



**AB LIMARKO LAIVININKYSTĖS KOMPANIJA**  
**LIMARKO SHIPPING COMPANY AB**

TO: Lithuanian Securities Commission  
Konstitucijos ave. 23  
LT-08105 Vilnius, Lithuania

2009-04-06 Nr. FIN-1-56-09

### **Confirmation of responsible persons**

Following the Article 22 of 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, Vytautas Lygnugaris, President of Limarko laivininkystės kompanija AB, and Renaldas Vyšniauskas, Finance Director of Limarko laivininkystės kompanija AB, hereby confirm, that to the best of our knowledge, the enclosed Limarko laivininkystės kompanija AB Financial Statements for the year 2008, prepared in accordance with International Financial Reporting, give a true and fair view of the assets, liabilities, financial position and profit or loss of Limarko laivininkystės kompanija AB.

We hereby also confirm that, to the best of our knowledge, the report on business development and activities, Company's state and the description of the main risks and uncertainties encountered by the Company, as provided in the enclosed Annual Report for the year 2008, is correct.

Enclosure:

1. Limarko laivininkystės kompanija AB Financial Statements for the year 2008;
2. Limarko laivininkystės kompanija AB Annual Report for the year 2008.

President & CEO

Vytautas Lygnugaris

Chief Financial Officer

Renaldas Vyšniauskas



# **LIMARKO SHIPPING COMPANY**

AB Limarko Laivininkystés Kompanija

**Annual accounts  
for the year ended 31 December 2008**

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## **Company details**

### **AB Limarko Laivininkystės Kompanija** **(hereinafter Limarko Shipping Company AB)**

Telephone +370 46 34 00 01

Telefax +370 46 34 11 95

Company code 1403 46648

Registered office: Naujoji Uosto str. 8, LT-92125 Klaipėda, Lithuania

### **Board of Directors**

V.Lygnugaris (Chairman)

I.Uba

E.Bernotas

S. Ranonis

S.Baltuška

### **Management**

V.Lygnugaris (President)

### **Auditors**

KPMG Baltics, UAB

### **Banks**

AB SEB Bankas

AB Bankas Swedbank

AS UniCredit Bank Lithuanian branch

AB DnB NORD Bankas

Berenberg Bank

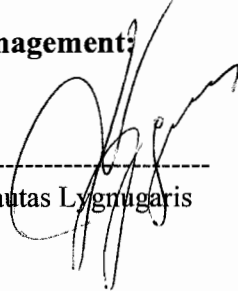
## **Management's statement on the annual financial statements**

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

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

Klaipėda, 6 April 2009

**Management:**



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Vytautas Lygnugaris



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

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

## **Independent auditor's report to the shareholders of Limarko Shipping Company AB**

We have audited the accompanying financial statements of Limarko Shipping Company AB, which comprise the balance sheet as at 31 December 2008, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, set out on pages 5-34.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

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

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

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

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Limarko Shipping Company AB as at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

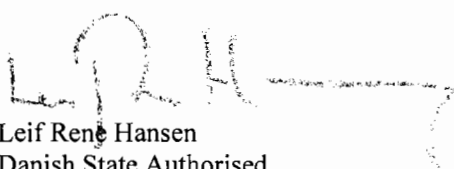
## Emphasis of matter

Without qualifying our opinion, we draw attention to the *Statement of compliance* and Note 14 to the financial statements „Interest bearing loans and borrowings“ which states that the financial statements are prepared as to International Financial Reporting Standards, and which discloses that the Company failed to comply with certain required financial ratios. In our opinion, the financial statements do not comply with the requirements set out in IAS 1 „Presentation of financial statements“ as part of payable loans are not classified as current liabilities as prescribed by IAS 1.65.


## Report on legal and other regulatory requirements

Furthermore, we have read the Annual Report for the year 2008 set out on pages 35-76 of the Annual Accounts and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2008.

Klaipėda, 6 April 2009  
KPMG Baltics UAB



Leif René Hansen  
Danish State Authorised  
Public Accountant



Rokas Kasperavičius  
Certified Auditor

## **Income statement**

### **For the year ended 31 December**

<b>In thousand of Lit</b>	<b>Note</b>	<b>2008</b>	<b>2007</b>
Revenue	1	151 363	136 705
Cost of sales	2	-141 807	-117 787
<b>Gross profit</b>		<b>9 556</b>	<b>18 918</b>
Other operating income, net	3	-61	1 402
Distribution expenses		-33	-54
Administrative expenses	4	-7 671	-8 703
<b>Operating profit before financing costs</b>		<b>1 791</b>	<b>11 563</b>
Financial income		123	9 314
Financial expenses		-14 801	-6 233
<b>Net financial costs/income</b>	5	<b>-14 678</b>	<b>3 080</b>
<b>Profit (loss) before tax</b>		<b>-12 887</b>	<b>14 644</b>
Income tax expense	6	-73	6 319
<b>Result for the year</b>		<b>-12 960</b>	<b>20 963</b>
Basic earnings (loss) per share (Litas)		-0,11	0,19
Diluted earnings (loss) per share (Litas)		-0,11	0,19

The notes set out on pages 9 to 34 form an integral part of these financial statements.



## Balance sheet

As at 31 December

In thousand of Litas	Note	2008	2007
<b>Assets</b>			
Property, plant and equipment	7	324 224	238 796
Intangible assets	8	45	56
Other investments	9	1 186	248
Long term receivable			191
<b>Total non-current assets</b>		<b>325 455</b>	<b>239 292</b>
Inventories	10	5 915	7 388
Receivable	11	9 598	11 888
Cash and cash equivalents	12	374	1 702
<b>Total current assets</b>		<b>15 887</b>	<b>20 977</b>
<b>Total assets</b>		<b>341 342</b>	<b>260 269</b>
<b>Equity</b>			
Issued capital		120 212	109 451
Reserves		7 645	6 597
Retained earnings		1 291	15 299
<b>Total equity</b>	13	<b>129 148</b>	<b>131 347</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	14	164 513	92 778
Deferred tax liabilities	15		
<b>Total non-current liabilities</b>		<b>164 513</b>	<b>92 778</b>
Interest-bearing loans and borrowings	14	25 047	17 732
Trade and other payables	16	22 634	18 412
<b>Total current liabilities</b>		<b>47 682</b>	<b>36 144</b>
<b>Total liabilities</b>		<b>212 194</b>	<b>128 922</b>
<b>Total equity and liabilities</b>		<b>341 342</b>	<b>260 269</b>

The notes set out on pages 9 to 34 form an integral part of these financial statements.

