KONCERNO „ACHEMOS GRUPĖ" NARĖ

AB „KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA"

Lietuvos Respublikos
Vertybinių popierių komisijai
Konstitucijos pr. 23
LT-08105 Vilnius

2007-03-06 Nr.

Į Nr.

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Valentinas Greičiūnas, director general and Šarūnas Kručius, chief accountant of AB Klaipėdos jūrų krovinių kompanija, hereby confirm that to the best of our knowledge, the attached AB Klaipėdos jūrų krovinių kompanija Consolidated and Parent company's financial statements for the 2007 Year ended 31 december 2007, Prepared according to International Financial Reporting Standards as adopted by European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of AB Klaipėdos jūrų krovinių kompanija and the Group.

Director General Valentinas Greičiūnas

Chief Accountant Šarūnas Kručius

AB KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA

CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EU
PRESENTED TOGETHER WITH INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG

Ernst & Young Baltic UAB
Subačiaus g. 7
P.d. 2849
LT-01008 Vilnius Lietuva
Tel. (8 5) 274 22 00
Faks. (8 5) 274 23 33
Vilnius@lt.ey.com
www.ey.com/lt

Juridinio asmens kodas 110878442
PVM mokėtojo kodas LT108784411
Registras – Juridinių asmenų registras

Ernst & Young Baltic UAB
Subačiaus 7
P.O. Box 2849
LT-01008 Vilnius Lithuania
Tel. + 370 5 274 22 00
Fax + 370 5 274 23 33
Vilnius@lt.ey.com
www.ey.com/lt

Code of legal person 110878442
VAT payer code LT108784411
Register of Legal Persons

Independent auditors' report to the shareholders of AB Klaipėdos Jūrų Krovinių Kompanija

Report on the Financial Statements

We have audited the accompanying 2007 financial statements of AB Klaipėdos Jūrų Krovinių Kompanija, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), and the consolidated financial statements of AB Klaipėdos Jūrų Krovinių Kompanija and a subsidiary (hereinafter the Group), which comprise the balance sheets as of 31 December 2007, the statements of income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory notes).

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 as set forth by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 policies 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 audit opinion.

Basis for Qualified Opinion

a) International Financial Reporting Standards require presentation of property, plant and equipment on a basis of historical cost or revalued amounts (IAS 16) or deemed cost (fair value or revaluation) (IFRS 1). The Group and the Company have not applied any of those valuation principles. In accordance with resolutions of the Lithuanian Government, the Group's and the Company's property, plant and equipment, also including investment property, have been revalued four times prior to 1 January 1996 (Note 6). Due to many movements and lack of separate registrations of the effect of indexations per asset, it is impossible to quantify the effect of indexations on the remaining balances of the property, plant and equipment, including investment property, as of 31 December 2007 and 2006. Accordingly, we are unable to express an opinion on the part of the Group's and the Company's property, plant and equipment, including investment property, equal to LTL 20,987 thousand as of 31 December 2007 in accordance with International Financial Reporting Standards.

b) In 2007 and 2006 the Group and the Company carried out a large number of transactions with related parties, i.e. the Group shareholders and the companies controlled by them. There were no practical audit procedures that we could apply to enable us to obtain reasonable assurance regarding the value of the related party transactions and assess a possible effect of the transactions on the Group's and the Company's financial position and financial performance had the Group and the Company carried them with non-related parties.

c) We have not audited the financial statements of the subsidiary UAB Krovinių Terminalas, which are consolidated into the Group financial statements. Accordingly, we have not obtained sufficient audit evidence with regards to the subsidiary's assets in the amount of LTL 118,880 thousand and liabilities in the amount of LTL 116,818 thousand as of 31 December 2007, revenues in the amount of LTL 53,450 thousand and the net profit for 2007 of LTL 4,753 thousand, all included within the respective captions of the consolidated financial statements of the Group.

d) In 2005 the Company's management changed the estimate of the useful life of the group of machinery (in particular gantry cranes) by reducing their useful lives. We believe that the useful life was reduced too much and as a consequence the depreciation charge was understated by LTL 1,140 thousand and LTL 1,757 thousand for 2007 and 2006, respectively. Accordingly, if the proper depreciation charge was accounted for, the shareholders' equity as of 31 December 2007 and 2006 would increase by approximately LTL 3,603 thousand and LTL 4,743 thousand, respectively, and the net result for 2007 and 2006 would decrease by approximately LTL 1,140 thousand and LTL 1,757 thousand, respectively.

Qualified Opinion

In our opinion, except for the effect of such adjustments, if any, as might have been determined had we been able to perform the procedures described in section *Basis for Qualified Opinion* paragraphs a), b) and c) above, and except for the effect on the financial statements of the matter discussed in paragraph d) of the same section above, the financial statements referred to above present fairly, in all material respects, the financial position of the Group and the Company as of 31 December 2007 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of Matter

Without further qualifying our opinion we draw your attention to the fact that, as described in Note 26 of the accompanying financial statements, in 2007 the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania performed an inspection of correctness of calculation and payment of the Company's taxes for the period from 1 January 2003 to 31 December 2005 and from 1 April 2006 to 30 April 2006 and in their inspection report dated 9 January 2008 stated additional value added tax, income tax and overdue interest and fines, mainly related to the sales of container's terminal transaction in 2005. The management of the Company disagree with additional taxes, overdue interest and fines and presented a complaint to the State Tax Inspectorate and applied for the negotiation regarding the income tax. As the Company as of the date of the audit report had no information from the State Tax Inspectorate whether the negotiation procedure will be accepted and it is uncertain what amount of taxes finally will be settled, no adjustments have been recorded in these financial statements that may result as an outcome of this uncertainty.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the accompanying Consolidated Annual Report for the year ended 31 December 2007 set out on pages 4 through 23 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2007.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

Jonas Akelis
Auditor's licence
No. 000003

The audit was completed on 19 February 2008.

AB Klaipėdos Jūrų Krovinių Kompanija

2007 Consolidated Annual Report

The Company's annual report is prepared in accordance with the requirements of Article 24 of the Financial Reporting Act of the Republic of Lithuania, Article 9(1) of the Company Consolidated Financial Reporting Act of the Republic of Lithuania, in the order set forth by Article 34 of the Joint-Stock Companies Act of the Republic of Lithuania. By-laws of AB Klaipėdos Jūrų Krovinių Kompanija do not contain any additional requirements that should be presented in the Company's annual report. Guided by Part 3 of Article 21 of the Security Papers Act of the Republic of Lithuania and Paragraph 23.5 of Rules of Trade of AB Vilniaus Vertybinių Popierių Birža (Vilnius Stock Exchange, further VVPB), the Company shows how it follows the Code of Management of companies the securities of which are traded on the regulated market confirmed by the VVPB (further – the Management Code) and its concrete regulations (Attachment 1).

1. Objective description of the state of the Group, review of activity and development, basic types of risks and uncertainties

The activity of AB Klaipėdos Jūrų Krovinių Kompanija (patronizing company) is port loading works, storing of goods, services of port tractors. On the market the Company considers other cargo-handling companies working in the Klaipėda State Sea Port and cargo-handling companies working in the sea ports of neighbouring foreign countries to be its competitors. Within 2007 the Company reloaded almost 9.6 million tone of cargo. This is 14% more than in 2006, when there was reloaded 8.4 million tones of cargo. Last year the Company achieved a record amount of cargo reload and it was influenced by great growth of Lithuanian and Belarusian fertilizer reload and increased number of vehicles and passengers in Sea Ferry Terminal. All this was influenced by the consistent investment to building new terminals and reload capability development. In 2007 the Company reloaded 3.7 million tones of liquid and bulk fertilizers. It is 42% more than in 2006 when the number of reloaded fertilizers was 2.6 million tones. Number of vehicles in Sea Ferry Terminal increased by 9%, from 178 thousand to 194 thousand units, the number of passengers increased by 12%, from 188 thousand to 211 thousand passengers.

Investment to the Company's work development in 2007 amounted more than LTL 17.5 million. We started to build paper storage in the Sea Ferry Terminal, also there was new loaders bought, information technologies were renewed.

It is planned, that this year the Company will achieve similar rates as it has last year. More fertilizers from AB Achema and Belarusian kalium fertilizers expected. As Russia raised the rail rates toward Estonia, the Company has more waiters interested in metal reload.

In 2008 the Company's profit may drop due to the higher land rent pay, which will be increased by Klaipėda State Sea Port and the pay will increase by 53% or by LTL 2.5 million per year. Another risk of the activity may be connected with growing tariffs for services of AB Lietuvos Geležinkeliai (Lithuanian Railways). Last year in the Company's fertilizers and reload terminals unloaded and loaded 94 thousand wagonloads. The Company could operate 600 wagonloads per day, but practicably it operates only 400 wagonloads, because the rail way not enough developed.

Expected, that by the first half-year of 2008 the depth by first quays from port gates will rise by 0.5 m. So if Panamax type ships come to the Company it wouldn't be necessary to negotiate the safe draught. The Company waits for the start of 144^{th} quay construction in the southern port part. Supposedly, the port will have 1 million tones more of extra cargo per year.

AB Klaipėdos Jūrų Krovinių Kompanija owns 100% of all the shares of UAB Kroviniu Terminalas. Sales of UAB Kroviniu Terminalas consist of income from oil, light petroleum products, chemicals and oil chemical products loading services, vessel moorage services and income from other services accompanying cargo-handling activities. The terminal works stably.

Other companies listed in the Notes to the financial statements, in which AB Klaipėdos Jūrų Krovinių Kompanija owns share of capital, are engaged in forwarding services, participate in the marketing projects. In order to satisfy the demand on the market of cargo transportation, the Group is ready to offer the full range of services comprising "door-to-door" cargo transportation.

2. Analysis of financial and non-financial results of the activity of the Group, information connected with the issues of environment and personnel

In 2007 the integrated activity of the Group included loading of cargoes, storage of cargoes in the Port of Klaipėda, cargo forwarding, vessel towage and other services connected with loading and transportation of cargoes. In 2007 the sales income of the Group amounted to LTL 188,524 thousand. The net profit of the Group for the year 2007 amounted to LTL 18,885 thousand.

The main financial and economic values of the group of companies in 2007 (in LTL thousand):

Period	2007	2006	2005	2004
Sales and services	188,524	150,215	127,578	98,317
Net profit	18,885	7,836	9,189	(305)
Sales and services profitability, %	10.02%	5.22%	7.20%	-

Profit structure of the Group (in LTL thousand, unless specified otherwise):

Company	2007	Structure, %	2006	Structure, %
AB Klaipėdos Jūrų Krovinių Kompanija	13,514	72%	4,246	54%
UAB Krovinių Terminalas	4,754	25%	3,093	39%
UAB Euroga	566	3%	472	6%
UAB Klasco Ekspedicija	7	-	(112)	(1%)
UAB Krantas Forwarding	47	-	16	-
ZAO Baltijskaja Transportnaja-ekspeditorskaja Kompanija - 2K	-	-	121	2%
OOO Proizvodstvenno-investicionnaja kompanija Promimpeks	(3)	-	-	-
Total:	18,885	100%	7,836	100%

Basic values of financial and economic activity of AB Klaipėdos Jūrų Krovinių Kompanija in 2007 (in LTL thousand, unless specified otherwise):

Period	2007	2006	2005	2004
Sales and services	135,425	114,570	127,423	94,209
Net profit	13,514	4,246	13,551	871
Sales and services profitability	9.98%	3.71%	10.63%	0.92%

Within the reporting period the number of employees of AB Klaipėdos Jūrų Krovinių Kompanija has been dropping. As of 31 December 2007, AB Klaipėdos Jūrų Krovinių Kompanija had 779 employees. UAB Kroviniu Terminalas as of 31 December 2007 had 59 employees.

In 2007 financial statements audit was made by UAB Ernst & Young Baltic. Also in 2007 UAB Ernst & Young Baltic tax department specialists gave various tax consultations, for which the Company paid LTL 110,648.

3. Links and additional explanations about the data presented in the consolidated financial reporting

There are no additional explanations.

4. Important events that happened since the end of the last financial year

- On 2 May 2007, AB Klaipėdos Jūrų Krovinių Kompanija informed that the company for the first quarter of 2007 reloaded 2.0 million tons of cargo and that the Company's non-audited financial result before taxes was LTL 852 thousand.
- On 17 June 2007, AB Klaipėdos Jūrų Krovinių Kompanija informed that the Company for the first half of 2007 reloaded 4.3 million. tones of cargo.
- On 17 June 2007, AB Klaipėdos Jūrų Krovinių Kompanija informed that Company sighed a towboat building contract with Russian San Petersburg shipyard "Pella" .
- On 13 August 2007, AB Klaipėdos Jūrų Krovinių Kompanija informed that the Company's non-audited financial result for the first half of 2007 was LTL 63.2 million of incomes and LTL 4.7 million of profit before taxes.
- On 26 November 2007, AB Klaipėdos Jūrų Krovinių Kompanija informed that the company for the nine months of 2007 reloaded 7.0 million tons of cargo and for ten months 7.9 million tons of cargo.

5. Plans and anticipations for the activity of the Group

In 2008 the goal shall be to increase the sales of the group of companies (for about 5%) by attracting additional cargo flows to AB Klaipėdos Jūrų Krovinių Kompanija, the salary system is going to be further improved to be connected with final work results and effectiveness of work, the loading equipment fleet is going to be brought up to date.

