
Acquisitions		53 425	123	0	53 548
Disposals		-26 413	-56	-3 180	-29 649
Balance at 31 December 2005	4 204	189 759	975	0	194 938
Balance at 1 January 2006	4 204	189 759	975	0	194 938
Acquisitions	400	57 819	175	3 108	61 502
Disposals	-1 706	-12 098	-152	0	-13 956
Balance at 31 December 2006	2 898	235 480	998	3 108	242 484
Depreciation and impairment losses					
Balance at 1 January 2005	1 487	49 793	589	0	51 869
Depreciation charge for the year	96	12 129	154	0	12 379
Disposals	0	-15 167	-42	0	-15 209
Balance at 31 December 2005	1 583	46 755	701	0	49 039
Balance at 1 January 2006	1 583	46 755	701	0	49 039
Depreciation charge for the year	93	16 573	159		16 825
Disposals	-759	-8 485	-145		-9 389
Balance at 31 December 2006	917	54 843	715	0	56 475
Carrying amounts					
At 1 January 2005	2 717	112 954	319	3 180	119 170
At 31 December 2005	2 621	143 004	274	0	145 899
At 1 January 2006	2 621	143 004	274	0	145 899
At 31 December 2006	1 981	180 637	283	3 108	186 009

In column Under construction, advance payments reflects the 3 180 tLTL advance payment for acquired ship in 2007

Security

As at 31 December 2006, ships with the carrying amount of 132 749 tLTL are pledged to secure bank loans (see note 14).

Leased transport vehicles

The Company leases several transport vehicles under finance lease agreements. At 31 December 2006, the net book value of the leased assets was 5 tLTL (2005: 77 tLTL). Lease obligations are secured by the leased assets (see Note 14).

Depreciation

Depreciation is recognised in the following line items in the income statement:

In thousand of Litas	2006	2005
Cost of sales	16 612	12 140
Other operating expenses	213	239
	16 825	**12 379**

Notes to the financial statements

8. Intangible assets

In thousand of Litas	Software	Total
Cost		
Balance at 1 January 2005	135	135
Acquisitions	75	75
Balance at 31 December 2005	210	210
Balance at 1 January 2006	210	210
Acquisitions	40	40
Disposals	-3	-3
Balance at 31 December 2006	247	247
Amortisation and impairment losses		
Balance at 1 January 2005	33	33
Amortisation for the year	55	55
Balance at 31 December 2005	88	88
Balance at 1 January 2006	88	88
Amortisation for the year	66	66
Disposals	-3	-3
Balance at 31 December 2006	151	151
Carrying amounts		
At 1 January 2005	102	102
At 31 December 2005	122	122
At 1 January 2006	122	122
At 31 December 2006	96	96

9. Investments

In thousand of Litas	2006	2005
Available-for-sale investments	331	331
	331	**331**

Available-for-sale investments include 20% of the shares of Alpha Reefer Transport GmbH. Alpha Reefer Transport GmbH is the company, through which Limarko Shipping Company AB earns pool revenue.

Although the Company has 20% investment in Alpha Reefer Transport GmbH, it does not have representation in the Board and management and, therefore, does not exercise significant influence. Accordingly, it is not treated as an associated entity under IFRS.

Notes to the financial statements

10. Inventories

In thousand of Litas	2006	2005
Raw materials and consumables	191	70
Fuel	2 472	2 202
Lubricating oil	871	806
	3 534	3 078
Allowance for slow moving inventory	-70	-70
	3 464	**3 008**

11. Receivable

In thousand of Litas	2006	2005
Trade receivable	7 240	6 083
Prepayments	310	5 347
Deferred expenses	2 482	2 286
Other receivable	407	250
	10 439	**13 966**

The majority of deferred expenses comprise prepaid insurance expenses.

12. Cash and cash equivalents

In thousand of Litas	2006	2005
Bank balances	7 723	5 524
Cash in hand	81	52
	7 804	**5 576**

As at 31 December 2006 the Company has 2 904 thousand USD in the current account and as cash in hand.

Notes to the financial statements

13. Share capital

As at 31 December 2006, the authorised share capital, issued and fully paid, comprised 109 450 664 ordinary shares at a par value of Litas 1 each.