## Cash flow statement

For the year ended 31 December

In thousand of Lit	Note	2008	2007
<b>Cash flows from operating activities</b>			
Profit (loss) before tax		(12 887)	14 644
Adjustments for:			
Depreciation	7	25 245	21 137
Amortization	8	32	73
Gain on sales of non-current assets	3	182	(1 333)
Written off non-current assets		1	452
Investments revaluation loss		856	
Effects of exchange rate changes on the bank loans		8 688	(9 822)
Interest expenses, net	5	5 745	5 938
<b>Net cash from ordinary activities before any changes in</b>		<b>27 862</b>	<b>31 090</b>
Change in inventories		1 472	(3 924)
Change in receivable		2 481	(1 591)
Change in trade and other payables		4 231	8 234
<b>Net cash generated from ordinary activities</b>		<b>36 046</b>	<b>33 809</b>
Net interests paid / received		(5 745)	(5 938)
Income tax paid		(82)	(1 911)
<b>Net cash from operating activities</b>		<b>30 219</b>	<b>25 959</b>
<b>Cash flows from investing activities</b>			
Acquisition of tangible non-current assets	7	(116 091)	(79 216)
Acquisitions of intangible non-current assets	8	(22)	(34)
Acquisition of financial asset		(1 794)	
Proceeds from sale of tangible non-current assets	3	5 236	6 172
<b>Net cash from investing activities</b>		<b>(112 671)</b>	<b>(73 077)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		88 932	54 720
Repayment of borrowings		(18 570)	(13 700)
Payment of finance lease liabilities			(5)
Emission of shares		10 762	
Bonuses paid			
Net cash from financing activities		81 124	41 015
<b>Net decrease in cash and cash equivalents</b>		<b>(1 328)</b>	<b>(6 102)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>1 702</b>	<b>7 804</b>
<b>Cash and cash equivalents at 31 December</b>		<b>374</b>	<b>1 702</b>

The notes set out on pages 9 to 34 form an integral part of these financial statements.

## Statement of changes in equity

In thousand of Litas	Share capital	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2007	109 451	6 597	(5 664)	<b>110 384</b>
Net profit (loss) for 2007			20 963	<b>20 963</b>
Balance at 31 December 2007	109 451	6 597	15 299	<b>131 347</b>
Balance at 1 January 2008	109 451	6 597	15 299	<b>131 347</b>
Net profit (loss) for 2008			(12 960)	<b>(12 960)</b>
Appropriation of profit for the year 2007:				
Increasing of the statutory reserve		1 048	(1 048)	-
Increase of authorised capital	10 761			<b>10 761</b>
Balance at 31 December 2008	120 212	7 645	1 291	<b>129 148</b>

The notes set out on pages 9 to 34 form an integral part of these financial statements.

## **Notes to the financial statements**

### **Significant accounting policies**

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

The major shareholder of the Company is Limarko UAB, a company incorporated in Lithuania, which owns 87.2% of the share capital (31 December 2008). The ordinary shares of the company are listed on the NASDAQ OMX Vilnius.

The financial statements were authorised for issue by the directors on 6 April 2009.

### ***Statement of compliance***

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

### ***Basis of preparation***

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

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

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

Property, plant and equipment, the most significant area where assumptions are made and accounting estimates applied with material effect on financial statements, is described in Note 7 to the financial statements and in significant accounting principles under section of property, plant and equipment.

The accounting policies as set out below were consistently applied and are consistent with those of the previous year except for those which have changed due to amendments of previously valid IFRS and enforcement of the new IFRS as of 1 January 2008.

### ***Determination of fair values***

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

## **Notes to the financial statements**

### **Significant accounting policies (continued)**

#### ***Investments in debt and equity securities***

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

#### ***Trade and other receivables***

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

#### ***Derivative financial instruments***

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

#### ***Other financial instruments***

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

#### ***Foreign currency***

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

#### ***Property, plant and equipment***

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

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

## **Notes to the financial statements**

### **Significant accounting policies (continued)**

#### ***Property, plant and equipment (continued)***

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

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

Component accounting is not applicable for vessels.

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

The estimated useful lives are as follows:

Buildings	11-44 years
Ships and other transport vehicles	4-23 years
Capitalised ship repair expenses	2-3 years
Other non-current assets	2-7 years

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

#### ***Leased assets***

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

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

## **Notes to the financial statements**

### **Significant accounting policies (continued)**

#### ***Intangible assets***

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

#### ***Investments***

Financial assets classified as being available-for-sale are stated at cost less impairment due to an inability to determine the fair value of the investments.

#### ***Measurement of financial assets at fair value in the income statement***

Financial assets, which are accounted for at fair value in the income statements, are stated at fair value in the balance sheet. Any gain or loss arising from revaluation is stated directly in the income statement.

#### ***Investments***

Investments of the company are classified as being available-for-sale. As the fair value of the investments can not be measured reliably, the investments are valued at cost less impairment losses, if any.

#### ***Trade and other receivables***

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

#### ***Inventories***

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

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

#### ***Cash and cash equivalents***

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

## **Notes to the financial statements**

### **Significant accounting policies (continued)**

#### ***Impairment***

Assets are reviewed for impairment on each reporting date in order to determine if any indication of impairment exists.

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

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

#### ***Dividends***

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

#### ***Provisions***

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



## **Notes to the financial statements**

### **Significant accounting policies (continued)**

#### ***Interest-bearing borrowings***

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

#### ***Trade and other payables***

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

#### ***Revenue***

Revenue is recognised when it is probable that the company will receive economic benefits from the transaction and when the income amount can be reliably estimated. Income from sales of goods and services is stated at fair value less net of returns and allowances, trade discounts and volume rebates.

Transfers of risks and rewards, related to the ownership, vary depending on individual terms of the sales contract.

Vessel charter contracts are recognized as income according to the percentage of completion method.

#### ***Cost of goods sold and services rendered***

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

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

#### ***Distribution and administrative expenses***

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

## **Notes to the financial statements**

### **Significant accounting policies (continued)**

#### ***Other operating income and charges***

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

#### ***Financial income and expenses***

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

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

#### ***Income tax***

Income tax for the current and previous years is stated at the amount which is expected to be recovered from or paid to the tax administration institution. Income tax is calculated using tax rates enacted or substantially enacted at the balance sheet date.