6. Information about research and development activities of the Group

Several years ago the annual KLASCO investments numbered LTL 50 – LTL 60 million, at the time investments decreased to LTL 20 million. In 2007 investments amounted to LTL 17.5 million, counting in renewed loaders in Sea Ferry Terminal. Totally in 2007 investments to new Sea Ferry Terminal loaders reached LTL 4 million. At the beginning of the year 6 "kalmar" port tractors were bought, the price of which was LTL 3.25 million. In December company bought five new "Daewoo" loaders with different dead-weight, investments in which was almost 1 mln. litas. New loaders designed for heavy cargo loading and they have special clamps for paper rolls loading. Every year there are more ferries and their passages in Sea Ferry terminal, so for the purpose of faster load rates it is intended that new investments to purchasing new technologies will buy off quickly and warrant client suspense. Company's partners – ferry company DFDS LISCO is planning to double cargo quantity in 2012 and wishes that this terminal would be constantly developed.

In 2008 company is planning to invest about LTL 22 million.

Company is planning to invest to various loading technologies and it will arrange projects for territory in Vite block. Also the bill for the first tugboat transportation ordered in Russian Leningrad shipyard "Pella" coming by the end of this year will be paid. Every tugboat has a foot-dragging capacity of 55 tons. These tugboats will allow to service for all types ships that come to Klaipėda port.

Other next year investments will be intended for fruit and cement reload terminals.

It is expected to start fruit terminal exploitation after 2 years, firstly the 144th quay must be worked. The project would be pursued together with one European company. The Company would build the premises and serve reloading services and partners would look after equipment and production flows. The Company will invest to this project about LTL 15 million.

Investments are intended to be in general Company territory. By the 5-7 quays there may be cement reload terminal. Annual capacities of this terminal may be about 0.5 million tons. There will be technology introduced, which will make sure, that during reloading there won't be no dust.

7. The number and nominal value of shares of patronizing company belonging to the company itself, its subsidiary companies or persons acting in their own name but under its instruction

AB Klaipėdos Jūrų Krovinių Kompanija has not acquired its shares, its subsidiary company has not acquired its shares, neither has any other person that would act in its own name but under instruction of the patronizing company or its subsidiary company acquired shares of AB Klaipėdos Jūrų Krovinių Kompanija.

8. If the Group uses financial means and if this is important in evaluation of the property, obligations, financial status and results of activity of the Group, the goals of financial risk management, the used means of insurance of the basic groups of planned deals for which insurance accounting is applicable and the scope of price risk, credit risk, liquidity risk and monetary flows risk are described

9. Information about the planned branches and representation offices of the company

Information about branches of AB Klaipėdos Jūrų Krovinių Kompanija.

ID code	Name	Address	Basic activity code	Last year income, LTL	Number of employees
141908570	Klasco Servisas	Naujoji Uosto St., 23, 92245, Klaipėda	78.20	514,200	214
300076093	Klasco Towage Assistance		52.22	7,095,608	36

Information about representation offices of AB Klaipėdos Jūrų Krovinių Kompanija.

Representation offices	Address	Main activity	Number of employees
In Belarus	Skoriny 58, Bldg. 9-17, Minsk	Search for clients and cargoes	1

General Manager Valentinas Greičiūnas

UAB Klaipėdos Jūrų Kroviniu Kompanija 2007 annual report Annex 1

AB Klaipėdos Jūrų Krovinių Kompanija report of Vilnius Stock Exchange Trading Companies Management Code observance

JSC "Klaipedos juru kroviniu kompanija", following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 23.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions.

PRINCIPLES / RECOMMENDATIONS	YES/ NO/ N/A	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing constant shareholder value**		
1.1 A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	Company complies with this recommendation announcing and constantly renewing mentioned information at the Company's webpage, reporting to the Vilnius Stock Exchange, press-conference and TV broadcasting.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	Company has its short-term and long-term strategic objectives planned. Company's Management Board, Top Management make every effort to achieve their implementation
1. 3 A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Management Board Approves strategy of Company's activity, annual budget, controls conclusion of contracts and implementation of budget; analyses Company's financial statements and renders it to shareholders. Implementation of decisions is assigned to the Head of the Company and via the latter – to the functional directors. Meetings of the Management Board are convoked according to the need, but not less then once a quarter. Meetings are attended by the Head of the Company. He renders reports of company's activities, activity's strategy implementation and activity index administration, company's financial state and economical activity rates.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	Company's Management bodies pursue ensuring interests of all persons concerned with Company's activity. Transparent activity, periodical update of results and problems, communication with press on the part of the Management permit interested parties – creditors, clients to receive necessary information on the Company. Company aims at retaining long-lasting relations with its business partners holding that proper and timely fulfilment of contractual obligations and quality assurance of products is the priority. Additional employee's rights are being stated in collective agreement, they have opportunity to raise their qualification.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a General Shareholders' Meeting and	Yes	Company's management bodies are a General Shareholders' Meeting, the Board

the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.		and the chief executive officer (General Director). Company doesn't have a collegial supervisory body – supervisory board. It's functions are assigned to the Board. Company's chief executive officer reports to the Board.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	Collegial management body - Management Board is responsible for the strategic management of the Company.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	Company does not comply with this recommendation whereas it has only one collegial body and it is the Management Board.
2.4 The collegial supervisory body to be elected by the General Shareholders' Meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial Supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	Company has one collegial management body – the Board. Principles III and IV of this Code is applicable to the Board.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	Management Board is comprised of 6 (six) Members, because in company's practise there were no cases, that a separate group of individuals was dominating. Mostly all Board decisions are adopted solidly.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Not appli-cable	The provision is not applicable whereas Company has only collegial management body – Management Board.
2.7. Chairman of the collegial body elected by the General Shareholders' Meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the General Shareholders' Meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	Company complies with this recommendation whereas the Chairman of the Management Board is not the Head of the Company
Principle III: The order of the formation of a collegial body to be elected by a General Shareholders' Meeting The order of the formation a collegial body to be elected by a General Shareholders' Meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies [1]		
3.1. The mechanism of the formation of a collegial body to be elected by a General Shareholders' Meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The mechanism of the formation of the Management Board ensures objective and impartial monitoring of Company's management bodies. Information on candidates, their activities and professional background is disclosed to the shareholders prior to election. Minority shareholders' right and ability to have their own representative in the collegial management body is not restricted.

[1] Note, that in such cases when general shareholders meeting elects the Board as the collegial body, so the Board, as a management body shall ensure the management of only the sole company's chief executive officer. This note is applicable for 3.1 paragraph too.

3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the General Shareholders' Meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	Company partially complies with the provisions enumerated in this recommendation: names and surnames of candidates offered to the Management Board are announced in advance, more information on candidates may be received along with draft resolutions of the General Shareholders' Meeting. Candidates are likewise introduced during the General Shareholders' Meeting. Information on the Members of the Management Board may be found in Company's periodical reports.
3.3 Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	A person nominated for member of the Board informs the General Shareholders' Meeting of his education, work experience, his functions and participation in activities of other companies. Board members constantly take various development courses and seminars wherein they are informed of essential legislations changes that could influence company's activities.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Yes	Members of the Management Board have a wide-ranging knowledge in the fields of Finance, Economics, Law, Investment Management as well as sufficient experience in order to have their tasks completed properly.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	Yes	Company partially complies with this provision: new Members of the Management Board are permitted to get familiarized with Company's internal documentation, business processes, factors having impact on activity results. Periodical submission of analysis of activity results, participating in Board meetings ensures a regular update of the news on the Company.
3.6 In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	Company doesn't comply with this recommendation because neither of Board members can not be considered as independent member according to 3.7 paragraph.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the General Shareholders' Meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not	No	The independence of collegial body members elected by the Company's General Shareholders' Meeting is being judged according to collegial body member other actually occupied, elected or nominated positions in other associated companies.

been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans(inclusive of deferred compensations);4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EECArticle 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the General Shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years;9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the General Shareholders' Meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	No	Refer to 3.7 commentary
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	Company does not comply with this recommendation, whereas up till now determination of independence of members of the Management Board and announcement thereof has not been applied in practice.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	Company does not comply with this recommendation, whereas up till now determination of independence of members of the Management Board and announcement thereof has not been applied in practice.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The General Shareholders' Meeting should approve the amount of such remuneration.	Yes	Board members are remunerated from the Company's funds and the General Shareholders' Meeting approves the amount of such remuneration.

Principle IV: The duties and liabilities of a collegial body elected by the General Shareholders' Meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the General Shareholders' Meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the General Shareholders' Meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Board once a quarter of a year debriefs the report of Company's chief executive officer and chief accountant, analyses their activities and evaluates their effectiveness and under the necessity issues them recommendations. The Board analyses, evaluates Company's annual financial statements project and profit (loss) distribution project and render them to General Shareholders' Meeting. According to board work regulation the Board can temporarily stop administration decision realisation if these could damage company's shareholders' interests and convene uncommon shareholder meeting which could solve the dispute.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	There are no reasons to suspect, that Company's board members could act contrarily to Company. Board's work regulation provides that the board, its members can not make decisions if these conflict with the company's activities objects, apparently exceed usual industrial-economical risk, are apparently damaging or economically useless.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	Company's Board members actively take part in the meetings of the Management Board and devote sufficient time for the performance of the duties of members of collegial body.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	Collegial body of the Company always acts fairly and impartially with regard to all shareholders of the Company. Shareholders are properly legally informed on the company's affairs by announcing information on the Internet, periodical reports, newspaper articles and Central regulating information base.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	No	Transactions mentioned in this recommendation are not subject to approval of the collegial body, because there are not independent members of the collegial body voted for such a decision.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken	No	Company's board members are not independent of the company's

separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.		management bodies, whereas they are company's employees or parent company's employees. The Board follows the Board Work Regulations. Board members are provided with sufficient resources to discharge their duties. Company's employees give all necessary information for board members to properly discharge their functions and solve the questions pertaining to their competence.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	No	Company doesn't comply with 4.7-4.14 paragraph recommendations, but it is true to say, that the Board, doing its duties partially complies with nomination of company's directors, determination of directors' remuneration and assessment of company's audit recommendations mentioned in above paragraphs. Company's board selects the Company's chief executive officer – General Director, approves other Company's management candidates, constantly assesses their competence, professional capabilities and company's strategic objectives realisation, and debriefs their reports. Company's board selects the auditor and issues recommendations for General Shareholders' Meeting to approve the selected auditor.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence	No	Refer to 4.7 commentary.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors.	No	Refer to 4.7 commentary.
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it	No	Refer to 4.7 commentary.

has taken to reach this conclusion.		
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	No	Refer to 4.7 commentary.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5)Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the General Shareholders' Meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the Nomination committee.	No	Refer to 4.7 commentary.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 4) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 5) Make general recommendations to the executive directors and members of the management bodies on the level and structure of	No	Refer to 4.7 commentary.

remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders' meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has . 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1)Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the General Shareholders' Meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a)excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting ,financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to	No	Refer to 4.7 commentary.

different approaches. In such case a special consideration should be given to company's operations in offshore centres and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	Company doesn't practice the Board activity assessment.

Principle V: The working procedure of the company's collegial Bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	This recommendation is complied with by the Management Board of the Company. The Management Board is supervised by its chairman. Pursuant to the work regulation of the Management Board, chairman convokes meetings of the Management Boards on time and in place as set forth therein. Meetings of the Management Board are chaired by the chairman of the Management Board or other member of the Management Board, elected for chairing a particular meeting.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	Meetings of the company's collegial body – Management Board are carried out according to the schedule approved in advance at certain intervals of time. Management Board meetings are convoked not rarer that once in a quarter.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	Issues on the agenda of the meeting and decision projects are being arranged and issued by Company's chief executive officer, board members or on board decision – special groups, that can be construed of specialists who are not company's employees. Every management body member can get the documents relevant to the issues on the agenda of the meeting before the meeting day. When notifying about the meeting, the documents in questions (report thesis, decision projects) are being added in advance. Usually the agenda of the meeting is not changed unless during the meeting all members of the Company's board are present and decide otherwise and there is enough documents to solve the issue that was not added to agenda.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	No	Company can not comply with this recommendation whereas it has only one collegial body – Management Board.

Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	Company's statutory capital consists of ordinary registered shares granting the same interest and non-interest rights to all their holders.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	Company gives public announcements to investors on the rights that new or previously issued shares confer.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the General Shareholders' Meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	Company gets the shareholders' approval before essential transactions such as capital write-off, liquidation, etc. and annual shareholders meeting approves the essential board decisions concerning investment, assets selling, transfer, support and alley debts approve.
6.4. Procedures of convening and conducting a General Shareholders' Meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the General Shareholders' Meeting and receive answers to them.	Yes	Company complies with this recommendation. Information on the prospective General Shareholders' Meetings is announced via informational system of Vilnius stock exchange and in the newspaper indicated in Articles of Association. Meetings are usually convoked at the end of a business day and in such a place (in recent years in Company's residence) that all shareholders could have conditions to attend them. Material of the Meeting is available not later than 10 days till the Meeting, telephone for inquiries is given.
6.5. It is recommended that documents on the course of the General Shareholders' Meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the General Shareholders' Meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	Since 2007 Company legally places shareholders meeting resolutions projects on the publicly accessible website of the company in advance. It is planned, that since 2008 shareholders meeting documents on Company's website will be published in English.
6.6. Shareholders should be furnished with the opportunity to vote in the General Shareholders' Meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Company's shareholders can realize their right to attend General Shareholders' Meeting either personally or through a representative, if a person has a duly issued authorization or following relevant law he has a contract on the transfer of voting right concluded. Company furnishes shareholders with opportunity to vote by filling a general voting ballot as it is set forth by the Law on Companies of the Republic of Lithuania.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of	Not applicable	Up till this date the Company had no necessity in complying with this recommendation, because there are only a few foreign shareholders.

telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.		
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	Company complies with these recommendations because the members of its Management Board behave according to these recommendations. Company is not aware of any cases when their personal interests contradicted Company's interests.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the General Shareholders' Meeting or any other corporate body authorized by the meeting.	Yes	
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	Company complies with this recommendation. Following work regulations of the Management Board, member of the Management Board is not entitled to vote when the Board meeting is taking a decision on his liability issues or personal matters relating to his work on the Board.