Holders of ordinary shares are entitled to one vote per share in the meeting of the Company and are entitled to receive dividends as declared from time to time and to residual assets.

The shareholders at the balance sheet date were as follows:

	Paprastosios akcijos	**Nuosavybė**
UAB Limarko	99 671 379	91%
Other minority shareholders	9 779 285	9%
	109 450 664	**100%**

The shares are listed in Vilnius Stock Exchange.

Legal reserves

Under Lithuanian legislation, an annual allocation to the legal reserve should amount to at least 5% of the net profit until the reserve makes up 10% of the share capital. The reserve cannot be distributed.

Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year:

	2006	**2005**
Average weighted number of shares in issue	109 450 664	109 450 604
Net result for the year, in thousand Litas	9 601	15 395
Earning per share, in Litas	0.09	0.14

The Company has no convertible shares or diluted potential shares and, therefore, basic and diluted earnings per share are the same.

Notes to the financial statements

14. Interest-bearing loans and borrowings

The company's interest-bearing loans and borrowings are as follows:

Lending institution	Ref	Principal amount	Balance 2006 12 31	Balance 2005 12 31
AB "SEBVilniaus bankas"	a)	5 600 tUSD	10 521	13 969
AB "SEBVilniaus bankas"	b)	6 000 tEUR	18 127	20 717
AB "SEBVilniaus bankas"	c)	6 200 tUSD	13 941	18 043
AB "Hansabankas"	d)	16 281 tUSD	36 723	
"Nordea Finance Leasing"	e)		5	76
Total liabilities			79 317	52 805
Less: current portion			-13 168	-7 608
Total long term portion of net liabilities			**66 149**	**45 197**

Interest rates for the loans are variable and relate to LIBOR, varying from LIBOR+0.8% to LIBOR+1.35%.

a) The loan was received to finance the acquisition of the vessel "Andromeda". The loan should be repaid by 31 December 2011 in quarterly payments. The loan is secured by pledging the vessel "Andromeda".

b) The loan was received to finance the acquisition of the vessel "Serenada". The loan should be repaid by 11 August 2012 in quarterly payments. The loan is secured by pledging the vessel "Serenada".

c) The loan was received to finance the acquisition of the vessel "Libra". The loan should be repaid by 23 October 2012 in quarterly payments. The loan is secured by pledging the vessel "Libra".

d) The loan was received to finance the acquisition of the vessels "Pluto" and "Uranus". The loan should be repaid by 3 January 2013 in quarterly payments. The loan is secured by pledging the vessels "Pluto", "Uranus" and "Astra".

e) Liabilities to Nordea Finance Leasing comprise leasing of one transport vehicle.

The effective interest rate for the period was between 4% and 6% per annum.

Notes to the financial statements

Finance lease liabilities

Finance lease liabilities are payable as follows:

In thousands of Litas	Minimum lease payments 2006	Interest 2006	Principal 2006	Minimum lease payments 2005	Interest 2005	Principal 2005
Less than one year	5	0	5	72	1	71
Between one and five years				5	0	5
More than five years						
TOTAL	**5**	**0**	**5**	**77**	**1**	**76**

Terms of the lease agreements do not include any contingent rent payment.

15. Deferred tax assets and liabilities

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items calculated at a rate of 18% (2005 : 19%):

In thousand of Litas	Assets		Liabilities		Net	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Property, plant and equipment	0	0	6 505	6 794	6 505	6 794
Tax value of tax loss carry-forwards recognised	0	-583	0	0	0	-583
Provisions	-105	-13	0	0	-105	-13
Tax (assets) / liabilities	**-105**	**-596**	**6 505**	**6 794**	**6 400**	**6 198**

The difference in tax and financial values of property plant and equipment arose due to faster depreciation for tax purposes. Moreover, dry docking repair costs are capitalised and depreciated over a period of 3 years in the financial statements. However, for calculation of the taxable income the dry docking costs are expensed in the period of acquisition.

16. Trade and other payables

In thousand of Litas	2006	2005
Trade payable	6 046	6 105
Amounts received in advance	924	0
Remuneration payable	3 177	2 499
Other payable	1 944	587
	12 091	**9 191**

Notes to the financial statements

17. Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the company's business.