Since 2007 the Company's profit earned from transportation of cargo by ships is taxed by a fixed income tax, directly depending on the general fleet capacity.

Profit not related to shipping is taxed in accordance with the regulations of the Law on Profit Tax.

As the Company chose to pay fixed income tax in 2007, the basis of which is not dependant on the Company's profit, there are no more temporary differences between the tax and financial accounts. Accordingly, the deferred tax does not arise in the Company.

#### ***Basic and diluted earnings per share***

Basic earnings per share shall be calculated by dividing net profit attributable to ordinary equity holders by the weighted average number of ordinary shares. In cases when the number of shares does not change and this happens without a corresponding change in economic resources, the weighted average of issued ordinary shares is adjusted for the proportionate change in the number of shares as if the event had occurred in the beginning of the earliest period presented. As there are no instruments for reduction of earnings per share, the basic and diluted earnings per share do not differ.

## Notes to the financial statements

### Significant accounting policies (continued)

#### *Segment reporting*

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

#### *Subsequent events*

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

#### *Financial risk factors*

In its activities the Company is exposed to various financial risks: market risk (including foreign exchange risk, interest risk, fair value and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's management pays the greatest attention to unpredictability of financial markets and aims to decrease its eventual impact on the Company's financial performance. From time to time the Company can use a derivative financial instrument in order to hedge certain risks.

#### *a) Market risk*

##### *(i) currency exchange risk*

The Company encounters with the currency exchange risk, related to sales, purchases and borrowing costs denominated in currencies other than Litas and Euro (Litas is pegged to Euro at a fixed exchange rate of 3,4528 LTL / EUR).

The Company's currency exchange risk was concentrated in the following balance sheet items:

31 December 2008

<i>In thousand of Litas</i>	LTL	USD	EUR	Other	Total
Long term receivable					
Trade receivable	20	6 095		68	6 184
Other amounts receivable	3 180	234			3 414
Cash and cash equivalents	88	267	19	0	374
Trade payables	(2 017)	(10 275)	(2 059)	(692)	(15 043)
Financial liabilities		(189 560)			(189 560)
Other payables	(7 591)				(7 591)
	-	-	-	-	-
Net currency exposure	(6 320)	(193 239)	(2 040)	(624)	(202 222)

## Notes to the financial statements

### Significant accounting policies (continued)

#### (i) currency exchange risk

31 December 2007

<i>In thousand of Litas</i>	LTL	USD	EUR	Other	Total
Long term receivable			191		191
Trade receivable	52	9 053	8	59	9 172
Other amounts receivable	2 518	127	72	0	2 717
Cash and cash equivalents	81	41	1 579		1 701
Trade payables	(1 381)	(9 048)	(1 804)	(405)	(12 638)
Financial liabilities		(94 972)	(15 538)		(110 510)
Other payables	(5 775)				(5 775)
Net currency exposure	(4 505)	(94 799)	(15 492)	(346)	(115 142)

If the exchange rate of Litas and USD increased or decreased by 5 per cent while other variables remain unchanged, then profit before taxation would accordingly decrease or increase by approximately 9 657 thousand Litas (in 2007 – 4 740 thousand Litas).

#### (ii) fair value interest rate risk

In general, the Company's income and cash flows from ordinary activity are not dependent on changes in the market interest rate. The Company has not been granted nor issued itself any loans with a fixed interest rate, therefore was not exposed to the fair value interest rate risk.

#### (iii) price risk

The rates of cargo transportation by sea as well as vessel rent rates vary depending on the situation in the market. The Company seeks to minimize an impact of the mentioned fluctuations by diversifying the fleet, i.e. maintaining a number of vessels for transportation of frozen cargo or containers as well as proposing different ways of vessel rent (short-term, long-term, specific route).

#### b) Credit risk

The Company has established procedures ensuring that sales are performed to clients having a proper crediting history without exceeding the limit of credit risk set by the management.

## Notes to the financial statements

### Significant accounting policies (continued)

#### b) Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In thousand of Litas	2008	2007
Trade receivable	6 096	9 075
Other receivable	489	439
Prepayments	88	95
Cash and cash equivalents	374	1 702
	<b>7 047</b>	<b>11 311</b>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

In thousand of Litas	2008	2007
Euro-zone countries	3 483	3 983
Ecuador	1 279	3 148
USA	925	1 007
UK	184	
Panama	156	523
Lithuania	1	15
Other countries	69	399
	<b>6 096</b>	<b>9 075</b>

#### c) Liquidity risk

A conservative management of liquidity risk enables to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities.

The following are the contractual maturities of financial liabilities, including the estimated interest payments as at 31 December 2008:

In thousand of Litas	Residual value	Contractual cash flows	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Financial liabilities</b>							
Loans from banks	189 560	-202 509	-14 309	-14 606	-98 510	-70 276	-4 808
Trade and other payable	22 634	-22 634	-22 634				
	<b>212 194</b>	<b>-225 143</b>	<b>-36 943</b>	<b>-14 606</b>	<b>-98 510</b>	<b>-70 276</b>	<b>-4 808</b>

## Notes to the financial statements

### Significant accounting policies (continued)

#### *c) Liquidity risk (continued)*

The following are the contractual maturities of financial liabilities, including the estimated interest payments as at 31 December 2007:

In thousand of Lit	Residual value	Contractual cash flows	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Financial liabilities</b>							
Loans from banks	110 510	-128 251	-12 290	-12 146	-38 984	-57 198	-7 633
Trade and other payable	18 412	-18 412	-18 412				
	128 922	-146 663	-30 702	-12 146	-38 984	-57 198	-7 633

#### *d) Interest rate risk*

The Company's borrowings are subject to variable interest rates, related to LIBOR and varying from LIBOR+0.8% to LIBOR+1.35%. The average effective interest rate in 2008 was 4.17% (2007 – 6.14%).

If the average annual interest rate applicable on the Company's liabilities with the variable interest rate have increased (or decreased) by 1%, the interest costs for the year ended 31 December 2008 and the profit for the year would have decreased (or increased) by approximately 1,384 thousand Lit (2007 – 1,010 thousand Lit).

#### *Capital management*

The purpose of the Board's policy is to keep the owner's equity over borrowings at the level to hold investors, creditors and market in the trust and to have the possibilities of business development in the future. The Board keeps track on the ratios of capital return and makes suggestions regarding pay out of dividends.