Principle VIII: Company's remuneration policy Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website	No	Company does not prepare public statements on the policy of remuneration as set forth by the recommendations of this Code. Company legally posts on periodical reports only Company's chief executive officer's and management remuneration sum. Company has a policy that remuneration and its perquisites systems and also other remuneration related with labour relationships are off-the-record information and such information is ascribable to information of business secrets.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year	No	See comment to the clause 8.1.
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	See comment to the clause 8.1.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	See comment to the clause 8.1.
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of annual General Shareholders' Meeting.	No	
8.6. Without prejudice to the role and organization of the relevant bodies Responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the annual General Shareholders' Meeting. Remuneration statement should be put for voting in annual General Shareholders' Meeting. The vote may be either mandatory or advisory.	No	See comment to the clause 8.1.
8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at anytime during the relevant financial year.	No	Up till 2008 in its annual prospectus-report the Company used to disclose information on total amount and average amounts of remuneration inclusive of bonuses and other benefits falling on to one member of the management body or member of

8.7.1. The following remuneration and/or emoluments-related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual General Shareholders' Meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. The following supplementary pension schemes-related information should be disclosed: 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		administration over the relevant financial year.
8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of annual General Shareholders' Meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in annual General Shareholders' Meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes	No	Company doesn't apply schemes anticipating remuneration of directors in shares, share options or other rights to purchase shares or be remunerated on the basis of share price movements.
8.9. The following issues should be subject to approval by the annual General Shareholders' Meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions		

of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual General Shareholders' Meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.		
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.		
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the annual General Shareholders' Meeting.		
8.12. Prior to the annual General Shareholders' Meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	Company's management system ensures that the rights of stakeholders are not infringed. Rights of employees are protected by labour law mentioned in employment agreement, Company's collective agreement. Employees' represents (trade union) participate in discussion of essential decision making. Clients, suppliers and creditors have sighed a contract with the Company and the duly these contract realisation is one of Company's priorities. In 1992, 1994 and 1996 all Company employees had an opportunity to purchase Company's shares. Wherefore a big part of Company's shareholders consists of Company's employees. All essential and additional information related with Company's events is public and introduced to interest group represents concerned.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		

Principle X: Information disclosure **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: - The financial and operating results of the company; - Company objectives; - Persons holding by the right of ownership or in control of a block of shares in the company; - Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; Material foreseeable risk factors; Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; Material issues regarding employees and other stakeholders; Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	Information about the Company and its group constitutive companies is being published in Lithuanian and English annual and interim reports, announcements about essential Company's events, financial statements. This information is published on stock exchange information revelation system. Company publishes the information related with the common amount of remuneration, bonuses and other payments paid during reporting cycle.
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.		
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management odies and chief executive officer as per Principle VIII.		
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.		
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	Company complies with this recommendation whereas it announces the information on the Vilnius Stock Exchange information revelation system and publish it in Lithuanian and English languages simultaneously as it is possible. The Stock Exchange publishes the information on its website and trading system and so it ensures the simultaneous information revelation to all. Moreover, Company seeks to notice about material events before or after a trading session on the Vilnius Stock Exchange and simultaneously announces the information on all other markets which trade Company's stocks. Company seeks to comply with these recommendations but there were some cases when due to the great information flow and inner composition incompatible internecine information firstly was announced on interview and later confirmed on the stock exchange.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the	Yes	Company partially complies with these recommendations: since 2007 all essential events announced to stock exchange were published on Company's website

information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.		too. But the company considers that there is no necessity to publish financial reports on company's webpage as company's annual and interim reports are announced on stock exchange information system and Lithuanian Republic Stock Exchange Committee webpage and later will be published on regulated Central information base. Information on Company's webpage is published in Lithuanian, but it is considered to publish it in English too.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	Company partially complies with these recommendations: Company places information about its essential events, annual reports on company's webpage, but it doesn't publish periodical accounts and information about stock changes in the prices on the Stock Exchange. Company's stock changes in price on the Stock Exchange is published in newspapers and local daily papers every day.

Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	Independent firm of auditors performs audit of annual financial statements and reports, but it does not perform Company's interim financial statements audit. This possibility shall be considered in the future.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the General Shareholders' Meeting.	Yes	Company complies with this recommendation, whereas a candidate firm of auditors is offered to the General Shareholders' Meeting by Company's Management Board.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the General Shareholders' Meeting.	Yes	The auditors of firm didn't provided non audit services and information related to this is published to the shareholders in annual report.

General Manager Valentinas Greičiūnas

Balance sheets

	Notes	Group		Company	
		As of 31 December 2007	As of 31 December 2006	As of 31 December 2007	As of 31 December 2006
ASSETS					
Non-current assets					
Intangible assets	5	26,437	26,486	91	35
Property, plant and equipment	6				
Land		11,777	11,777	11,777	11,777
Buildings and constructions		220,247	236,984	115,608	125,255
Machinery and equipment		21,788	31,111	15,565	23,432
Other property, plant and equipment		5,614	5,804	4,736	5,007
Construction in progress and prepayments		15,823	2,480	15,756	2,461
Total property, plant and equipment		275,249	288,156	163,442	167,932
Investment property	7	7,146	7,349	7,146	7,349
Non-current financial assets					
Investments into subsidiaries, joint ventures and associates	8	1,611	991	28,541	28,538
Available-for-sale investments		50	50	50	50
Non-current receivables	9	851	905	851	905
Total non-current financial assets		2,512	1,946	29,442	29,493
Deferred income tax asset	22	25	665	25	-
Total non-current assets		**311,369**	**324,602**	**200,146**	**204,809**
Current assets					
Inventories	10	3,184	3,423	2,856	3,191
Receivables	11	23,837	29,790	23,376	27,414
Accrued income, deferred expenses and prepayments		4,487	3,776	2,798	1,505
Cash and cash equivalents	12	24,618	17,045	20,598	12,287
Total current assets		**56,126**	**54,034**	**49,628**	**44,397**
Total assets		**367,495**	**378,636**	**249,774**	**249,206**

(cont'd on the next page)

The accompanying notes are an integral part of these financial statements.

Balance sheets (cont'd)

	Notes	Group		Company	
		As of 31 December 2007	As of 31 December 2006	As of 31 December 2007	As of 31 December 2006
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	1	126,704	126,704	126,704	126,704
Legal reserve	13	12,899	12,899	12,899	12,899
Retained earnings		83,494	88,359	82,229	92,465
		223,097	**227,962**	**221,832**	**232,068**
Minority interest		-	-	-	-
Total equity		**223,097**	**227,962**	**221,832**	**232,068**
Liabilities					
Non-current liabilities					
Non-current borrowings	14	95,270	107,498	5,772	-
Finance lease	17	849	897	769	897
Deferred income tax liability	22	184	456	-	456
Non-current trade payables		1,317	1,557	-	-
Total non-current liabilities		**97,620**	**110,408**	**6,541**	**1,353**
Current liabilities					
Current portion of non-current borrowings	14	16,632	16,520	-	-
Current portion of finance lease	17	255	210	235	210
Current portion of non-current trade payables		240	239	-	-
Trade payables		6,221	4,264	6,583	4,264
Income tax payable	22	1,510	1,411	1,510	1,411
Advances received		5,369	4,787	362	3
Other payables	15	16,551	12,835	12,711	9,897
Total current liabilities		**46,778**	**40,266**	**21,401**	**15,785**
Total equity and liabilities		**367,495**	**378,636**	**249,774**	**249,206**

The accompanying notes are an integral part of these financial statements.

General Manager	Valentinas Greičiūnas		19 February 2008
Chief Accountant	Šarūnas Kručius		19 February 2008

Income statements

	Notes	Group 2007	Group 2006 (restated)	Company 2007	Company 2006 (restated)
Sales		188,524	150,215	135,425	114,570
Cost of sales	18	(119,730)	(93,831)	(88,456)	(74,601)
Gross profit		**68,794**	**56,384**	**46,969**	**39,969**
Operating expenses	19	(43,610)	(44,899)	(33,567)	(37,502)
Other operating income (expenses), net	20	2,488	763	2,653	798
Profit (loss) from operations		**27,672**	**12,248**	**16,055**	**3,265**
Income from financial and investment activities	21	1,450	650	1,485	4,588
(Expenses) from financial and investment activities	21	(6,670)	(5,603)	(396)	(4,018)
Profit from ordinary activities		**22,452**	**7,295**	**17,144**	**3,835**
Share of profit from joint ventures and associates	8	912	486	-	-
Profit before tax		**23,364**	**7,781**	**17,144**	**3,835**
Income tax	22	(4,479)	55	(3,630)	411
Net profit		**18,885**	**7,836**	**13,514**	**4,246**
Attributable to:					
Equity holders of the parent		**18,885**	**7,836**	**13,514**	**4,246**
Minority interest		-	-	-	-
		18,885	**7,836**	**13,514**	**4,246**
Basic and diluted earnings per share (LTL)	23	1.49	0.62		

The accompanying notes are an integral part of these financial statements.

General Manager	Valentinas Greičiūnas		19 February 2008
Chief Accountant	Šarūnas Kručius		19 February 2008

Statements of changes in equity

		Equity attributable to equity holders of the parent					
Group	Notes	Share capital	Legal reserve	Retained earnings	Total	Minority interest	Total
Balance as of 31 December 2005 (as originally reported)		**126,704**	**12,899**	**102,078**	**241,681**	**-**	**241,681**
Correction of income tax	4	-	-	(1,605)	(1,605)	-	(1,605)
Balance as of 31 December 2005 (as restated)		**126,704**	**12,899**	**100,473**	**240,076**	**-**	**240,076**
Dividends declared and authorised for payment	24	-	-	(19,950)	(19,950)	-	(19,950)
Net profit for the year		-	-	7,836	7,836	-	7,836
Balance as of 31 December 2006		**126,704**	**12,899**	**88,359**	**227,962**	**-**	**227,962**
Dividends declared and authorised for payment	24	-	-	(23,750)	(23,750)	-	(23,750)
Net profit for the year		-	-	18,885	18,885	-	18,885
Balance as of 31 December 2007		**126,704**	**12,899**	**83,494**	**223,097**	**-**	**223,097**

Company	Notes	Share capital	Legal reserve	Retained earnings	Total
Balance as of 31 December 2005 (as originally reported)		**126,704**	**12,899**	**109,774**	**249,377**
Correction of income tax	4	-	-	(1,605)	(1,605)
Balance as of 31 December 2005 (as restated)		**126,704**	**12,899**	**108,169**	**247,772**
Dividends declared and authorised for payment	24	-	-	(19,950)	(19,950)
Net profit for the year		-	-	4,246	4,246
Balance as of 31 December 2006		**126,704**	**12,899**	**92,465**	**232,068**
Dividends declared and authorised for payment	24	-	-	(23,750)	(23,750)
Net profit for the year		-	-	13,514	13,514
Balance as of 31 December 2007		**126,704**	**12,899**	**82,229**	**221,832**

The accompanying notes are an integral part of these financial statements.

General Manager	Valentinas Greičiūnas		19 February 2008
Chief Accountant	Šarūnas Kručius		19 February 2008

Cash flow statements

	Group		Company	
	2007	2006	2007	2006
Cash flows from (to) operating activities				
Net profit	18,885	7,836	13,514	4,246
Adjustments for non-cash items:				
Depreciation	31,340	26,954	21,446	21,537
Amortisation	130	205	25	204
Result from joint ventures and associates	(912)	(486)	-	-
Interest expenses	6,383	5,410	173	3,844
Interest (income)	(1,230)	(386)	(971)	(4,430)
Dividend (income)	-	-	(295)	(150)
Income tax expenses	4,479	(55)	3,630	(411)
Change in accrued income, deferred expenses and prepayments	(711)	5,307	(1,293)	7,507
Change in impairment loss of property, plant and equipment	275	-	275	-
Change in allowance for doubtful receivables	251	-	251	-
(Gain) on property, plant and equipment sales	(103)	(114)	(103)	(114)
Write-off of property, plant and equipment	23	-	23	-
Change in allowance for investments	-	-	-	162
	58,810	44,671	36,675	32,395
Changes in working capital:				
Decrease (increase) in inventories	239	(522)	335	(373)
Decrease (increase) in receivables	5,814	(10,995)	3,899	(8,885)
Increase (decrease) in trade payables	1,718	(3,284)	2,319	(5,080)
Income tax (paid)	(4,012)	(2,661)	(4,012)	(2,661)
Increase (decrease) in other payables	4,208	(10,979)	3,083	(5,186)
Net cash flows from operating activities	**66,777**	**16,230**	**42,299**	**10,210**

(cont'd on the next page)

The accompanying notes are an integral part of these financial statements.