Credit risk

Management has a credit policy in place, and the exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there were no significant concentrations of credit risk.

Foreign exchange risk

The Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Litas or euro (Lithuanian Litas is linked to euro at a fixed rate equal 3.4528 LTL / EUR).

As at 31 December 2006, the Company held the following position in foreign currencies:

	USD	RUB	EUR	GBP	DKK	JPY	SEK	ZAR	NOK	SGD	LTL
Prepayments	10 000	610 000	19 167			2 967 985					90 835
Trade amounts receivable	2 660 129		67 438								9 866
Other amounts receivable	48 109		22 010	42							146 460
Current account	2 895 167		6 521								84 879
Cash	8 723		7 320								32 696
Financial liabilities	-23 262 773		-5 250 000								
Trade payables	-1 240 954		-530 249	-18 234	-41 653	-8 088 106	-60 419	-304 714	-4 305	-9 273	-521 320
Amounts received in advance	-325 967		-19 156								
	-19 207 567	610 000	-5 676 949	-18 192	-41 653	-5 120 121	-60 419	-304 714	-4 305	-9 273	-156 585

The position in foreign currencies is translated into Litas at the exchange rate ruling at the balance sheet date.

Interest rate risk

Company's financial liabilities are subject to variable interest rates, related to LIBOR varying from LIBOR+0.8% to LIBOR+1.35%.

18. Contingencies and capital commitments

At 27 December 2006, at the Extraordinary General Meeting the shareholders of Limarko laivininkystės kompanija decided to approve the purchase of bareboat chartered motor vessel "Siuita". The purchase agreement was concluded on 22 March 2007.

Notes to the financial statements

19. Related parties

Limarko Shipping Company AB is a subsidiary of UAB Limarko, which owns 91.07% of the share capital.

UAB Limarko Jūrų Agentūra is a subsidiary of UAB Limarko too.

Related party transactions are as follows:

	31 December 2006			31 December 2005		
In thousand of Litas	**Receivable**	**Payable**	**Advance payment**	**Receivable**	**Payable**	**Advance payment**
UAB "Limarko"	0	37	3 108	0	0	0
UAB "Limarko jūrų agentūra"	0		0	0	0	0
	0	**37**	**3 108**	**0**	**0**	**0**

	Year 2006		Year 2005	
In thousand of Litas	**Sales**	**Purchases**	**Sales**	**Purchases**
UAB "Limarko"	1	4 804	629	5 232
UAB "Limarko jūrų agentūra"	16	266		
	17	**5 070**	**629**	**5 232**

Remuneration to management is included in "staff costs" of administrative expenses (see note 4):

In thousand of Litas	2006	2005
Management remuneration	1 056	1 189
	1 056	**1 189**

Loans outstanding, granted to the management, are recorded as long-term receivable and are as follows:

In thousand of Litas	2006	2005
Loans to management	49	75
	49	**75**

All related party transactions are carried out on an arm's-length basis.

20. Subsequent events

On 9th of February 2007 Limarko Shipping Company AB has completed the purchase of the m/v Capella. The vessel was built in Japan in 1993. Its maximum performing speed is 18 knots, 134 m in length vessel and is capable of carrying 3,450 standard euro-pallets. The m/v Capella can carry fruits, vegetables, frozen or perishable food products.

The acquisition of the vessel was financed by AB Bankas Hansabankas. The loan amounts to 11 284 tUSD and should be repaid by 31 December 2013.

Notes to the financial statements

21. Segment reporting

The Company operates exclusively in the international shipping market and accordingly neither geographical or business segment reporting is appropriate. Revenue from reefer vessels comprises more than 91,5% of the total revenue in 2006. The revenue split is presented in note 1.

LIMARKO LAIVININKYSTĖS KOMPANIJA

Annual Report for the year 2006

Klaipėda, March 2007

1. The reporting cycle for which the annual report was drawn up

The annual report was drawn up for the year 2006; all numbers were presented are as of 31 December 2006, unless otherwise indicated. In the report AB "Limarko Shipping Company" may be designated as Enterprise, Company or Issuer.