## Notes to the financial statements

### Significant accounting policies (continued)

#### *New Standards and interpretations not yet adopted*

A number of new and revised International Financial Reporting Standards and their interpretations have been issued, which will become mandatory for the Company's financial statements in accounting periods beginning on or after 1 January 2009. The Company has decided not to apply the amendments and new standards and interpretations early. Below is the estimate of the Company's management regarding the potential effect of the new and revised standards and interpretations upon their first-time application.

- *Amended IFRS 2 "Share-Based Payments"*. Amendment to IFRS 2 is effective for annual periods beginning on or after 1 January 2009. Amendment to the Standard provides the definition of the terms "conditions of transfer of ownership rights" and "conditions of transfer of non-ownership rights". On the basis of the amendment to the Standard, failure to comply with the "conditions of transfer of ownership rights" shall be treated as cancelling of share-based payments. The Company does not have any share-based payment plans, therefore, amendment to IFRS 2 is not relevant to the Company's business operation.
- *Amended IFRS 3 "Business Combinations" (effective for periods starting on or after 1 July 2009)*. The Standard's scope of application was amended and the description of the purpose was expanded. Amendments to the Standard also include a number of other potentially important alterations such as:
  - All types of remunerations by buyers shall be recognized and appraised at the fair value on the day of acquisition, with remunerations subject to future events included.
  - Transaction costs shall not be included in the acquisition accounting.
  - The Company's buyer may choose to appraise any of the to-be-acquired non-controlling block of shares at its fair value on the day of its acquisition (absolute goodwill) or the respective portion of the assets and liabilities of the target company at their fair value.
  - Acquisition of an additional non-controlling block of shares upon businesses combined shall be reflected in the accounting as a capital transaction.
  - Amendments to IFRS No. 3 will have some impact on the Company only in case of future acquisition transactions, if any.
- *IFRS No. 8 Operating Segments (effective as of 1 January 2009)*. This standard sets forth the requirements for revealing of information on segments as to components used by the management in decision making. Operating segments are the entity's components, information on which is assessed on a regular basis by the decision maker and used for allocation of resources and evaluation of performance. The Company is trying to assess the influence of the new standard.
- *IAS 1 Presentation of Financial Statements- revised* (effective for annual periods beginning on or after 1 January 2009 once adopted by the EU). 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 and loss, together with all other items of recognised income and expense, either in one single statement or in two linked statements. At present, the Company is considering the variant of accounts presentation.

## Notes to the financial statements

### Significant accounting policies (continued)

- IAS No. 23 Borrowing Costs (effective as of 1 January 2009 once adopted by 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. According to transitional provisions of the Standard, the Company shall apply the standard prospectively. In accordance with the transitional requirements of the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. At present, the Company is not able to estimate an impact of this amendment on the future financial position and results.
- Amendment to IAS No. 27 Consolidated and Individual Financial Statements (effective for annual periods starting on or after 1 July 2009). The amendment to the Standard replaced the term “minority interest” with “non-controlling block of shares” which is defined as a subsidiary’s equity capital which is neither directly nor indirectly attributed to the parent company. The amendment to the Standard also alters the accounting of the loss of non-controlling block of shares, subsidiary’s control as well as distribution of profit or loss between the controlling and non-controlling blocks of shares. Application of amendments to the standard will have no significant impact on the Company’s financial statements.
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements. The amendments to Standard allow application of the exception to allocation principle as to IAS 32, i.e. certain puttable financial instruments and obligations arising on liquidation to be classified as equity. Amendments to IAS 32 and IAS 1 effective for annual periods beginning on or after 1 January 2009 once adopted by the EU. The Company does not expect these amendments to impact the financial statements of the Company.
- Amendment to 39 IAS Financial Instruments: recognition and measurement  
The amended Standards explain application of existing principles which determine whether certain risks or parts of cash flows are appropriate for hedging from risks in relationships. When indicating hedging relationships, risks or parts must be separately identified and reliably estimated, without designation of inflation (only in limited circumstances). The amendment to 39 IAS is effective for annual periods beginning on or after 1 July 2009. The amendment to 39 IAS does not have any impact on the financial statements of the Company as the hedging accounting is not applied.
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). Customer Loyalty Programmes prescribe the accounting for companies which apply customer loyalty programmes for their clients. This relates to customer loyalty programmes, based on which clients can be granted services and goods free of charge or with a discount („bonuses“). The Company does not expect these amendments to impact the financial statements of the Company.



## Notes to the financial statements

### Significant accounting policies (continued)

- IFRIC 15 Agreements on the Construction of Real Estate  
IFRIC 15 explains recognition of income received from construction of real estate; if the asset seller and purchaser agree prior to completion of the construction. Furthermore, the interpretation provides instructions how to determine whether the agreement complies with IAS 11 and IAS 18. IFRIC 15 is effective for annual periods beginning on or after 1 January 2009. IFRIC 15 is not relevant to the Company's financial statements as the Company does not provide services related to construction of real estate for selling purposes.
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008). IFRIC 16 is not relevant to the Company's operations as the Company does not have any investments in a foreign operation.
- IFRIC 17 Distribution of non-cash assets to owners  
This interpretation is applicable on distribution of non-cash assets to owners as holders of shares. According to this interpretation, a liability to pay out dividends is defined after the dividends are approved and no longer remain in the company's disposition, and are valued at fair value of the distributable asset. The carrying amount of payable dividends is reviewed on each reporting date and all the changes of the carrying amount are stated under equity as an adjustment of the distributable amount. After the dividends are paid out, an eventual difference between the carrying amounts of the distributable asset and payable dividends is recognised in profit or loss. IFRIC 17 is effective for annual periods beginning on or after 15 July 2009. As the interpretation is applicable only as of the application date, it will not have any effect on the financial statements for the periods commencing before the application date of the interpretation. Furthermore, as it relates to future dividends, which are under the shareholders' discretion, it is not possible to determine the effects of application in advance.

## Notes to the financial statements

### 1. Revenue

In thousand of Litas	2008	2007
Voyage charter operations	92 940	83 277
Time charter operations	34 665	23 460
Pool operations	20 843	27 258
Demurrage	2 915	2 710
<b>Total revenue</b>	<b>151 363</b>	<b>136 705</b>

As at 31 December 2008, the Company owned 17 vessels: 14 reefer ships and 3 container ships (as at 31 December 2007 – 14 reefer ships and 2 container ships).

As at 31 December 2008, 9 ships were chartered for separate voyages, 4 ships were operated under Pool agreement and 4 ships under long-term charter agreements (in 2007 – 7, 5 and 4 respectively).