Cash flow statements (cont'd)

	Group		Company	
	2007	2006	2007	2006
Cash flows from (to) investing activities				
(Acquisition) of property, plant and equipment	(18,383)	(20,639)	(17,298)	(8,776)
(Acquisition) of intangible assets	(81)	(311)	(81)	-
Proceeds from sale of property, plant and equipment	202	63,679	486	63,675
(Acquisition, establishment) of associates and minority interest	(3)	(26,133)	(3)	(26,133)
Proceeds from sales of subsidiaries and other investments	-	3,105	-	3,105
Loans (granted)	(100)	(161)	(100)	(161)
Loans recovered	68	43	68	108,285
Dividends received	295	150	295	150
Interest received	1,204	366	945	4,410
Net cash flows (to) from investing activities	**(16,798)**	**20,099**	**(15,688)**	**144,555**
Cash flows from (to) financing activities				
Dividends (paid)	(23,660)	(19,879)	(23,660)	(19,879)
Proceeds from loans	5,772	129,998	5,772	-
(Repayment) of loans	(18,000)	(143,653)	-	(136,153)
Interest (paid)	(6,271)	(4,583)	(173)	(4,537)
Finance lease (payments)	(247)	(271)	(239)	(271)
Net cash flows (to) financial activities	**(42,406)**	**(38,388)**	**(18,300)**	**(160,840)**
Net increase in cash and cash equivalents	**7,573**	**(2,059)**	**8,311**	**(6,075)**
Cash and cash equivalents at the beginning of the year	**17,045**	**19,104**	**12,287**	**18,362**
Cash and cash equivalents at the end of the year	**24,618**	**17,045**	**20,598**	**12,287**

The accompanying notes are an integral part of these financial statements.

General Manager	Valentinas Greičiūnas		19 February 2008
Chief Accountant	Šarūnas Kručius		19 February 2008

Notes to the financial statements

1 General information

AB Klaipėdos Jūrų Krovinių Kompanija (hereinafter the Company) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows:

J. Zauerveino Str. 18,
Klaipėda,
Lithuania.

The Company is engaged in provision of stevedoring and related services in the seaport of Klaipėda. The Company started its activities in September 1994. Until 31 May 1994 the Company's name was SPĮ Klaipėdos Valstybinis Jūrų Prekybos Uostas. On 3 May 1995 the Company was registered as a public limited liability company. The Company's shares are included in the Current Baltic Equity List of Vilnius Stock Exchange.

As of 31 December 2007 and 2006 the shareholders of the Company were:

	Number of shares held	Percentage
UAB Koncernas Achemos Grupė	11,753,023	92.76%
Other minor shareholders	917,406	7.24%
Total	12,670,429	100.00%

All the shares of the Company are ordinary shares with the par value of LTL 10 each and were fully paid as of 31 December 2007 and 2006. The share capital did not change in 2007 and 2006. Subsidiaries, joint ventures and associated companies did not hold any shares of the Company as of 31 December 2007 and 2006. The Company did not hold its own shares either.

The Group consists of the Company and the subsidiary as of 31 December 2007 and 2006 (hereinafter referred to as "the Group"):

Company	Registration address	Shares held by the Group (%)	Year of establishment / acquisition	Main activities
UAB Krovinių Terminalas	Lithuania	100	1999	Cargo terminal services

The Company had 51% of share capital of UAB Krovinių Terminalas as of 31 December 2005. On 22 December 2005 the Company signed 3 share purchase-sales agreements with 3 private persons for an acquisition of remaining 14,700 ordinary shares of UAB Krovinių Terminalas with a par value of LTL 100 each (49% of share capital). According to the agreements and subsequent amendments the total purchase price is LTL 26,133 thousand and the title to the shares is transferred after the final settlement for the shares. The final settlement for the shares was made on 23 February 2006, and the Company holds 100% of share capital of UAB Krovinių Terminalas as of 31 December 2006 and 2007.

The Company jointly controls UAB Klasco Ekspedicija, UAB Krantas Forwarding and ZAO Baltijskaja Transportnaja-ekspeditorskaja Kompanija - 2K, in which the Company and other shareholder each hold 50% of the share capital, therefore these companies were not included in the Group's consolidated financial statements as of 31 December 2006 and 2007 and accounted as investments in joint ventures.

As of 31 December 2007 the number of employees of the Group was 838 (854 as of 31 December 2006). As of 31 December 2007, the number of employees of the Company was 779 (794 as of 31 December 2006).

The Company's management approved these financial statements on 19 February 2008. The shareholders of the Company have a statutory right not to approve the financial statements and require a new set of financial statements to be presented by management.

2 Form and contents of the financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, except for the accounting for property, plant and equipment and investment property, acquired before 1 January 1996, as disclosed in the accounting policies hereafter.

2.1. Basis of accounting

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures:

- IFRS 7 Financial Instruments: Disclosures.
- Amendments to IAS 1 Capital Disclosures.
- IFRIC 7 Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies"
- IFRIC 8 Scope of IFRS 2.
- IFRIC 9 Reassessment of Embedded Derivatives.
- IFRIC 10 Interim Financial Reporting and Impairment.

The principal effects of these changes are as follows:

IFRS 7 Financial Instruments: Disclosures. This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 Presentation of Financial Statements. This amendment requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are presented in Note 25.

IFRIC 7 Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies". This interpretation provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period. The interpretation had no impact on the financial position or performance of the Group.

IFRIC 8 Scope of IFRS 2. This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are not issued to employees, the interpretation had no impact on the financial position or performance of the Group.

IFRIC 9 Reassessment of Embedded Derivatives. IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The interpretation had no impact on the financial position or performance of the Group.

IFRIC 10 Interim Financial Reporting and Impairment. The Group adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the Group had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Group.

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

- IFRS 2 Share-based Payments – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009). The Standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has not entered into share-based payment schemes, therefore this IFRS will not have significant impact for Group's accounting.

2 Form and contents of the financial statements (cont'd)

2.1. Basis of accounting (cont'd)

- IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). IFRS 3R introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests.

- IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009). The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. IFRS 8 supersedes IAS 14 Segment Reporting.

- IAS 1 Revised Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009). The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

- IAS 23 Borrowing Costs – Revised (effective for annual periods beginning on or 1 January 2009 once adopted by the EU). The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

- IAS 27 Consolidated and Separate Financial Statements – Revised (effective for annual periods beginning on or 1 January 2009 once adopted by the EU). Revised standard requires that changes in ownership interest in a subsidiary are accounted for as equity transactions. Also, accounting for losses incurred by the subsidiary was changed: such losses will be allocated between the controlling and non-controlling interests even if the losses exceed the non-controlling equity investment in the subsidiary. On a loss of control of a subsidiary, any retained interest will be remeasured to fair value and will impact the gain or loss recognized on disposal. In addition, revised standard provides more guidance as to when multiple arrangements should be accounted for as a single transaction. These most significant changes introduced by the revised standard will be applied prospectively, except for the multiple arrangements that have been accounted for as a single transaction – these arrangements require retrospective assessment.

- Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009). The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Group does not expect these amendments to impact the financial statements of the Group.

- IFRS 3 Business Combinations – Revised (effective for annual periods beginning on or 1 January 2009 once adopted by the EU). The scope of IFRS 3 has been revised to include combinations of mutual entities and combinations without consideration (dual listed shares). Also a number of changes are introduced in accounting for business combinations that will impact the amount of goodwill recognized, the results in the period when the acquisition occurs, and future revenues reported. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, assets and liabilities arising from business combinations prior to the date of application of the revised standard will not be restated.

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). The interpretation provides guidance on classification of transactions as equity-settled or as cash-settled and also gives guidance on how to account for share-based payment arrangements that involve two or more entities within the same group in the individual financial statements of each group entity.

2 Form and contents of the financial statements (cont'd)

2.1. Basis of accounting (cont'd)

- IFRIC 12 Service Concession Agreements (effective for annual periods beginning on or after 1 January 2008 once adopted by the EU). The interpretation addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements.
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008 once adopted by the EU). This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credit and deferred over the period that the award credit is fulfilled.
- IFRIC 14 IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008 once adopted by the EU). This interpretation specifies the conditions for recognising a net asset for a defined benefit pension plan.

The Group expects that the adoption of the pronouncements listed above will have no significant impact on the Group's financial statements in the period of initial application except for IAS 1 Presentation of Financial Statements – Revised.

IAS 1 Presentation of Financial Statements – Revised

This standard sets out new requirements on the presentation of the statement of changes in equity and introduces a new statement of comprehensive income that combines all items of income and expense recognized in profit or loss together with "other comprehensive income" and requires a separate disclosure of all items reclassified from other comprehensive income to profit and loss as well as disclosure of the income tax relating to each component of other comprehensive income. Also, requirements related to the presentation of the financial statements in a case of their retrospective restatement are amended and new terminology, replacing "balance sheet" with "statement of financial position" and "cash flow statement" with "statement of cash flows", although the titles are not obligatory, is introduced. The Group is still estimating the impact of the adoption of this revision.

2.2. Functional currency

The Group's and the Company's functional currency is local currency, Litas (LTL). The amounts shown in these financial statements are also presented in the local currency, Litas. Lithuanian Litas is pegged to EUR at the rate of 3.4528 Litas for 1 EUR, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

3 Accounting principles

The principal accounting policies adopted in preparing the Group's and the Company's financial statements for 2007 are as follows:

3.1. Consolidation

The consolidated financial statements of the Group include AB Klaipėdos Jūrų Krovinių Kompanija and the companies that it controls. The control is normally evidenced when the Group owns, either directly or indirectly, more than 50 percent of the voting rights of a company's share capital and/or is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the consolidated balance sheet and consolidated income statement, respectively.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated.

The purchase method of accounting is used for acquired businesses. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. The acquisition of minority interest of the subsidiary is accounted using the Parent entity extension method by recognising the difference between the cost and proportional share of the net assets of investee as goodwill.

Investments in associated companies where significant influence is exercised by AB Klaipėdos Jūrų Krovinių Kompanija in the consolidated financial statements are accounted for using the equity method. An assessment of recoverable amount of investment in associates is performed when there is an indication that the asset has been impaired or the impairment losses recognised in prior years no longer exist.

3 Accounting principles (cont'd)

3.1. Consolidation (cont'd)

All other investments are accounted for in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

Consolidated financial statements are prepared by using uniform accounting policies for like transactions and other events in similar circumstances.

The losses applicable to the minority in a consolidated subsidiary exceeding the minority interest in the equity of the subsidiary and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recovered.

3.2. Investments in subsidiaries and associates

In the Parent's separate financial statements investments in subsidiaries and associates are carried at cost. The carrying value of investments is reduced to recognise an impairment loss of the value of the investments, such reduction being determined and made for each investment individually.

3.3. Interest in a joint venture

The Group has an interest in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest. The Group recognises its interests in the joint ventures applying the equity method. The financial statements of the joint ventures are prepared for the same reporting year as the Parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the profits of the joint venture from the transaction until it resells the asset to an independent party.

3.4. Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3 Accounting principles (cont'd)

3.5. Other intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of an asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the best estimate of their useful lives. The amortisation period and the amortisation method is reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Licenses

Amounts paid for licences are capitalised and then amortised over their validity period.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period not exceeding 3 years.

Costs incurred in order to restore or maintain the future economic benefits that the Company expects from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

3.6. Property, plant and equipment

The Group's and the Company's property, plant and equipment, acquired before 1 January 1996, are stated at indexed cost less indexed accumulated depreciation and impairment losses (Note 6). Property, plant and equipment other than acquired before 1 January 1996, are stated at cost less accumulated depreciation and impairment losses.

The accounting policy applied for property, plant and equipment represents a departure from International Financial Reporting Standards (IAS 16 and IAS 29), which require the use of either historical cost as adjusted for hyperinflation through a general price index, or a valuation supported by independent, professionally qualified valuers. The Group and the Company is unable to quantify the impact of non-compliance with IAS 29 on these financial statements. The above indexation was not performed in accordance with the provisions of IAS 16 since the revaluation method did not assure the indexed amount of buildings to be approximate to their fair value as at the date of indexation.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Expenditures incurred after the property, plant and equipment have been put into operations, such as repair and maintenance costs, are normally charged to income statement in the period the costs are incurred. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The Group and the Company capitalises property, plant and equipment purchases with an estimated useful life exceeding one year.

The Group and the Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Depreciation is computed on a straight-line basis over the following ranges of estimated useful lives:

Buildings and constructions	10 - 70 years
Machinery and equipment	5 - 33 years
Vehicles	4 - 10 years
Other non-current assets	3 - 30 years

3 Accounting principles (cont'd)

3.6. Property, plant and equipment (cont'd)

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

Construction in progress is stated at cost less impairment losses. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and put into operation.

3.7. Investment property

Investment property, comprising buildings, is held for long-term rental yields and is not occupied by the Group. Investment property, acquired before 1 January 1996, is stated at indexed cost less accumulated indexed depreciation and any accumulated impairment losses. The accounting policy applied for investment property represents a departure from International Financial Accounting Standard (IAS 40), which requires the use of either the fair value model or the cost model. The Group and the Company is unable to quantify the impact of non-compliance with IAS 40 on these financial statements. Investment property, acquired after 1 January 1996, is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over 10-70 years.

3.8. Investments and other financial assets

According to IAS 39 Financial Instruments: Recognition and Measurement financial assets (except for investments into subsidiaries, associates and joint ventures) are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss

The category "financial assets at fair value through profit or loss" includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in income.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

3 Accounting principles (cont'd)

3.9. Inventories

Inventories are valued at the lower of cost or net realisable value, after impairment evaluation for obsolete and slow-moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by the first-in, first-out (FIFO) method. Unrealisable inventory has been fully written-off.

3.10. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

3.11. Financial liabilities

Interest bearing loans and borrowings

Borrowings are initially recognised at fair value of proceeds received, less the costs of transaction. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings. Borrowing costs are expensed as incurred.

Financial guarantee liabilities

Financial guarantee liabilities issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issue of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the balance sheet date and the amount initially recognised.

Trade liabilities

Trade liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such liabilities are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the trade liabilities are derecognised, as well as through the amortisation process.