2. Issuer and its contact information

Issuer name:	AB "Limarko Shipping Company"
Legal and organizational form:	Public Limited Liability Company
Authorized capital:	109,450,664 LTL
Date and place of registration:	9 September 1991, Board of Klaipėda City
Registration certificate:	No. AB 95 - 114
Company code:	140346648
VAT payer's code:	LT403466412
Enterprise register:	Register of Legal Persons of the Republic of Lithuania
Office address:	Naujoji Uosto str. 8, LT-92125 Klaipėda, Lithuania
Telephone number:	8 46 340001
Fax number:	8 46 341195
E-mail address:	info@limarkoshipco.lt
Website address:	www.limarko.lt

3. The Nature of the Issuer's Main Activity

The main activity of AB "Limarko Shipping Company" is transportation of cargo by water (sea) transport. In previous years the Company was mainly operating in the market of frozen sea cargo transportation. On 17 November 2004 the General Shareholders Meeting resolved to expand the fleet by acquiring dry-cargo vessels. The main activity of AB "Limarko Shipping Company" became split into two fields: transportation of frozen and dry sea cargo.
The Company may engage in other activities provided for in the Articles of Association.

4. Agreements with Intermediaries of Public Trading in Securities

On 29 April 2003 the Company signed the Issuer's Service Agreement with the bank AB SEB "Vilniaus bankas", represented by the Department of Finance Markets, located at the address Gedimino pr. 12, Vilnius, tel. (8 5) 268 2687, fax (8 5) 262 6043.

5. Information about trading in the Issuer's securities on regulated markets

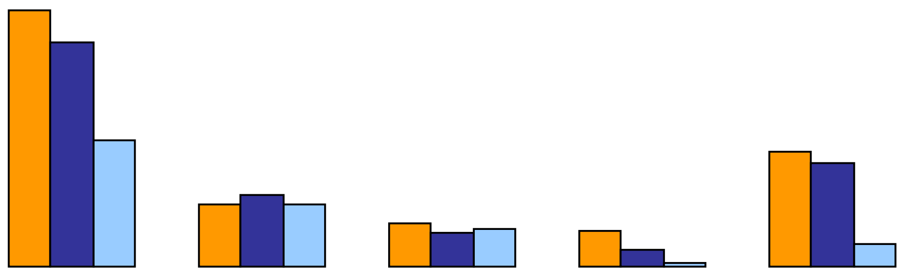
On 22 May 2000 the Issuer's shares were admitted to the lists of Vilnius Stock Exchange. Presently the VSE Current List of trading contains 109,450,664 ordinary registered shares of AB "Limarko Shipping Company" at par value of one LTL each. The ISIN code of these securities is LT0000119646.

6. The objective review of the Company's state, activity performance and development; the description of the main risk types and uncertainties encountered by the enterprise

On 31 December 2006 the Enterprise's fleet consisted of 13 own reefer-vessels, one container vessel "Serenada" and a chartered dry-cargo vessel.

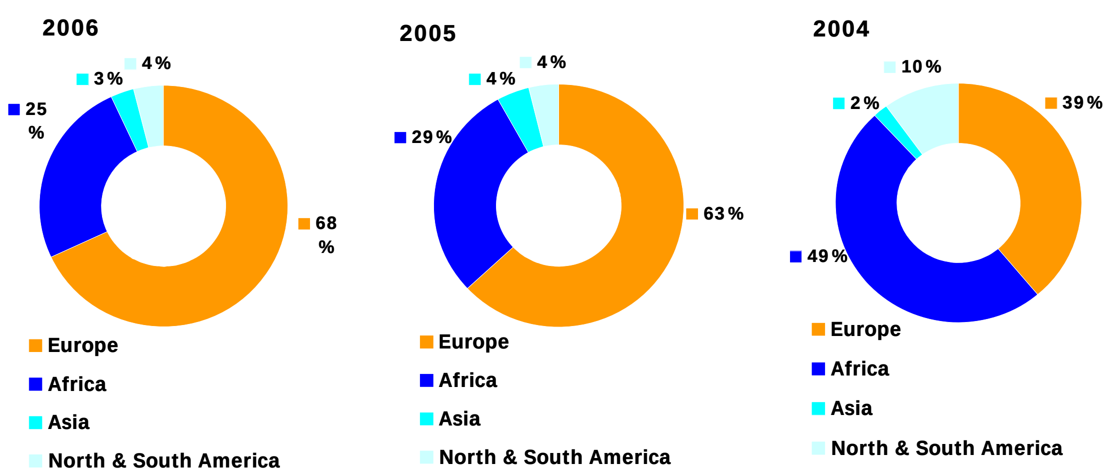
In January 2006 AB "Limarko Shipping Company" acquired two sister motor vessels "Pluto" and "Uranus", and sold motor vessel "Orionas" in summer. In 2006 total investments in the modernization of the fleet exceeded the level 57 million LTL.