### 2. Cost of sales

In thousand of Litas	2008	2007
Fuel	40 378	27 289
Crew costs	35 075	28 201
Depreciation	24 824	20 825
Repair and maintenance of vessels	15 441	16 360
Commissions	7 333	6 047
Port dues	5 572	5 786
Insurance	5 494	5 535
Lubricating oil	4 725	4 404
Other costs	2 965	3 339
	<b>141 807</b>	<b>117 787</b>

### 3. Other operating income

In thousand of Litas	2008	2007
Revenue from sale of non-current assets	5 904	6 172
Cost of sold non-current assets	-6 088	-5 291
Net revenue from sale of non-currents assets	-184	881
Other operating income, net	123	521
	<b>-61</b>	<b>1 402</b>

In 2008 the Company sold the vessel “Tukanas”.

## Notes to the financial statements

### 4. Administrative expenses

In thousand of Litas	2008	2007
Staff costs	3 706	4 539
Rental costs	1 014	958
Depreciation and amortization	454	385
Business trips	397	382
Exploitation and maintenance of real estate	248	274
Communication	192	209
Other costs	1 660	1 955
	<b>7 671</b>	<b>8 703</b>

### 5. Net financial costs / income

In thousand of Litas	2008	2007
Financial income:		
Currency exchange rate gain		9 041
Interest	121	273
Penalties	2	
Total financial income	123	9 314
Financial expenses:		
Currency exchange rate loss	-8 019	
Interest	-5 866	-6 212
Penalties	-60	-22
Investments revaluation loss	-856	
Total financial costs	-14 801	-6 233
	<b>-14 678</b>	<b>3 080</b>

### 6. Income tax expense

In thousand of Litas	2008	2007
Current tax expense	-73	-81
Deferred tax		6 400
	<b>-73</b>	<b>6 319</b>

Income tax for 2008 and 2007 was calculated from the general tonnage of the fleet.

## Notes to the financial statements

### 7. Property, plant and equipment

In thousand of Lit	Land and buildings	Vessels and cars	Other assets	Under construction, advance payments	Total
<b>Cost</b>					
Balance at 1 January 2007	2 898	235 480	998	3 108	242 484
Acquisitions	11	78 397	807		79 215
Disposals		(9 972)	(135)		(10 107)
Reclassification		3 108		(3 108)	
Balance at 31 December 2007	2 909	307 013	1 670		311 592
Balance at 1 January 2008	2 909	307 013	1 670		311 592
Acquisitions		116 001	90		116 091
Disposals		(16 416)	(100)		(16 516)
Reclassification					
Balance at 31 December 2008	2 909	406 598	1 659		411 166
<b>Depreciation and impairment</b>					
Balance at 1 January 2007	917	54 843	715		56 475
Depreciation charge for the year	88	20 838	211		21 137
Disposals		(4 692)	(124)		(4 816)
Balance at 31 December 2007	1 005	70 989	802		72 796
Balance at 1 January 2008	1 006	70 988	801		72 795
Depreciation charge for the year	88	24 894	263		25 245
Disposals		(11 005)	(92)		(11 098)
Balance at 31 December 2008	1 094	84 877	971		86 942
<b>Carrying amounts</b>					
At 1 January 2007	1 981	180 637	283	3 108	186 009
At 31 December 2007	1 904	236 024	868		238 796
At 1 January 2008	1 903	236 024	869		238 796
At 31 December 2008	1 815	321 721	688		324 224

#### Security

As at 31 December 2008, ships with the carrying amount of 281 079 thousand Lit (as at 31 December 2007 – 187 233 thousand Lit) are pledged to secure the bank loans (see note 14).

#### Depreciation

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

In thousand of Lit	2008	2007
Cost of sales	24 824	20 825
General and administrative operating expenses	454	385
	<b>25 277</b>	<b>21 210</b>

## Notes to the financial statements

### 8. Intangible assets

In thousand of Litas	Software	Total
<b>Cost</b>		
Balance at 1 January 2007	248	248
Acquisitions	34	34
Disposals		
Balance at 31 December 2007	281	281
Balance at 1 January 2008	281	281
Acquisitions	22	22
Disposals	-1	-1
Balance at 31 December 2008	302	302
<b>Amortisation and impairment losses</b>		
Balance at 1 January 2007	152	152
Amortisation for the year	73	73
Disposals		
Balance at 31 December 2007	225	225
Balance at 1 January 2008	225	225
Amortisation for the year	32	32
Disposals	-0	-0
Balance at 31 December 2008	257	257
<b>Carrying amounts</b>		
At 1 January 2007	96	96
At 31 December 2007	56	56
At 1 January 2008	56	56
At 31 December 2008	45	45

## Notes to the financial statements

### 9. Investments

In thousand of Litas	2008 12 31	2007 12 31
Shares of Alpha Reefer Transport GmbH	166	248
Investment into securities	1 021	
	<b>1 186</b>	<b>248</b>

Available-for-sale investments include 20% of the shares of Alpha Reefer Transport GmbH. Alpha Reefer Transport GmbH is the company, through which Limarko Shipping Company AB earns pool revenue. An impairment of 83 thousand Litas on the investment was recognised in the income statement for 2008. Pool income and costs include income from the Company's ships operating under Pool agreement (note 1) and related costs. Pool costs are in proportion to earned income.

The investment into securities amount to 4 253 446 shares of Lietuvos jūrų laivininkystė AB. The investment is accounted for at fair value. An impairment of 773 thousand Litas on the investment was recognised in the income statement for 2008.

### 10. Inventories

In thousand of Litas	2008 12 31	2007 12 31
Fuel	4 140	5 836
Lubricating oil	1 775	1 560
	<b>5 915</b>	<b>7 458</b>
Allowance for slow moving inventory		-70
	<b>5 915</b>	<b>7 388</b>

### 11. Receivable

In thousand of Litas	2008 12 31	2007 12 31
Trade receivable	6 096	9 075
Deferred expenses	2 925	2 278
Prepayments	88	95
Other receivable	489	439
	<b>9 598</b>	<b>11 888</b>

The majority of deferred expenses comprise prepaid insurance expenses.

## Notes to the financial statements

### 11. Receivable (continued)

The ageing of trade and other receivables as at 31 December 2008 and 2007 can be specified as follows:

In thousand of Lit	Trade and other receivables not past due an impairment allowance on which is not recognised	Trade receivables past due an impairment allowance on which is not recognised					Total
		Less than 30 days	30–59 days	60–89 days	90–359 days	More than 360 days	
2007	9 515						9 515
2008	6 585						6 585

*Quality of financial assets not past due on which no impairment allowance has been formed*

No indication exists that liabilities which are not past due and not impaired as at reporting date will not be settled as the Company provides services only to well known and solvent third parties.