3.12. Finance and operating leases

Finance lease

The Group recognizes finance leases as assets and liabilities in the balance sheet at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the interest rate of finance lease payment, when it is possible to determine it, in other cases, Group's composite interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for finance lease assets and it also gives rise to financial expenses in the Group's income statement for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets can not be depreciated over the period longer than lease term, unless the Group, according by the lease contract, gets transferred their ownership after the lease term is over.

If the result of sales and lease back transactions is finance lease, any profit from sales exceeding the book value is not recognised as income immediately. It is postponed and amortised over the lease term.

3 Accounting principles (cont'd)

3.12. Finance and operating leases (cont'd)

Operating lease

The Group as the lessee

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

The gains from discounts provided by the lessor are recognised as a decrease in lease expenses over the period of the lease using the straight-line method.

If the result of sales and lease back transactions is operating lease and it is obvious that the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future, it is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

The Group as the lessor

Buildings leased out under operating leases are included in investment property and other assets – in property, plant and equipment in the balance sheet. Rental income is recognised on a straight-line basis over the lease term.

3.13. Income tax

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the Lithuanian tax legislation.

The standard income tax rate in Lithuania is 15%. On 1 January 2006 the Provisional Social Tax Law came into effect in the Republic of Lithuania, which stipulates that along with the corporate income tax, for one financial year beginning on 1 January 2006, companies have to pay an additional 4% tax calculated based on the income tax principles, and for the following year a 3% tax starting from 1 January 2007. After the year 2007 the income tax applied to the companies in the Republic of Lithuania will be standard, i.e. 15%.

Tax losses can be carried forward for 5 consecutive years, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments that can be carried forward for 3 consecutive years. The losses from disposal of securities and/or derivative financial instruments can only be used to reduce the taxable income earned from the transactions of the same nature.

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax asset has been recognised in the balance sheet to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognized in the financial statements.

3 Accounting principles (cont'd)

3.14. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts. Revenue for stevedoring and related services is recognised when the cargo is loaded to ships / unloaded from ships.

3.15. Expense recognition

Expenses are recognised on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due, excluding VAT. In the cases when a long period of payment is established and the interest is not distinguished, the amount of expenses shall be estimated by discounting the amount of payment using the market interest rate.

3.16. Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the balance sheet date are recognized in the income statement. Such balances are translated at period-end exchange rates.

3.17. Segment information

In these financial statements a business segment means a constituent part of the Group or the Company participating in production of an individual product or provision of a service or a group of related products or services, the risk and returns whereof are different from other business segments.

In these financial statements a geographical segment means a constituent part of the Group or the Company participating in production of individual products or provision of services within certain economic environment the risk and returns whereof are different from other constituent parts operating in other economic environments.

For management purposes the activities of the Group are organised as one major segment – provision of cargo services. Other services such as forwarding, towage, document handling, weighting and moorage are supporting the main business and are not treated as separate segments. Further, all the Group's operations are in Lithuania. Therefore, the Group does not present business and geographical segments information.

3.18. Impairment of assets

<u>Financial assets</u>

Financial assets are reviewed for impairment at each balance sheet date.

For financial assets carried at amortised cost, whenever it is probable that the Group and the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the income statement. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the income statement. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group and the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

3 Accounting principles (cont'd)

3.18. Impairment of assets

Other assets

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

3.19. Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of these financial statements relate to amortisation (Notes 3.5 and 5), depreciation (Notes 3.6 and 6) and impairment evaluation (Notes 3.6 and 6). Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

3.20. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits is probable.

3.21. Subsequent events

Post-balance sheet events that provide additional information about the Group's and the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

3.22. Offsetting and comparative figures

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when certain IFRS specifically require or allow such set-off.

Where necessary, comparative figures have been adjusted to correspond to the presentation of the current year. Due to application of IFRS 7 the comparative information for 2006 is also presented.

4 Correction of an error

In 2006 the Company has recalculated income tax and consequently deferred income tax for prior periods and accounted for this retrospectively by correcting retained earnings as of 31 December 2004 and the result for 2005, which was not in accordance with IFRS, which require correction of income tax during the current year. In 2007 the Company has corrected its financial statements (2006 comparatives) by correcting the income tax and deferred income tax in the income statement for the year 2006 as well as the related balance sheet amounts. The effect of the corrections on the net result for 2006 and retained earnings as of 31 December 2006 is presented in the table below:

	Group		Company	
	Net profit	Shareholders' equity	Net profit	Shareholders' equity
In financial statements as of 31 December 2006 as originally reported	**6,231**	**227,962**	**2,641**	**232,068**
Correction of deferred tax for 2004	1,735	-	1,735	-
Correction of deferred tax for 2005	(686)	-	(686)	-
Correction of current income tax for 2005	556	-	556	-
In financial statements as of 31 December 2006 after correction of an error	**7,836**	**227,962**	**4,246**	**232,068**

The sum (LTL 1,605 thousand) of the above corrections having the effect on the result of 2006, has the opposite effect on the opening retained earnings of 2006.

5 Intangible assets

Movements in the Group's and the Company's intangible assets during 2007 can be specified as follows:

	Group			
	Goodwill	Other	Total	Company
Cost:				
Balance as of 31 December 2006	26,133	1,967	28,100	1,648
Additions	-	81	81	81
Balance as of 31 December 2007	26,133	2,048	28,181	1,729
Accumulated amortisation:				
Balance as of 31 December 2006	-	1,614	1,614	1,613
Charge for the year	-	130	130	25
Balance as of 31 December 2007	-	1,744	1,744	1,638
Net book value as of 31 December 2007	**26,133**	**304**	**26,437**	**91**

5 Intangible assets (cont'd)

Movements in the Group's and Company's intangible assets during 2006 can be specified as follows:

	Group			
	Goodwill	Other	Total	Company
Cost:				
Balance as of 31 December 2005	-	1,703	1,703	1,695
Additions	26,133	311	26,444	-
Disposals and write-offs	-	(47)	(47)	(47)
Balance as of 31 December 2006	26,133	1,967	28,100	1,648
Accumulated amortisation:				
Balance as of 31 December 2005	-	1,456	1,456	1,456
Charge for the year	-	205	205	204
Disposals and write-offs	-	(47)	(47)	(47)
Balance as of 31 December 2006	-	1,614	1,614	1,613
Net book value as of 31 December 2006	**26,133**	**353**	**26,486**	**35**

Amortisation expenses of intangible assets are included within operating expenses in the income statement.

Part of the non-current intangible assets of the Group and the Company with the acquisition value of 1,596 thousand as of 31 December 2007, was fully amortised (LTL 1,584 thousand as of 31 December 2006) but was still in use.

Goodwill

As described in Note 1, on 23 February 2006 the Company acquired the remaining 49% of share capital of UAB Krovinių Terminalas for an amount of LTL 26,133 thousand. As the net assets of the subsidiary were equal to zero as of the date of the transaction, the goodwill of LTL 26,133 thousand was recognised in the Group financial statements. Goodwill was recognised as the business plan of the subsidiary indicates positive future results and its business is viable.

The whole goodwill amount was assigned to UAB Krovinių Terminalas cash generating unit. The recoverable amount of this cash generating unit as of 31 December 2007 was determined based on the value in use calculation using cash flow projections based on the five-year financial forecasts prepared by the management. The forecasted revenues were estimated based on the long-term loading agreement signed as of 31 December 2006. The costs were projected based on the actual cost level taking into account estimated inflation. In addition, the management assumed that the cost of personnel will increase beyond the effect of the expected inflation due to the overall significant increase of the salary levels in the Lithuanian market. 14% discount rate (pre-tax) was applied to the cash flow projections and cash flows beyond the five-year period were extrapolated using 2% growth rate that reflects the best estimate of the management based on the current situation in the respective industry.

With regard to the assessment of the recoverable amount of UAB Krovinių Terminalas, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

6 Property, plant and equipment

Movements in property, plant and equipment during the year ended 31 December 2007 can be specified as follows:

Group	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost, historical or indexed:						
Balance as of 31 December 2006	11,777	323,783	219,336	45,501	3,209	603,606
Additions	-	-	1,903	1,488	15,236	18,627
Disposals	-	(52)	(278)	(1,202)	-	(1,532)
Retirements	-	(558)	(474)	(1,193)	-	(2,225)
Transfers between captions	-	2,211	(545)	227	(1,893)	-
Balance as of 31 December 2007	11,777	325,384	219,942	44,821	16,552	618,476
Accumulated depreciation:						
Balance as of 31 December 2006	-	83,495	187,042	39,697	-	310,234
Charge for the year	-	18,492	10,836	1,809	-	31,137
Disposals	-	(52)	(272)	(1,109)	-	(1,433)
Retirements	-	(540)	(472)	(1,190)	-	(2,202)
Transfers between captions	-	163	(163)	-	-	-
Balance as of 31 December 2007	-	101,558	196,971	39,207	-	337,736
Impairment losses:						
Balance as of 31 December 2006	-	3,304	1,183	-	729	5,216
Charge for the year	-	275	-	-	-	275
Balance as of 31 December 2007	-	3,579	1,183	-	729	5,491
Net book value as of 31 December 2007	**11,777**	**220,247**	**21,788**	**5,614**	**15,823**	**275,249**

6 Property, plant and equipment (cont'd)

Company	Land	Buildings and constructions	Machinery and equipment	Other assets	Construction in progress and prepayments	Total
Cost, historical or indexed:						
Balance as of 31 December 2006	11,777	206,822	210,446	44,322	3,190	476,557
Additions	-	-	1,518	1,264	14,652	17,434
Disposals	-	(52)	(278)	(1,202)	(284)	(1,816)
Retirements	-	(558)	(474)	(1,193)	-	(2,225)
Transfers between captions	-	1,413	(473)	133	(1,073)	-
Balance as of 31 December 2007	11,777	207,625	210,739	43,324	16,485	489,950
Accumulated depreciation:						
Balance as of 31 December 2006	-	78,263	185,831	39,315	-	303,409
Charge for the year	-	10,604	9,067	1,572	-	21,243
Disposals	-	(52)	(272)	(1,109)	-	(1,433)
Retirements	-	(540)	(472)	(1,190)	-	(2,202)
Transfers between captions	-	163	(163)	-	-	-
Balance as of 31 December 2007	-	88,438	193,991	38,588	-	321,017
Impairment losses:						
Balance as of 31 December 2006	-	3,304	1,183	-	729	5,216
Charge for the year	-	275	-	-	-	275
Balance as of 31 December 2007	-	3,579	1,183	-	729	5,491
Net book value as of 31 December 2007	**11,777**	**115,608**	**15,565**	**4,736**	**15,756**	**163,442**

6 Property, plant and equipment (cont'd)

Movements in property, plant and equipment during the year ended 31 December 2006 can be specified as follows:

Group	Land	Buildings and constructions	Machinery and equipment	Other assets	Construction in progress and prepayments	Total
Cost, historical or indexed:						
Balance as of 31 December 2005	11,777	219,370	213,353	41,385	110,240	596,125
Additions	2,339	94	3,724	1,662	14,198	22,017
Disposals	(2,339)	(144)	(181)	(511)	-	(3,175)
Retirements	-	(116)	(2,132)	(1,577)	(85)	(3,910)
Transfers to investment property	-	(7,451)	-	-	-	(7,451)
Transfers between captions	-	112,030	4,572	4,542	(121,144)	-
Balance as of 31 December 2006	11,777	323,783	219,336	45,501	3,209	603,606
Accumulated depreciation:						
Balance as of 31 December 2005	-	69,955	182,677	36,392	-	289,024
Charge for the year	-	14,548	10,424	1,566	-	26,538
Disposals	-	(37)	(19)	(501)	-	(557)
Retirements	-	(110)	(2,285)	(1,515)	-	(3,910)
Transfers to investment property	-	(861)	-	-	-	(861)
Transfers between captions	-	-	(3,755)	3,755	-	-
Balance as of 31 December 2006	-	83,495	187,042	39,697	-	310,234
Impairment losses:						
Balance as of 31 December 2005	-	3,304	1,183	-	729	5,216
Charge for the year	-	-	-	-	-	-
Balance as of 31 December 2006	-	3,304	1,183	-	729	5,216
Net book value as of 31 December 2006	**11,777**	**236,984**	**31,111**	**5,804**	**2,480**	**288,156**

6 Property, plant and equipment (cont'd)

Company	Land	Buildings and constructions	Machinery and equipment	Other assets	Construction in progress and prepayments	Total
Cost, historical or indexed:						
Balance as of 31 December 2005	11,777	214,728	212,644	40,497	1,269	480,915
Additions	2,339	-	3,389	1,353	3,073	10,154
Disposals	(2,339)	(144)	(180)	(488)	-	(3,151)
Retirements	-	(116)	(2,132)	(1,577)	(85)	(3,910)
Transfers to investment property	-	(7,451)	-	-	-	(7,451)
Transfers between captions	-	(195)	(3,275)	4,537	(1,067)	-
Balance as of 31 December 2006	11,777	206,822	210,446	44,322	3,190	476,557
Accumulated depreciation:						
Balance as of 31 December 2005	-	68,943	182,501	36,152	-	287,596
Charge for the year	-	10,328	9,386	1,407	-	21,121
Disposals	-	(37)	(19)	(481)	-	(537)
Retirements	-	(110)	(2,285)	(1,515)	-	(3,910)
Transfers to investment property	-	(861)	-	-	-	(861)
Transfers between captions	-	-	(3,752)	3,752	-	-
Balance as of 31 December 2006	-	78,263	185,831	39,315	-	303,409
Impairment losses:						
Balance as of 31 December 2005	-	3,304	1,183	-	729	5,216
Charge for the year	-	-	-	-	-	-
Balance as of 31 December 2006	-	3,304	1,183	-	729	5,216
Net book value as of 31 December 2006	**11,777**	**125,255**	**23,432**	**5,007**	**2,461**	**167,932**

The depreciation charge of the Group's and the Company's property, plant and equipment for the year 2007 amounts to LTL 31,137 thousand and LTL 21,243 thousand, respectively (LTL 26,538 thousand and LTL 21,121 thousand in 2006, respectively). The Group's and the Company's depreciation expenses amounting to LTL 27,487 thousand and LTL 20,552 thousand for the year 2007, respectively (LTL 24,499 thousand and LTL 20,870 thousand for the year 2006, respectively), have been included into cost of sales in the income statement. The remaining amounts have been included into operating expenses for the year.