In 2006 AB “Limarko Shipping Company” had transported 643 thousand tons of cargo in total, whereof 55 percent were accounted for by frozen or chilled food products, and the remaining 45 percent were accounted for by dry cargo. On the year over year basis the amount of cargoes transported by the Enterprise had increased by 14 percent:



	TOTAL	Frozen fish	Meat and poultry	Fruit and vegetables	Dry cargo
2006	643,252	156,254	109,959	90,054	286,985
2005	564,682	178,276	86,117	41,641	258,648
2004	315,043	155,442	94,005	10,207	55,389

The main operation regions of the vessels controlled by the Company remain the continents of Europe and Africa, which respectively accounted for 68 and 25 percent of all transported cargoes. Transportations in the region of North and South America constituted 4 percent, while in Asia 3 percent of all transportations:



In the spring of 2006 in the United Kingdom there was founded the company “Limarko UK Limited”. Its objective is to increase the sales and further strengthen the Enterprise’s positions in the reefer market.

Risk factors related to the Issuer's activity:

Economic risk factors. The vessels of AB "Limarko Shipping Company" are operating in the international market of sea cargo transportation, and the quality of its rendered services conforms to the international requirements. Upon evaluation of the Enterprise's competitiveness it may be asserted that the potential of employees and vessels in possession allow at present to successfully operate in this market; nevertheless, in order to maintain the competitiveness of our services in the future, it is indispensable to pay attention to the renewal of the fleet, the implementation of which is sought by selling old vessels that require large operation costs and by acquiring newer ones.

The Enterprise's services realization volume depends on the situation in the international market. It is not dependant on monopoly consumers.

Procurement opportunities – of raw materials, consumables, manufacturing areas, workforce and financial resources – are unlimited. Raw materials and services are bought from diverse suppliers; consequently, the Company is not dependant on particular suppliers.

In the market of frozen cargo transportation there exists the influence of seasonality, which manifests itself in the decrease of transportation prices in the summer season.

Political risk factors. The main political risk factor is the frequent alteration of laws and other normative acts effective in the Republic of Lithuania that regulate the commercial and economic activity of enterprises. This hampers the planning of a long-term company activity strategy. This factor is characteristic of the activity of practically all enterprises in Lithuania.

A positive factor is the fact that according to the nature of its activity the Company's relations with companies from other countries are also regulated by the norms of the international maritime law, which are stable.

Although in the year 2006 the European Commission permitted Lithuania to use the privilege of replacing the profit tax of shipping enterprises by a tonnage tax for ten years period, however, no law amendments confirming the same have been adopted. There is an expectation that amendments to the Law on Profit Tax will be adopted and shall come into force and effect retroactively from the beginning of January 2007. Then, already for the year 2007 shipping enterprises could pay a tonnage tax.

Social risk factors. The average salary in the Enterprise exceeds the average salary in Lithuania, and there are no problems concerning the payment thereof. Part of the Enterprise's employees belongs to the trade-union of AB "Limarko Shipping Company".

Technical-technological risk factors. The technical condition of the Enterprise's vessels is supervised by classification companies authorized by the national supervisory authority in charge of the technical condition of vessels. These companies certify that vessels conform to the international standards for the technical condition of vessels, that they may be operated and that no obstacles are applied to them in ports. The Enterprise's vessels undergo scheduled maintenance works, as well as dock repair works every 2-3 years in ship-repair enterprises in Lithuania and abroad.