### 12. Cash and cash equivalents

In thousand of Lit	2008 12 31	2007 12 31
Bank balances	357	1 666
Cash in hand	17	36
	<b>374</b>	<b>1 702</b>

As at 31 December 2008 the Company had 109 thousand USD, 89 thousand Lit and 5 thousand Euro in the current account and as cash in hand.

In accordance with loan agreements with AB bankas Hansabankas and AS UnitCredit Bank Lithuanian branch, the Company has pledged the existing and future cash balances in certain bank accounts of these banks.

### 13. Share capital

On 12 June 2008 Limarko Shipping Company AB completed distribution of the new share emission. During the distribution, 10 761 765 shares at par value of LTL 1 were subscribed to and fully paid in. On 2 July 2008 Limarko Shipping Company AB registered its Articles of Association with an increased authorized capital. After the increase, the Company's authorized capital amounts to LTL 120 212 429.

As of 31 December 2008, the fully paid in authorised share capital comprised 120 212 429 ordinary shares at a par value of LTL 1 each.

Holder of ordinary shares are entitled to one vote per share in the General Meeting of the Company and are entitled to receive dividends.

## Notes to the financial statements

### 13. Share capital (continued)

At the balance sheet date the Company's shareholders were as follows:

	Ordinary shares	Ownership %
UAB "Limarko"	104 835 420	87,21%
Skandinaviska Enskilda Banken Clients	6 832 415	5,68%
Other	8 544 594	7,11%
	<b>120 212 429</b>	<b>100%</b>

The shares are listed in NASDAQ OMX Vilnius.

### *Legal reserves*

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

### *Earnings per share*

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

In thousand of Litas	2008	2007
Average weighted number of shares in issue	114 802 143	109 450 664
Net result for the year, in thousand Litas	-12 960	20 962
Profit (loss) per share, in Litas	-0,11	0,19

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



## Notes to the financial statements

### 14. Interest-bearing loans and borrowings

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

Lending institution	Ref	Principal amount	Balance tLTL 2008 12 31	Balance tLTL 2007 12 31
AB SEB Bankas, (mv "Andromeda")	a)	2 400 tUSD	5 882	7 543
AB SEB Bankas, (mv "Libra")	b)	3 500 tUSD	8 577	10 372
AB "Hansabankas", (mv "Pluto" and mv "Uranus")	c)	9 321 tUSD	22 843	28 807
AB "Hansabankas", (mv "Capella")	d)	9 584 tUSD	23 487	24 301
AB SEB Bankas, (mv "Serenada")	e)	5 899 tUSD	14 458	15 538
UniCredit Bank, (mv "America Feeder")	f)	9 062 tUSD	22 207	23 949
UniCredit Bank, (mv "Tokata")	g)	21 920 tUSD	53 719	
AB "Hansabankas", (mv "Cassiopea")	h)	15 663 tUSD	38 386	
<b>Total liabilities</b>		<b>77 349 tUSD</b>	<b>189 560</b>	<b>110 510</b>
Less: current portion		-10 220 tUSD	-25 047	-17 732
<b>Total long term portion of net liabilities</b>		<b>67 129 tUSD</b>	<b>164 513</b>	<b>92 778</b>

Interest rates for the loans are variable and relate to LIBOR, varying from LIBOR+0.8% to LIBOR+1.35%. The applicable interest rates are close to effective interest rates.

According to credit agreements with the banks, the Company has to maintain certain financial ratios, such as the ratio of net financial debt and EBITDA or debt service coverage ratio. Negative effect of currency exchange due to steep rise of US Dollar and the decrease in demand for sea transportation due to global economic slowdown were the main reasons why the above mentioned ratios were not completely observed at the end of 2008. The Company considers that the main reason for not maintaining the ratios was the loss from currency exchange, which amounted to 8 019 thousand LTL. This cash flow unrelated item distorted the objective evaluation of the Company's activities and does not represent the real financial position of the Company at the end of 2008. The Company is in the process of discussions with the banks regarding changes to the above mentioned ratios and methods of their calculation. Should the Company comply with the loans classification criteria in case of non-compliance with required ratios as prescribed by IAS 1, an amount of approximately 73 490 tLTL would be reclassified as current liabilities.

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

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

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

d) The loan was received to finance the acquisition of the vessel "Capella". The loan is to be repaid by 31 December 2013 in quarterly payments. The loan is secured by pledging the vessel "Capella".

## Notes to the financial statements

### 14. Interest-bearing loans and borrowings (continued)

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

f) The loan was received to finance the acquisition of the vessel "America Feeder". The loan is to be repaid by 30 September 2017 in quarterly payments. The loan is secured by pledging the vessel "America Feeder".

g) The loan was received to finance the acquisition of the vessel "Tokata". The loan is to be repaid by 15 June 2011 in quarterly payments. The loan is secured by pledging the vessel "Tokata".

h) The loan was received to finance the acquisition of the vessel "Cassiopea". The loan is to be repaid by 18 September 2015 in quarterly payments. The loan is secured by pledging the vessels "Cassiopea", "Astra", as well as "Uranus" by secondary pledge.

Summary of maturity terms of the financial liabilities as at 31 December 2008 according to not discounted payments as per contracts is presented below:

In thousand of Litas	Total	Less than one year	Between one and five years	More than five years
Bank loans	189 560	25 047	135 718	28 795
<b>Total financial liabilities</b>	<b>189 560</b>	<b>25 047</b>	<b>135 718</b>	<b>28 795</b>

### 15. Deferred tax assets and liabilities

Due to the fact that in 2008 the Company chose a fixed income tax, the base of which is independent of the Company's profit, all temporary differences between tax and financial reporting have disappeared. Due to this reason no deferred taxes arise in the Company.

### 16. Trade and other payables

In thousand of Litas	2008 12 31	2007 12 31
Trade payable	13 516	11 882
Amounts received in advance	1 527	755
Remuneration payable	7 481	5 658
Other payable	110	117
	<b>22 634</b>	<b>18 412</b>

### 17. Contingencies

At the issuance date of the financial statements the Company did not have any contingent liabilities.