Property, plant and equipment of the Group and the Company with a net book value of LTL 90,537 thousand as of 31 December 2007 (LTL 98,240 thousand as of 31 December 2006) and land rent rights were pledged to banks as a collateral for the loans (Note 14).

Property, plant and equipment of the Group and the Company with the acquisition cost of LTL 198,203 thousand and LTL 197,773 thousand, respectively, were fully depreciated as of 31 December 2007 (LTL 173,608 thousand and LTL 173,453 thousand as of 31 December 2006, respectively) but were still in active use. The major part of fully depreciated assets in use is machinery and equipment.

In 2006 the Group and the Company reviewed the classification of property, plant and equipment and corrected attribution of certain equipment items to other assets by transferring respectively LTL 3,755 thousand and LTL 3,752 thousand of fixtures from equipment to other assets caption.

6 Property, plant and equipment (cont'd)

The impairment, amounting to LTL 4,487 thousand, for structures and machinery not in use, located in a distant area from the main operations of the Company, was accounted for in 2005. As it is not possible to assess the fair (sales) value of these assets, value in use method was used for impairment calculation. The mentioned structures and machinery are not used in the operations of the Company and do not generate income for the Company and the management's plans for the future usage are unclear, therefore an impairment for a full amount was recorded in the financial statements of 2005.

As the Company plans additionally to demolish part of its structures (concrete covering) currently not in use, additional LTL 275 thousand impairment was accounted for in 2007.

The Company has changed depreciation calculation (useful life) estimates in the year 2005. The useful life of the group of machinery and equipment was reduced from 15 years to 5-10 years. The management believes that this estimate better reflects the pattern of usage of the respective asset group. The effect of the change in the amount of LTL 13,477 thousand has been included into cost of sales for the year 2005. Due to the change in accounting estimates the depreciation expenses for the year 2007 increased by approximately LTL 782 thousand (LTL 795 thousand in 2006).

On 21 May 2007 the Company signed the agreement with OAO LENINGRADSKIJ SUDOSTROITELNYJ ZAVOD PELLA (Russia) for the construction and purchase of 2 towboats for the total amount of EUR 9,360 thousand (LTL 32,318 thousand equivalent as of 31 December 2007). Prepayment amounting to LTL 7,272 thousand for towboats was made in 2007.

Four revaluations of property, plant and equipment were performed during a period of hyperinflation prior to 1 January 1996. Revaluations of property, plant and equipment were performed by indexing the cost and accumulated depreciation of property, plant and equipment, applying indexation rates set by the Lithuanian Government for different asset categories. The revalued amounts have not been specifically assessed by independent, professionally qualified valuators.

Indexation rates used for the four revaluations were as follows (depending upon the date of acquisition and category of property, plant and equipment):

Revaluation	The range of indexes for property, plant and equipment revaluation
Revaluation effective 1 July 1991	2.2 times
Revaluation effective 1 January 1992	2 - 5 times
Revaluation effective 1 April 1994	1.4 - 14 times
Revaluation effective 31 December 1995	1.6 - 1.7 times

Because of major movements and lack of separate registrations of the effect of indexations per asset, the Group and the Company cannot quantify the remaining effect of indexation on the balance of property, plant and equipment as of 31 December 2007. The net book value of indexed property, plant and equipment was LTL 20,987 thousand as of 31 December 2007 (LTL 25,172 thousand as of 31 December 2006).

7 Investment property

Movements in the Group's and the Company's investment property during the year ended 31 December 2007 can be specified as follows:

	Buildings
Cost, historical or indexed:	
Balance as of 31 December 2006	10,362
Balance as of 31 December 2007	10,362
Accumulated depreciation:	
Balance as of 31 December 2006	3,013
Charge for the year	203
Balance as of 31 December 2007	3,216
Net book value as of 31 December 2007	**7,146**

Movements in the Group's and the Company's investment property during the year ended 31 December 2006 can be specified as follows:

	Buildings
Cost, historical or indexed:	
Balance as of 31 December 2005	2,911
Transfers from property, plant and equipment	7,451
Balance as of 31 December 2006	10,362
Accumulated depreciation:	
Balance as of 31 December 2005	1,736
Charge for the year	416
Transfers from property, plant and equipment	861
Balance as of 31 December 2006	3,013
Net book value as of 31 December 2006	**7,349**

Investment property includes rented warehouses and other buildings and structures. The expenses related to investment property are depreciation charge, mainly included under the cost of sales caption in the income statement.

8 Investments into subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associated companies of the Company as of 31 December 2007 and 2006 could be specified as following:

	2007		2006	
	Share of capital	Cost value	Share of capital	Cost value
UAB Krovinių Terminalas	100%	28,263	100%	28,263
UAB Krantas Forwarding	50%	200	50%	200
UAB Klasco Ekspedicija	50%	5	50%	5
ZAO Baltijskaja Transportnaja-ekspeditorskaja Kompanija - 2K	50%	-	50%	-
UAB Euroga	49%	70	49%	70
OOO Proizvodstvenno-investicionnaja kompanija Promimpeks	32%	3	-	-
		28,541		28,538

Movement in investments in subsidiaries, joint ventures and associated companies of the Company during 2007 and 2006 are presented below:

		Company	
		2007	2006
At the beginning of the year		28,538	2,567
Acquisition of minority interest	a)	-	26,133
Allowance for investment in joint venture	b)	-	(162)
Establishment of associate	c)	3	-
		28,541	28,538

a) As described in Note 1, on 22 December 2005 the Company signed 3 share purchase-sales agreements with 3 private persons for an acquisition of 14,700 ordinary shares of UAB Krovinių Terminalas with a par value of LTL 100 each (49% of share capital). According to the agreements and subsequent amendments the total purchase price is LTL 26,133 thousand. According to the agreements, the title to the shares is transferred after the final settlement for the shares. The final settlement for the shares was made on 23 February 2006.

b) In 2006 joint venture ZAO Baltijskaja Transportnaja-ekspeditorskaja Kompanija - 2K suspended its activities and the management of the Company does not expect to recover the amount of investment, therefore 100% allowance for this investment was accounted for as of 31 December 2006.

c) In 2007 the Company participated in the establishment of associated company OOO Proizvodstvenno-investicionnaja kompanija Promimpeks (hereinafter OOO PIK Promimpeks), which was registered on 17 April 2007 in Moscow, Russia. The Company holds 32% of share capital, equal to RUB 32 thousand (LTL 3 thousand equivalent as of 31 December 2007).

8 Investments into subsidiaries, joint ventures and associates (cont'd)

The following tables illustrate summarised information of the Group's investment in joint ventures and associated companies as of 31 December 2007 and 2006.

	2007					
	UAB Klasco Ekspedicija	UAB Krantas Forwarding	UAB Euroga	ZAO Baltijskaja Transportnaja-Ekspeditorskaja Kompanija - 2K	OOO PIK Promimpeks*	Total
Share of the balance sheet:						
Current assets	649	170	4,966	No data	48	5,833
Non-current assets	18	16	70	No data	1	105
Current liabilities	(486)	(37)	(3,745)	No data	(128)	(4,396)
Non-current liabilities	-	-	(10)	No data	-	(10)
Net assets	181	149	1,281	No data	-	1,611
Share of the revenue, expenses and profit:						
Revenue	4,108	493	2,106	No data	27	6,734
Expenses	(4,051)	(446)	(1,295)	No data	(109)	(5,901)
Profit (loss)	57	47	811	No data	(3)	912
Dividends received	(50)	-	(245)	-	-	(295)
Carrying amount of the investment	181	149	1,281	-	-	1,611

* In 2007 associated company OOO PIK Promimpeks incurred losses and its equity was negative as of 31 December 2007. As the management of the Company cannot control the activities of the associated company and has no obligations to cover losses, the Company has not recognised any liabilities related to this associate and accounted for investment in this associate at zero value as of 31 December 2007 in the Group financial statements.

	2006				
	UAB Klasco Ekspedicija	UAB Krantas Forwarding	UAB Euroga	ZAO Baltijskaja Transportnaja-Ekspeditorskaja Kompanija - 2K	Total
Share of the balance sheet:					
Current assets	1,464	125	2,629	No data	4,218
Non-current assets	25	12	69	No data	106
Current liabilities	(1,315)	(35)	(1,943)	No data	(3,293)
Non-current liabilities	-	-	(40)	No data	(40)
Net assets	174	102	715	No data	991
Share of the revenue, expenses and profit:					
Revenue	7,888	435	811	No data	9,134
Expenses	(7,849)	(419)	(339)	No data	(8,607)
Allowance	-	-	-	(41)	(41)
Profit (loss)	39	16	472	(41)	486
Dividends received	(150)	-	-	-	(150)
Carrying amount of the investment	174	102	715	-	991

9 Non-current receivables

	Group		Company	
	2007	2006	2006	2005
Long-term receivable from UAB Klaipėdos Keleivių ir Krovinių Terminalas	531	510	531	510
Long-term loans granted to the Company's employees	320	395	320	395
	851	905	851	905

Long-term receivable from UAB Klaipėdos Keleivių ir Krovinių Terminalas represents a receivable for the gantry crane sold. The receivable matures in 2012 and bears no interest rate. This receivable is accounted for at discounted value using 4% interest rate.

Long-term loans granted to the employees of the Company are non-interest bearing and mature from 2007 to 2020. These loans are accounted for at discounted value using 4% interest rate.

10 Inventories

	Group		Company	
	2007	2006	2007	2006
Spare parts	3,514	3,820	3,400	3,689
Other inventory	2,404	2,337	2,190	2,236
	5,918	6,157	5,590	5,925
Less: net realisable value allowance	(2,734)	(2,734)	(2,734)	(2,734)
	3,184	3,423	2,856	3,191

The carrying value of the Group's and the Company's inventories accounted for at net realisable value as of 31 December 2007 and 2006 amounted to LTL 1,399 thousand.

11 Receivables

	Group		Company	
	2007	2006	2007	2006
Trade receivables	8,999	10,201	8,630	9,887
Other receivables	4,916	4,883	4,824	4,547
Loans granted	236	124	236	124
Deposits with a term longer than three months	10,000	14,726	10,000	13,000
	24,151	29,934	23,690	27,558
Less: allowance for doubtful trade receivables	(314)	(144)	(314)	(144)
	23,837	29,790	23,376	27,414

As of 31 December 2007 the Group's and the Company's term deposit with AB PAREX BANKAS comprises of LTL 10,000 thousand deposit with maturity at 28 March 2008 and annual interest rate of 5.44%.

Trade receivables are non-interest bearing and are generally on 30 – 90 days terms.

As of 31 December 2007 trade receivables with the nominal value of LTL 63 thousand (as of 31 December 2006 – LTL 144 thousand) were impaired and fully provided for.

11 Receivables (cont'd)

Movements in the provision for impairment of receivables were as follows:

	Individually impaired	Total
Balance as of 31 December 2005	144	144
Charge for the year	-	-
Balance as of 31 December 2006	144	144
Charge for the year	251	251
Written off	(81)	(81)
Balance as of 31 December 2007	314	314

Changes in allowance for accounts receivable in 2007 and 2006 were included into operating expenses.

The ageing analysis of the Group's and the Company's trade receivables as of 31 December 2006 and 2007 is as follows:

	Receivables neither past due nor impaired	Receivables past due but not impaired					Total
		Less than 30 days	30 – 90 days	90 – 180 days	180 – 360 days	More than 360 days	
The Company							
2006	9,228	499	16	-	-	-	9,743
2007	7,999	547	21	-	-	-	8,567
The Group							
2006	9,542	499	16	-	-	-	10,057
2007	8,368	547	21	-	-	-	8,936

12 Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
Cash at bank	13,290	11,622	12,377	11,365
Cash on hand	20	24	20	22
Deposits with a term less than three months	11,308	5,399	8,201	900
	24,618	17,045	20,598	12,287

The subsidiary UAB Krovinių Terminalas has a commitment to ensure that all cash turnovers are made through the bank accounts with AB PAREX BANKAS (Lithuania) and AS Parex Banka (Latvia) and the Group and the Company has a commitment to ensure that this cash turnover is not less than LTL 75,000 thousand during half a year (Note 14).

As of 31 December 2007 the Company's term deposits with AB PAREX BANKAS comprise EUR 2,100 thousand (LTL 7,251 thousand equivalent as of 31 December 2007) deposit with a maturity at 17 March 2008 and annual interest rate of 5.40%, also EUR 275 thousand (LTL 950 thousand equivalent as of 31 December 2007) deposit with maturity at 31 January 2008 and annual interest rate of 5.15%.

As of 31 December 2007 the Group had additional two term deposits of UAB Krovinių Terminalas with AB PAREX BANKAS of EUR 600 thousand (LTL 2,071 thousand equivalent as of 31 December 2007) and EUR 300 thousand (LTL 1,036 thousand equivalent as of 31 December 2007) with a maturity at 10 January 2008 and 11 February 2008 and annual interest rate of 5.35% and 4.66%, respectively.