Ecological risk factors. According to the nature of its activity, the Company releases no pollution into the environment; therefore, no fines for environment pollution had to be paid. There is no possibility of suspending the Company's activity due to the negative impact on the environment.

The main ecological risk factor is related to the operation of the Company's vessels – there exists a possibility that the negative impact on the environment may be done in the case of a vessel's incident. However, the Company's vessels are insured in respect of incidents and consequences thereof, so in these cases the damage to the environment would be indemnified and fines would be paid by the insurance company, and such incidents and consequences thereof would have no impact on the Company's financial status.

7. Analysis of financial and non-financial activity results

In the year 2006 the turnover of AB "Limarko Shipping Company" amounted to 115.7 million LTL and was by 31 percent larger than in the year 2005, when the Enterprise's turnover was 88.3 million LTL. The Enterprise's net profit in the year 2006 amounted to 9.6 million LTL.

The main financial results of AB "Limarko Shipping Company":

LTL	2006	2005
Income	115,673,241	88,290,584
EBITDA	22,991,925	28,865,526
EBITDA margin	*19.9%*	*32.7%*
EBIT	6,101,325	16,430,932
EBIT margin	*5.3%*	*18.6%*
Net profit (loss)	9,601,256	15,395,273
Net profit (loss) margin	*8.3%*	*17.4%*
Equity	110,384,776	100,783,519
Financial debts	79,317,601	52,805,061
Total assets	208,191,933	168,977,753
Efficiency indicators:		
Return on assets, ROA	4.6%	9.1%
Return on equity, ROE	8.7%	15.3%
Return on investment/Return on capital employed, ROCE	5.1%	10.0%

Although in the year 2006 the Company's income increased by 31 percent, still its activity, like that of all other shipping enterprises operating in the transportation market, was negatively influenced by high fuel prices and weak US dollar. These causes as well as the scheduled maintenance works of the majority of the fleet during the year 2006 had influence over the Company's profitability indicators. On the other hand, fuel prices that decreased at the end of 2006, favourable natural conditions and positive trends in the market at the beginning of the current year allow for a positive evaluation of the year 2007.

Total investments in the modernization of the fleet in 2006 exceeded the level of 57 million LTL. The Enterprise is planning investments in the vessels in accordance with the long-term company fleet renewal and expansion strategy, covering the period up to the year 2010. Concrete decisions depend on the situation in the world market. Currently in the global market of frozen cargo transportation there prevail favourable trends for vessel owners. The market of fruit, vegetables, frozen and chilled food products transportation is growing every year by 4 percent on the average, while the number of reefer vessels operating in the international market practically is not changing.

Market experts forecast that this ratio between the demand and supply of reefer vessels that is favourable for vessel owners will remain in the proximate years.

On 31-12-2006 the Company employed 430 employees, whereof 390 worked in the fleet and 40 in the administration.

In implementing the human resources policy, the Company is seeking to continuously enhance the qualification of the Company employees. The Company employees participated in intensive English courses organized by the Lithuanian Ship Owners Association – the implementation of the project "Qualification and Skills Improvement for Employees of Members of the Lithuanian Ship Owners Association" was completed. During the project 170 employees of Limarko Group participated in English courses.

In the year 2006 the Enterprise had further carried on an active social activity. For the second year in turn it supported the participation of the yacht "Lietuva" in the regatta "The Tall Ships' Races". It traditionally sponsored Klaipėda Sea Festival, Klaipėda Rowing Sport Centre, Lithuanian State Symphony Orchestra, and Klaipėda Castle Jazz Festival. By being a socially responsible Company, AB "Limarko Shipping Company" rendered assistance to Juozas Karosas Music School, to Liudvikas Stulpinas Basic School and to the community of large families.

8. References and additional explanatory notes regarding the data presented in the annual financial accountability

All financial data provided in this annual report are calculated according to the International Financial Accountability Standards and audited, unless indicated otherwise.

The Company's auditor – UAB "KPMG Baltics".

9. Information about own shares acquired and owned by the enterprise

During the reporting cycle the Company had acquired none of its own shares.