## Notes to the financial statements

### 18. Contingent assets and liabilities

The tax authorities may at any time inspect the books and records of the reported fiscal year and 5 preceding years, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances that may give rise to a potential material liability in this respect.

### 19. Related parties

Limarko Shipping Company AB is a subsidiary of UAB Limarko, which owns 87.2% of the Company's share capital as at 31 December 2008.

UAB Limarko Jūrų Agentūra is a subsidiary of UAB Limarko.

Related party transactions are as follows:

In thousand of Litas	31 December 2008		31 December 2007	
	Receivable	Payable	Receivable	Payable
UAB "Limarko"		1 312		743
UAB "Limarko jūrų agentūra"				24
		<b>1 312</b>		<b>767</b>

In thousand of Litas	Year 2008		Year 2007	
	Sales	Purchases	Sales	Purchases
UAB "Limarko"	2	5 222	2	10 745
UAB "Limarko jūrų agentūra"		51	37	437
	<b>2</b>	<b>5 273</b>	<b>39</b>	<b>11 182</b>

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

In thousand of Litas	2008	2007
Management remuneration	1 195	1 430

The management is of the opinion that all related party transactions are carried out on an arm's-length basis.

## **Notes to the financial statements**

### **20. Subsequent events**

The Board of Limarko laivininkystės kompanija AB, aiming to optimise the Company's management and to reduce management costs, approved the new organizational and management structure of the Company.

In the new structure, the head of the administration shall be the CEO, which replaces the current position of the President. After this amendment Mr. Vytautas Lygnugaris shall remain the head of the administration.

As of 2 February 2009, the Company operates through its four departments - Operations, Technical, Finance and Legal and Corporate Affairs. The latter was established by reorganising the Personnel department and other departments. Mr. Audronis Lubys shall be Chief Operations Officer, Mr. Steponas Ranonis - Chief Technical Officer, Mr. Renaldas Vyšniauskas - Chief Financial Officer, Mr. Mindaugas Petrauskas - Director for Legal and Corporate Affairs. Chief Operations and Technical Officers shall be vice CEOs.

The positions of the CEO and vice CEOs shall be validated by amending the Articles of Association of the Company in the annual General Meeting.

### **21. Segment reporting**

The Company operates exclusively in the international shipping market and accordingly neither geographical or business segment reporting is appropriate. Revenue from reefer vessels comprises more than 86% of the total revenue in 2008. The revenue split is presented in note 1.

### **22. Fair value of financial instruments**

Fair value of assets and liabilities as at 31 December 2008 does not significantly differ from their carrying amounts, except for property, plant and equipment.

The table below shows the comparison of carrying amounts of financial assets and financial liabilities to their fair values as at 31 December 2008:

## Notes to the financial statements

### 22. Fair value of financial instruments (continued)

Financial assets at 31 December 2008:

<b>In thousand of Litas</b>	<b>Carrying amount</b>	<b>Fair value</b>
Other investments	1 186	1 186
Receivable	9 598	9 598
Cash and cash equivalents	374	374
	<b>11 158</b>	<b>11 158</b>

Financial liabilities at 31 December 2008:

<b>In thousand of Litas</b>	<b>Carrying amount</b>	<b>Fair value</b>
Interest-bearing loans and borrowings	189 560	189 560
Trade and other payables	22 634	22 634
	<b>212 194</b>	<b>212 194</b>



# **LIMARKO LAIVININKYSTĖS KOMPANIJA**

Annual Report for the year 2008

Klaipėda, April 2009

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

The annual report was drawn up for the year 2008; all numbers presented are as of 31 December 2008, unless otherwise indicated. In the report Limarko laivininkystės kompanija AB may be referred to as Enterprise, Company or Issuer.

## 2. Issuer and its contact information

Issuer name:	Limarko laivininkystės kompanija AB
Legal and organizational form:	Public Limited Liability Company
Authorized capital:	120,212,429 LTL
Date and place of registration:	9 September 1991, Board of Klaipėda City
Registration certificate:	No. AB 95 - 114
Company code:	140346648
VAT payer's code:	LT403466412
Enterprise register:	Register of Legal Persons of the Republic of Lithuania
Office address:	Naujoji Uosto str. 8, LT-92125 Klaipėda, Lithuania
Telephone number:	+370 46 340001
Fax number:	+370 46 341195
E-mail address:	<a href="mailto:info@limarkoshipco.lt">info@limarkoshipco.lt</a>
Website address:	<a href="http://www.limarko.lt">www.limarko.lt</a>

## 3. The Nature of the Issuer's Main Activity

The main activity of Limarko laivininkystės kompanija AB is transportation of cargo by water (sea) transport. In previous years the Company was mainly operating in the market of frozen, chilled and perishable food products transportation. On 17 November 2004 the General Shareholders Meeting resolved to expand the fleet by acquiring dry-cargo vessels. The main activity of Limarko laivininkystės kompanija AB became split into two fields: transportation frozen, chilled and perishable food products and dry cargo.

The Company may engage in other activities provided for in the Articles of Association.