13 Equity

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit, calculated in accordance with IFRS, are compulsory until the reserve reaches 10% of the share capital. The legal reserve is fully formed by the Company. The legal reserve cannot be distributed as dividends but can be used to cover any future losses.

14 Borrowings

Borrowings of the Group and the Company could be specified as follows:

	Group		Company	
	2007	2006	2007	2006
Non-current borrowings				
Loans from banks	95,270	107,498	5,772	-
	95,270	107,498	5,772	-
Current portion of non-current borrowings				
Current portion of loans from banks	16,632	16,520	-	-
	16,632	16,520	-	-
	111,902	124,018	5,772	-

Terms of repayment of non-current debts as of 31 December 2007 are as follows:

	Group		Company	
Year	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
2008	-	16,632	-	-
2009	-	15,000	-	-
2010	-	17,260	-	1,260
2011	-	19,521	-	2,521
2012 and later	-	43,489	-	1,991
	-	111,902	-	5,772

The Group's and the Company's weighted average effective interest rates of borrowings outstanding at the year-end:

	2007	2006
Non-current borrowings	5.83%	4.75%

Parts of borrowings at the end of the year in national and foreign currencies:

	Group		Company	
	2007	2006	2007	2006
Borrowings denominated in:				
EUR	111,902	124,018	5,772	-
LTL	-	-	-	-
	111,902	124,018	5,772	-

14 Borrowings (cont'd)

On 19 June 2007 the Company signed a loan agreement with NORDEA BANK FINLAND PLC (Finland) to finance the construction and purchase of 2 towboats. The loan amount is EUR 7,300 thousand (LTL 25,205 thousand) and its maturity is 30 June 2014. Interest rate for the loan is 3 months EUR LIBOR + 0.5%.

As of 31 December 2007 all cash accounts in NORDEA BANK FINLAND PLC (Finland) with the balance of LTL 328 thousand were pledged.

The Company has a commitment to ensure that all cash turnovers are made through the bank accounts with NORDEA BANK FINLAND PLC (Finland) and the Company has a commitment to ensure that this cash turnover is not less than 20% from turnover during quarter.

The Company is obliged to pledge both towboats upon the end of construction.

On 13 September 2006 the subsidiary UAB Krovinių Terminalas signed a syndicated loan agreement with AB PAREX BANKAS (Lithuania) and AS Parex Banka (Latvia) (further "the Banks") to refinance the loan received from the Company for financing of construction of Oil and chemical products terminal and financing of working capital. The loan amount is EUR 37,650 thousand (LTL 129,998 thousand) and its maturity is 10 June 2014. Interest rate for the loan is 6 months EUR LIBOR + 1.3% for the 73.99% portion of the loan and 6 months EUR LIBOR + 1.0% for the 26.01% portion of the loan.

As of 31 December 2007 buildings and structures of the subsidiary UAB Krovinių Terminalas with the net book value of LTL 90,537 thousand and land rent rights were pledged to AB PAREX BANKAS (Lithuania) and AS Parex Banka (Latvia) (Note 6).

The subsidiary UAB Krovinių Terminalas has a commitment to ensure that all cash turnovers are made through the bank accounts with AB PAREX BANKAS (Lithuania) and AS Parex Banka (Latvia) and the Company and the Group has a commitment to ensure that this cash turnover is not less than LTL 75,000 thousand during half a year (Note 12).

In 2006 the Company has guaranteed the repayment of the loan taken by the subsidiary UAB Krovinių Terminalas from AB PAREX BANKAS (Lithuania) and AS Parex-Banka (Latvia), and in 2007 the guarantee agreement was terminated.

15 Other payables

	Group		Company	
	2007	2006	2007	2006
Taxes, salaries and social security payable	4,112	4,072	3,783	3,214
Vacation pay and social security accrual	3,823	3,576	3,488	3,268
Other payables and accrued expenses	8,616	5,187	5,440	3,415
	16,551	12,835	12,711	9,897

Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on 20-45-day terms.
- Other payables are non-interest bearing and are normally settled on 15-30-day terms.
- Interest payable is normally settled monthly to quarterly throughout the financial year.
- For terms and conditions relating to related parties, refer to Note 27.

16 Operating lease

The Group and the Company as the lessee

The Group and the Company concluded several contracts of operating lease of vehicles. The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements. In 2007, the lease expenses of the Group and the Company amounted to LTL 758 thousand (LTL 381 thousand in 2006). The Company made prepayments for operating lease amounting to LTL 467 thousand.

Future lease payments according to the signed lease contracts are as follows:

	Group	Company
Within one year	707	707
From one to five years	1,871	1,871
	2,578	2,578
Denominated in:		
- EUR	2,578	2,578
- LTL	-	-

As of 31 December 2007 the Group and the Company had land rent agreements with Klaipėda State Seaport for a total area of 1,018,279 and 960,846 square meters, respectively, with the maturity terms ending from 31 December 2021 till 14 October 2054. One square meter annual rent fee varies from LTL 1.50 to LTL 12. Rent fee is reviewed periodically.

The Group's and the Company's average annual Klaipėda State Seaport land rent fee is equal to LTL 6,449 thousand and LTL 5,818 thousand, respectively.

The Group and the Company as the lessor

The Group and the Company concluded several contracts of operating lease of buildings, vehicles and boats.

Future lease income according to the signed lease contracts are as follows:

	Group	Company
Within one year	803	743
From one to five years	-	-
	803	743
Denominated in:		
- EUR	-	-
- LTL	803	743

17 Finance lease

In 2007 the Group and the Company concluded 3 new contracts of finance lease of vehicles. The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements. In 2007, the lease expenses of the Group and the Company amounted to LTL 53 thousand and LTL 50 thousand, respectively (LTL 2 thousand in 2006). Net book value of the assets of the Group and the Company acquired under finance lease as of 31 December 2007 amounts to LTL 1,192 thousand and LTL 1,107 thousand, respectively (LTL 1,254 thousand in 2006).

Future lease payments according to the signed lease contracts are as follows:

	Group	Company
Within one year	310	285
From one to five years	922	834
Total finance lease obligations	1,232	1,119
Interest	(128)	(115)
Present value of finance lease obligations	1,104	1,004
Finance lease obligations are accounted for as:		
- current	255	235
- non-current	849	769
Denominated in:		
- EUR	1,004	1,004
- LTL	100	-

18 Cost of sales

	Group		Company	
	2007	2006	2007	2006
Employee payroll costs	33,577	28,643	31,434	26,731
Depreciation	27,487	24,499	20,552	20,870
Maintenance and repairs	13,961	9,861	13,377	9,802
Rent expenses	9,436	7,963	9,435	7,332
Forwarding services	22,034	13,232	693	479
Other production overheads	13,235	9,633	12,965	9,387
	119,730	93,831	88,456	74,601

19 Operating expenses

	Group		Company	
	2007	2006	2007	2006
Employee payroll costs	16,297	16,000	14,422	13,955
Management fee	8,200	10,100	7,000	9,500
Depreciation and amortisation	3,983	2,660	919	871
Security services	3,572	3,721	3,572	3,134
Taxes (other than income tax)	2,114	1,991	1,165	1,267
Rent expenses	1,977	776	664	773
Charity and donations	1,329	2,909	1,329	2,909
Advertising	1,025	1,032	963	1,012
Maintenance and repair	772	616	518	361
Insurance	569	519	61	208
Utilities	393	403	250	279
Business trips	320	361	271	333
Allowance for other accounts receivable	251	-	251	-
Employee trainings	229	484	158	410
Consultation and similar services	202	699	168	419
Bank services	148	199	142	37
Other	2,229	2,429	1,714	2,034
	43,610	44,899	33,567	37,502

20 Other operating income (expenses), net

	Group		Company	
	2007	2006	2007	2006
Rent income	1,167	1,166	1,117	1,166
Gain on disposal of property, plant and equipment	103	114	103	114
Other income	2,900	2,983	3,104	2,960
Correction of Containers Terminal sales price	-	(2,000)	-	(2,000)
Other expenses	(1,682)	(1,500)	(1,671)	(1,442)
	2,488	763	2,653	798

In 2006 the Company received a claim for the poor condition of equipment of Containers Terminal sold in 2005, and has corrected the sales price by LTL 2,000 thousand.

21 Income (expenses) from financial and investment activities, net

	Group		Company	
	2007	2006	2007	2006
Interest income	1,230	386	971	4,430
Foreign currency exchange gain	135	5	134	5
Dividend income	-	-	295	150
Other financial income	85	259	85	3
Total income from financial and investment activities	1,450	650	1,485	4,588
Interest (expenses)	(6,383)	(5,410)	(173)	(3,844)
Foreign currency exchange (loss)	(202)	(52)	(194)	(35)
Other financial (expenses)	(85)	(141)	(29)	(139)
Total (expenses) from financial and investment activities	(6,670)	(5,603)	(396)	(4,018)
	(5,220)	(4,953)	1,089	570

22 Income tax

	Group		Company	
	2007	2006 (restated)	2007	2006 (restated)
Current income tax for the reporting year	4,111	2,680	4,111	2,680
Change in deferred income tax due to change in tax rate	109	24	109	24
Change in temporary differences	259	(1,154)	(590)	(1,510)
Correction of income tax for 2004 and 2005 (Note 4)	-	(1,605)	-	(1,605)
Income tax expenses recorded in income statement	4,479	(55)	3,630	(441)
Deferred income tax asset				
Tax loss carry forward	823	1,281	-	-
Impairment of property, plant and equipment	460	588	460	588
Allowance for inventories	670	693	670	693
Vacation pay accrual	261	301	250	290
Other temporary differences	366	263	366	263
	2,580	3,126	1,746	1,834
Less: realisation allowance	-	-	-	-
Deferred income tax asset, net of allowance	2,580	3,126	1,746	1,834
Deferred income tax asset netted with liability	(2,555)	(2,461)	(1,721)	(1,834)
Deferred income tax asset, net	25	665	25	-
Deferred income tax liability				
Investment incentive	(1,711)	(2,494)	(1,400)	(2,121)
Depreciation rates differences	(808)	(305)	(101)	(51)
Non-taxable income	(220)	(118)	(220)	(118)
Deferred income tax liability	(2,739)	(2,917)	(1,721)	(2,290)
Deferred income tax liability netted with asset	2,555	2,461	1,721	1,834
Deferred income tax liability, net	(184)	(456)	-	(456)

22 Income tax (cont'd)

The Group's deferred tax asset and liability have not been netted off with each other, as they related to different Group entities.

While assessing deferred income tax assets and liability components for the year ended 31 December 2006 the Group and the Company used income tax rate of 18% for those items, which will be realised in 2007, and 15% rate for the items which will be realised in 2008 and later. While assessing deferred income tax assets and liability components for the year ended 31 December 2007 15% rate was used for all items.

The reported amount of income tax expenses attributable to the period can be reconciled to the theoretical amount of income tax expenses that would arise from applying statutory income tax rate to pre-tax income as follows:

	Group		Company	
	2007	2006	2007	2006
Profit before tax	23,364	7,781	17,144	3,835
Income tax expenses computed using the statutory tax rate (18% in 2007 and 19% in 2006)	4,206	1,478	3,086	729
Permanent differences	333	48	435	441
Change in tax rate	(60)	24	109	24
Correction of income tax for 2004 and 2005	-	(1,605)	-	(1,605)
	4,479	(55)	3,630	(411)

Tax loss of subsidiary amounting to LTL 5,487 thousand could be carried forward until 2010.

Effective tax rate of the Group and the Company in 2007 is equal to 19% and 21%, respectively (in 2006 – (1)% and (11)%, respectively).

The Group has not recognised a deferred tax liability for all taxable temporary differences associated with investments in joint ventures and associates, as the management is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in associates and interests in joint ventures, for which deferred tax liabilities have not been recognised, amounts to LTL 1,333 thousand as of 31 December 2007 (LTL 716 thousand as of 31 December 2006).

23 Basic and diluted earnings per share

Basic earnings per share reflect the Group's net profit, divided by the outstanding number of shares. The Company does not have any potential shares, therefore basic and diluted earnings per share are the same. Calculation of the basic and diluted earnings per share is presented below:

	Group	
	2007	2006
Net profit, attributable to the shareholders	18,885	7,836
Weighted average number of shares outstanding (in thousand items)	12,670	12,670
Basic and diluted earnings per share (in LTL)	1.49	0.62

24 Dividends per share

	Group	
	2007	2006
Dividends declared and authorised for payment	23,750	19,950
Weighted average number of shares outstanding (in thousand items)	12,670	12,670
Dividends per share (LTL)	1.87	1.57

25 Financial assets and liabilities and risk management

Credit risk

The Group and the Company have significant concentration of trading counterparties. The main three customers of the Group – AB Achema (a related company), AB DFDS Lisco and UAB Forlika – on 31 December 2007 account for approximately 38% (56% as of 31 December 2006) of the total Group's trade receivables.

In addition the subsidiary UAB Krovinių Terminalas has significant sales concentration – sales to the main customer comprise 87% from the total sales of the subsidiary.

The Group's and the Company's procedures are in force to ensure on a permanent basis that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit.

The Group and the Company do not guarantee obligations of other parties, except for one guarantee related to the loan repayment by a subsidiary (Note 14). The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the balance sheet. Consequently, the Group and the Company considers that its maximum exposure is reflected by the amount of trade receivables, net of allowance for doubtful accounts recognised at the balance sheet date.