10. Material events since the close of the previous financial year

On 9 February 2007 AB "Limarko Shipping Company" acquired motor vessel "Capella". The motor vessel was built in 1993 in Japan. The maximum vessel speed is 18 knots. The vessel of 134 metres in length is designed for carriage of 3,450 standard Europalettes. Motor vessel "Capella" may carry fruit, vegetables, frozen or perishable food products (meat, fish). After completing the vessel acquisition deal, the total capacity of the refrigerators controlled by the Enterprise has increased by the tenth and now amounts to 4 million cubic feet.

11. Plans and forecast for the enterprise's activity

Considering the trends in the international market, in the year 2007 the Company is planning to earn about 12 million LTL of pre-tax profit and reach the turnover of 140 million LTL.

In the year 2007 approximately 70 million LTL are intended to be invested in the modernization of the fleet. In February of the current year the motor vessel "Capella" was already acquired. Given favourable conditions for the acquisition of vessels as well as an optimum ratio between the price and the quality, it is planned to acquire one more reefer-vessel and one dry-cargo vessel or a container vessel during this year.

12. The Issuer's Authorized Capital Structure

On 31 December 2006 the Enterprise's authorized capital constituted 109,450,664 ordinary registered shares at the par value of 1 LTL each.

The company shareholders have the following property rights:

1) To receive a share of the Company's profit (dividend);
2) To receive a share of assets of the Company under liquidation;
3) To obtain shares gratuitously if the authorized capital is being increased from the Company's funds, excluding exceptions established by the Law on Companies;
4) To acquire, with the right of priority, any shares issued by the Company or convertible bonds, unless the General Meeting resolves to revoke this right for all shareholders;
5) To devise all or part of shares to one or more persons;
6) To assign all or part of shares to other persons by the right of ownership;
7) To lend money in favour of the Company;
8) Other property rights established by the Company's Articles of Association.

The company shareholders have the following non-property rights:

1) To participate in General Shareholders Meetings;
2) To obtain all information regarding the Company's economic activity;
3) To appeal to a court against the decisions or actions taken by the General Meeting, the Board or the head of the administration. One or more shareholders are entitled, without a separate authority, to claim the indemnification of damage caused to the shareholders;
4) To conclude an agreement with an auditing firm for the inspection of the Company's activity and documentation;
5) Other non-property rights established by the laws and the Company's Articles of Association.

The structure of the authorized capital of AB "Limarko Shipping Company" according to the types of shares:

Type of shares	Number of shares	Par value	General Nominal value	Portion in authorized capital
Ordinary registered shares	109,450,664	1 LTL	109,450,664	100%

All shares of AB "Limarko Shipping Company" are paid-up.

13. Restrictions on assignment of securities

N/A.

14. Shareholders

The total number of shareholders of AB "Limarko Shipping Company" on 31 December 2006 was 460.

Shareholders who on 31 December 2006 owned more than 5% of the Company's authorized capital:

Shareholder's name, surname (enterprise name, form, office address, enterprise register code)	Number (units) of shares belonging to shareholders by the right of ownership	Owned portion of the authorized capital	Portion of votes granted by shares belonging by the right of ownership	Portion of votes belonging to a shareholder jointly with associated persons
UAB "Limarko" (Naujoji Uosto str. 8, Klaipėda, enterprise code 4076537)	99,671,379	91.07%	91.07%	91.07%
Skandinaviska Enskilda Banken (Sergels Torg 2, 10640 Stockholm, code 502032908101)	6,327,335	5.78%	5.78%	5.78%

15. Shareholders having special control rights & Description of such rights

N/A.

16. All restrictions on voting rights

N/A.

17. All mutual agreements by shareholders, of which the Issuer is aware and due to which the assignment of securities and (or) voting rights may be restricted

N/A.

18. Employees

	2006	2005
Average number of employees:	**428**	**400**
Managing personnel	6	6
On-shore employees	32	32
Seamen	390	362
Education:		
Higher	94	87
Special secondary (advanced vocational)	174	160
Secondary	160	165
Average gross salary:		
Managing personnel	14,664 LTL	16,509 LTL
On-shore employees	3,824 LTL	3,948 LTL
Seamen (with daily allowance)	3,893 LTL	3,556 LTL

Notes to the financial statements

19. Procedure for the amendment of the Issuer's Articles of Association

The Law on Companies of the Republic of Lithuania establishes that the amendment of the Articles of Association is an exclusive right of the General Shareholders Meeting.

The Company's Articles of Association stipulate that a decision concerning the amendment of the Articles of Association shall be taken by the majority, i.e. 2/3 of all votes cast by the shareholders entitled to vote and participating in the meeting.

20. Issuer's bodies

The Company's Articles of Association determine that the Company's bodies are the General Meeting, the Board and the Head of the Administration.

The Articles of Association state that the competence of the General Meeting is established by the Law on Companies.

The Company's Board is the Company's management body, comprised of 5 members, elected in the order established by the Law on Companies for the term of four years. The Board members shall be recalled in the order established by the Law on Companies.

The Company's Articles of Association establish that the Board solves the main production, organizational, financial and economic matters of the Company, analyzes and approbates the activity strategy, the application of financial resources, approves the Company's organizational and management structure, elects and recalls the head of the administration and the chief finance officer as well as performs other functions established by the Law on Companies.

The head of the administration – the president – is elected and recalled by the Board in the order established by the Law on Companies. The competence of the head of the administration is established by the Law on Companies - the head of the administration is responsible for the organization of the Company's activity, the implementation of its goals, is entitled to conclude deals in his sole discretion, excluding the cases established by the Law on Companies when the decision regarding the deal is to be adopted by the Board. While performing his activity, the head of the administration shall follow the decisions of the General Meeting and the Board.

21. Members of collegial bodies, the Company's chief executive officer, the chief finance officer

Personal status	Name, surname	Number of shares owned by the Issuer	Start date	End date
Board:				
Chairperson of the Board	Vytautas Lygnugaris	-	21-05-2003	21-05-2007
Board member	Igoris Uba	-	21-05-2003	21-05-2007
Board member	Sigitas Baltuška	-	25-07-2005	21-05-2007
Board member	Egidijus Bernotas	-	07-07-2004	21-05-2007
Board member	Paul Lawrence	-	27-12-2006	21-05-2007
Head of administration and Director for Finance:				
President	Vytautas Lygnugaris	-	07-10-2003	-
Director for Finance	Renaldas Vyšniauskas	-	17-02-2004	-

Notes to the financial statements

22. Information on compliance with the corporate governance code

In accordance with Article 21, part 3, of the Law on Securities of the Republic of Lithuania and Clause 20.5 of the Trading Rules of Public Limited Liability Company "Vilnius Stock Exchange", Public limited liability company "*Limarko Shipping Company"* shall disclose how it complies with the governance code of companies whose securities are traded on a regulated market and its specific provisions. The information is provided in Annex 1 to this Annual report.

23. Data on published information

In the year 2006 the Issuer published the following notices on material events:

01-02-2006 The sales of AB "Limarko Shipping Company" in the year 2005

23-02-2006 The activity result of AB "Limarko Shipping Company" in the year 2005

23-03-2006 General Shareholders Meeting

27-04-2006 Activity Results for the first quarter of 2006

28-04-2006 Decisions of the General Shareholders Meeting

31-07-2006 The Result for the first half-year of 2006

30-10-2006 The Result for the three-quarters of 2006

27-11-2006 General Shareholders Meeting

30-11-2006 Correction of the Activity Forecast for the year 2006

15-12-2006 Amendment to the Agenda of the Extraordinary General Shareholders Meeting

15-12-2006 Draft resolutions of the Extraordinary General Shareholders Meeting

27-12-2006 Decisions of the Extraordinary General Shareholders Meeting

All information concerning material events publicly announced in 2006 is available for familiarization at the office of AB "Limarko Shipping Company" at the address: Naujoji Uosto str. 8, Klaipėda, and on the Company's website www.limarko.lt.

All material events related to the Company's activity and information about the time and place of the General Shareholders Meeting and other notices to be served to the shareholders and other persons were published in Lithuanian daily newspaper "Lietuvos rytas" in the order established by the laws of the Republic of Lithuania.