Interest rate risk

The major part of the Group's and the Company's borrowings is with variable rates, related to LIBOR, which creates an interest rate risk. There are no financial instruments designated to manage the exposure to fluctuation in interest rates outstanding as of 31 December 2007.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity, other than current year profit impact.

2007	**Increase/ decrease**	**Effect on the profit before the income tax**
Financial instruments with variable interest		
LTL	+0.15%	(9)
LTL	-0.15%	9

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Group's liquidity (total current assets / total current liabilities) and quick ratios ((total current assets – inventories) / total current liabilities) as of 31 December 2007 were 1.20 and 1.13, respectively (1.34 and 1.26 as of 31 December 2006, respectively) and the Company's liquidity and quick ratios as of 31 December 2007 were 2.32 and 2.19, respectively (2.81 and 2.61 as of 31 December 2006, respectively).

25 Financial assets and liabilities and risk management (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as of 31 December 2006 and 2007 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	-	6,711	15,327	76,974	48,353	147,365
Financial lease	-	64	191	979	-	1,234
Trade payables	-	4,323	180	1,557	-	6,060
Balance as of 31 December 2006	**-**	**11,098**	**15,698**	**79,510**	**48,353**	**154,659**
Interest bearing loans and borrowings	-	6,972	15,709	79,876	31,811	134,368
Financial lease	-	77	233	922	-	1,232
Trade payables	-	6,281	180	1,317	-	7,778
Balance as of 31 December 2007	**-**	**13,330**	**16,122**	**82,115**	**31,811**	**143,378**

The table below summarises the maturity profile of the Company's financial liabilities as of 31 December 2006 and 2007 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	-	-	-	-	-	-
Financial lease	-	64	191	979	-	1,234
Trade payables	-	4,264	-	-	-	4,264
Balance as of 31 December 2006	**-**	**4,328**	**191**	**979**	**-**	**5,498**
Interest bearing loans and borrowings	-	83	233	2,608	4,023	6,947
Financial lease	-	71	214	834	-	1,119
Trade payables	-	6,583	-	-	-	6,583
Balance as of 31 December 2007	**-**	**6,737**	**447**	**3,442**	**4,023**	**14,649**

Foreign exchange risk

The Group's and the Company's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency. The Group and the Company does not use any financial instruments to manage its exposure to foreign exchange risk other than aiming to borrow in EUR, to which LTL is pegged. Monetary assets and liabilities stated in various currencies as of 31 December 2007 were as follows (LTL equivalent):

	Group		Company	
	Assets	**Liabilities**	**Assets**	**Liabilities**
LTL	30,149	9,853	29,371	8,558
EUR	18,967	112,438	15,264	6,308
USD	190	3	190	3
Total	49,306	122,294	44,825	14,869

25 Financial assets and liabilities and risk management (cont'd)

Foreign exchange risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in respect currency exchange rate, with all other variable held constant of the Company's profit before tax (due to change in the fair value of monetary assets and liabilities).

	Increase/ decrease in exchange rate	Effect on the profit before the income tax
2007		
USD	+ 10.00%	44
EUR	+ 10.00%	3,092
USD	- 10.00%	(44)
EUR	- 10.00%	(3,092)
2006		
USD	+ 10.00%	38
EUR	+ 10.00%	2,893
USD	- 10.00%	(38)
EUR	- 10.00%	(2,893)

Fair value of financial instruments

The Group's and the Company's principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, long-term and short-term borrowings.

Below is set out a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

	Carrying amount		Fair value	
	2007	2006	2007	2006
Financial assets				
Available for sale investments	50	50	50	50
Non-current accounts receivable	851	905	851	905
Receivables	23,031	27,357	23,031	27,357
Cash and cash equivalents	20,598	12,287	20,598	12,287
Financial liabilities				
Interest bearing loans and borrowings:				
Floating rate borrowings	5,772	-	5,772	-
Obligations under finance lease	1,004	1,107	1,004	1,107
Trade payables	6,583	4,264	6,583	4,264

Fair value is defined as the amount at which the instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

25 Financial assets and liabilities and risk management (cont'd)

Fair value of financial instruments (cont'd)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) The carrying amount of current trade accounts receivable, current trade accounts payable, other receivables and other payables and current borrowings approximates fair value.
(b) The fair value of non-current debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current borrowings with variable interest rates approximates their carrying amounts.

Capital management

The Company as capital manages share capital, legal reserves and retained earnings. The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it in the light of changes in economics conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year end 31 December 2007.

The Company is obliged to keep its equity at no less than 50% of its share capital, as imposed by the Law on Companies of the Republic of Lithuania.

Moreover the Company has externally imposed capital requirements from the banks. They require that equity / (total liabilities + equity) ratio is not less than 0.4. The management monitors that the Company is in line with the both above mentioned capital requirements. No other capital management tools are used.

26 Commitments and contingencies

In 2007 the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania performed an inspection of correctness of calculation and payment of the Company's taxes for the period from 1 January 2003 to 31 December 2005 and from 1 April 2006 to 30 April 2006 and in their report dated 9 January 2008 stated additional value added tax of LTL 4,531 thousand, related overdue interest of LTL 721 thousand and fines of LTL 2,230 thousand and additional income tax of LTL 3,326 thousand, related overdue interest of LTL 566 thousand and fines of LTL 1,650 thousand, mainly related to the sales of container's terminal transaction in 2005. The management of the Company disagree with additional taxes, overdue interest and fines and presented a complaint to the State Tax Inspectorate and applied for the negotiation procedure. The Company's management strongly believe that they will not be required to pay VAT when the negotiation and appealing procedures will come to the end. However, it expected that income tax may be paid, but even in this case the amount cannot be reasonably estimated at the moment. As of the date of approval of these financial statements there is a beginning of the process and it is uncertain what amounts will be settled, no adjustments have been made in these financial statements related to this material uncertainty.

In 2005 VĮ Klaipėdos Valstybinio Jūrų Uosto Direkcija (state enterprise Klaipėda State Seaport Authority) increased the port land rent fee as it has improved the port infrastructure. However, the Company disputes the fee increase and claims that the infrastructure was not improved according to the agreement, and refused to pay the increased rent fee. On 28 February 2006 Klaipėda State Seaport Authority sued the Company for an amount of LTL 626 thousand for unpaid rent fee. On 4 December 2006 the Klaipėda district court has satisfied the claim of Klaipėda State Seaport Authority of LTL 626 thousand, however the Company has appealed this decision. The appeal instance judged the decision taken by the Klaipėda district court and returned the claim to the court of primary instance for additional investigation. Not paid port land rent fee as of 31 December 2007 amounts to LTL 1,585 thousand (LTL 793 thousand as of 31 December 2006). In 2007 the management of the Company accrued additional port land fee of LTL 1,585 thousand as the possibility to win this case is limited. Accrual expenses have been included into cost of sales in the income statement.

27 Related party transactions

The parties are considered related when one party has the possibility to control the other one or has significant influence over the other party in making financial and operating decisions. The related parties of the Company are its shareholders and other companies that are controlled by the shareholders. Transactions and balances with related parties of the Group during 2007 and as of 31 December 2007 are presented in the table below:

2007	Purchases	Sales	Receivables	Payables
UAB Koncernas Achemos Grupė	8,343	3	-	158
AB Achema	732	41,326	1,636	77
UAB Achemarida	931	10	-	173
UAB Achemos Mokymo Centras	506	12	1	11
UAB Achempak	17	-	-	6
UAB Agrochema	-	611	39	-
UAB Budrus Sakalas	4,332	113	3	405
UAB Druslita	3	-	-	-
UAB Energetinių Projektų Centras	398	-	-	137
UAB Euroga	32,401	2,448	281	1,554
UADB Industrijos Garantas	732	4	851	804
UAB Iremas	8,388	542	-	591
UAB Jontaura	-	167	-	-
UAB FMĮ Kapitalo Srautai	79	-	-	17
UAB Klaipėdos Keleivių ir Krovinių Terminalas	10	14	593	1
AB Klaipėdos Laivų Remontas	5	8	1	-
UAB Klasco Ekspedicija	9	4,329	572	-
UAB Krantas Forwarding	230	71	4	19
UAB Krovinių Terminalas	-	-	-	-
UAB Lietuvos Žinios	443	-	9	18
UAB Sienojus	3,438	84	5	232
AB Spaustuvė Titnagas	1	-	-	-
UAB Transachema	-	13	1	-
AB Aušra	1	-	-	-
UAB Palangos Vėtra	1	-	-	-
	61,000	49,755	3,996	4,203

27 Related party transactions (cont'd)

Transactions and balances with related parties of the Company during 2007 and as of 31 December 2007 are presented in the table below:

2007	Purchases	Sales	Receivables	Payables
UAB Koncernas Achemos Grupė	7,143	3	-	40
AB Achema	454	41,326	1,636	51
UAB Achemarida	927	10	-	170
UAB Achemos Mokymo Centras	472	12	1	6
UAB Achempak	17	-	-	6
UAB Agrochema	-	611	39	-
UAB Budrus Sakalas	3,651	113	3	338
UAB Druslita	3	-	-	-
UAB Energetinių Projektų Centras	378	-	-	113
UAB Euroga	11,756	2,436	281	-
UADB Industrijos Garantas	344	4	-	21
UAB Iremas	7,874	542	-	565
UAB Jontaura	-	167	-	-
UAB FMĮ Kapitalo Srautai	79	-	-	17
UAB Klaipėdos Keleivių ir Krovinių Terminalas	10	14	593	1
AB Klaipėdos Laivų Remontas	5	8	1	-
UAB Klasco Ekspedicija	9	4,329	572	-
UAB Krantas Forwarding	230	71	4	19
UAB Krovinių Terminalas	-	538	362	-
UAB Lietuvos Žinios	441	-	9	18
UAB Sienojus	3,228	84	5	190
AB Spaustuvė Titnagas	1	-	-	-
UAB Transachema	-	13	1	-
	37,022	50,281	3,507	1,555

27 Related party transactions (cont'd)

Transactions and balances with related parties of the Group during 2006 and as of 31 December 2006 are presented in the table below:

2006	Purchases	Sales	Receivables	Payables
UAB Koncernas Achemos Grupė	10,124	5,563	-	59
AB Achema	1,534	30,265	1,466	55
UAB Achema Shipping	-	43	21	-
UAB Achemarida	1,053	4	-	128
UAB Achemos Mokymo Centras	440	18	1	3
UAB Achempak	8	-	-	-
UAB Agrochema	-	1,269	109	-
UAB Baltijos TV	100	-	-	-
UAB Budrus Sakalas	3,758	83	1	367
UAB Cars Agro Rent	88	-	-	6
UAB Energetinių Projektų Centras	223	-	-	-
UAB Euroga	12,998	475	39	776
UADB Industrijos Garantas	512	2	1,086	934
UAB Inkontas	-	-	-	-
UAB Iremas	10,524	758	22	401
UAB Jontaura	-	68	-	-
UAB FMĮ Kapitalo Srautai	74	-	-	12
UAB Klaipėdos Keleivių ir Krovinių Terminalas	21	10	595	-
AB Klaipėdos Laivų Remontas	6	3	-	-
UAB Klasco Ekspedicija	79	7,046	436	9
UAB Krantas Forwarding	219	55	7	20
UAB Krovinių Terminalas	-	-	-	-
UAB Lietuvos Žinios	569	-	1	-
UAB Palangos Vėtra	2	-	-	-
UAB Sienojus	4,243	120	9	262
AB Spaustuvė Titnagas	9	-	-	-
UAB Transachema	-	13	3	-
UAB Projektų Centras	5	-	-	-
	46,589	45,795	3,796	3,032

27 Related party transactions (cont'd)

Transactions and balances with related parties of the Company during 2006 and as of 31 December 2006 are presented in the table below:

2006	Purchases	Sales	Receivables	Payables
UAB Koncernas Achemos Grupė	9,524	5,563	-	-
AB Achema	569	30,265	1,466	29
UAB Achema Shipping	-	43	21	-
UAB Achemarida	1,053	4	-	128
UAB Achemos Mokymo Centras	412	18	1	3
UAB Achempak	8	-	-	-
UAB Agrochema	-	1,269	109	-
UAB Baltijos TV	100	-	-	-
UAB Budrus Sakalas	3,164	83	1	307
UAB Cars Agro Rent	88	-	-	6
UAB Energetinių Projektų Centras	223	-	-	-
UAB Euroga	861	467	36	20
UADB Industrijos Garantas	240	2	114	28
UAB Inkontas	-	-	-	-
UAB Iremas	6,276	757	22	357
UAB Jontaura	-	68	-	-
UAB FMĮ Kapitalo Srautai	74	-	-	12
UAB Klaipėdos Keleivių ir Krovinių Terminalas	8	1	591	-
AB Klaipėdos Laivų Remontas	6	3	-	-
UAB Klasco Ekspedicija	79	7,046	436	9
UAB Krantas Forwarding	219	55	7	20
UAB Krovinių Terminalas	16	4,283	22	-
UAB Lietuvos Žinios	569	-	1	-
UAB Palangos Vėtra	2	-	-	-
UAB Sienojus	4,229	120	8	262
AB Spaustuvė Titnagas	9	-	-	-
UAB Transachema	-	13	3	-
	27,729	50,060	2,838	1,181

There have been no guarantees provided or received for any related party receivables or payables, except as disclosed in Note 14. For the years ended 31 December 2007 and 2006 the Group and the Company has not made any provisions for doubtful debts relating to amounts owed by related parties.

Remuneration of the management and other payments

The Company's management remuneration amounted to LTL 2,792 thousand in 2007 (LTL 2,832 thousand in 2006). In 2007 and 2006, the management of the Company did not receive any loans, guarantees; no other payments or property transfers were made or accrued.