## 4. Agreements with Intermediaries of Public Trading in Securities

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

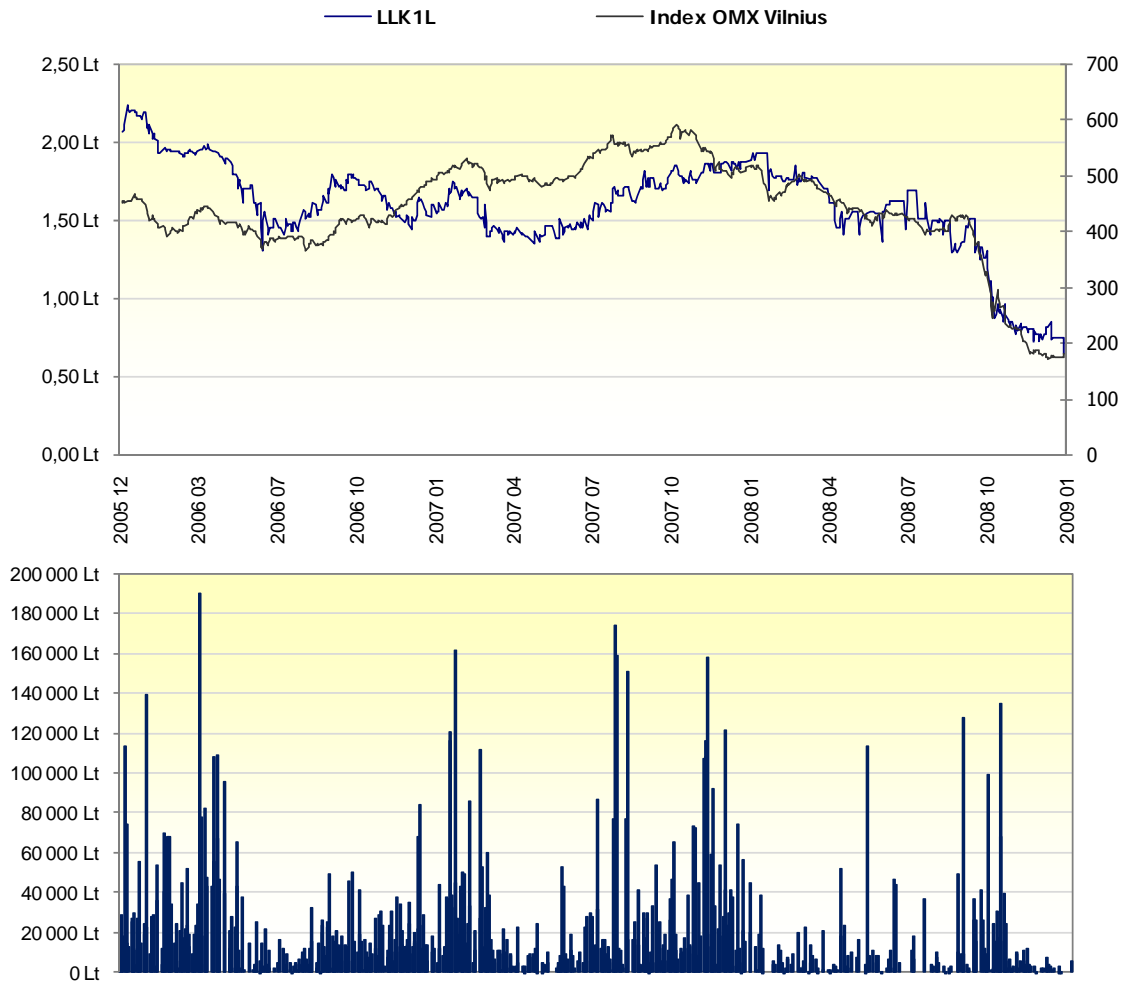
## 5. Information about trading in the Issuer's securities on regulated markets

On 22 May 2000 the Issuer's shares were admitted to the lists of the NASDAQ OMX Vilnius. On 31 December 2008 the NASDAQ OMX Vilnius Baltic Secondary list of trading contained 120,212,429 ordinary registered shares of Limarko laivininkystės kompanija AB at par value of 1 (one) LTL each. The ISIN code of these securities is LT0000119646.





Dynamics of Limarko laivininkystės kompanija AB share price in Vilnius Stock Exchange during the last three years:



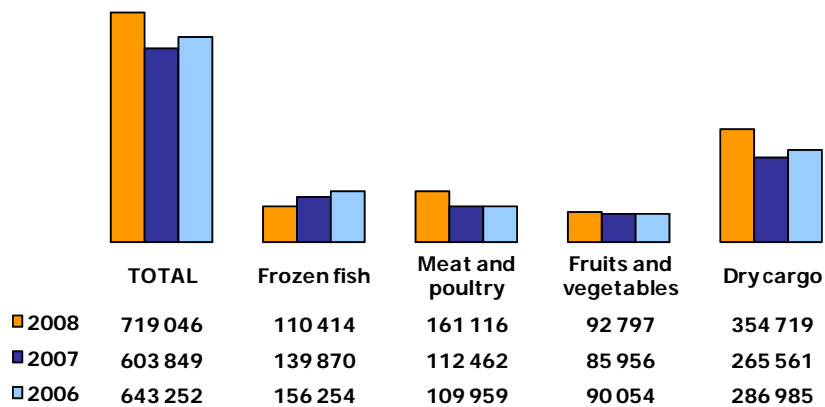
## 6. The objective review of the Company's state, activity performance and development; the description of the main risk types and uncertainties encountered by the enterprise

On 31 December 2008 the fleet of the Company consisted of 17 vessels: 14 reefers and 3 container vessels.

The Company's investment during the year 2008 amounted to LTL 106 million. 2 vessels have been acquired: in July 2008 – container vessel "Tokata (built 2006), in October 2008 – reefer vessel "Cassiopea" (built 1993). The company sold m/v "Tukanas" in May 2008.

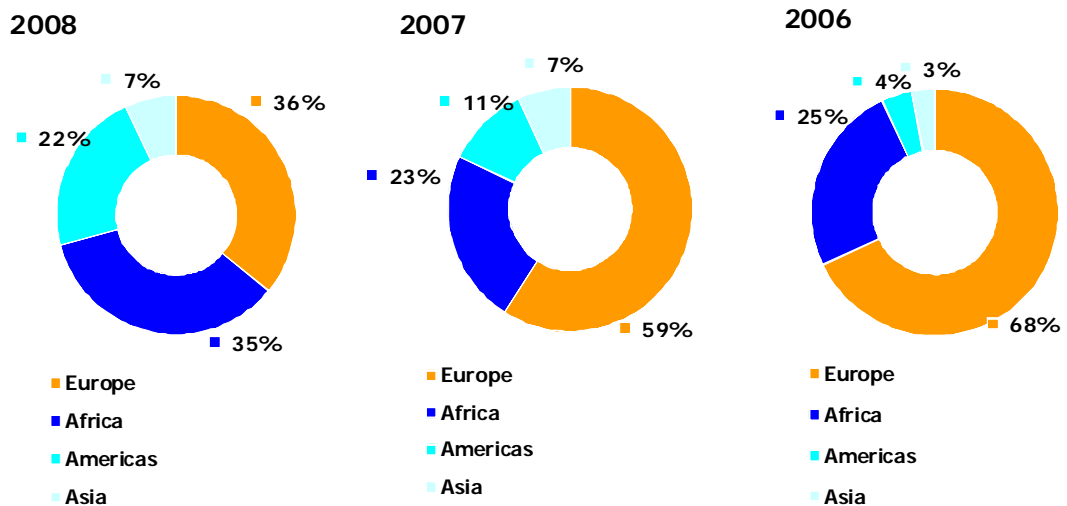
During the year 2008 Limarko laivininkystės kompanija AB transported 719 thousand tons of cargo in total, whereof 51% accounted for frozen, chilled and perishable food products, and the remaining 49% accounted for dry cargo:





When compared to the year 2007, the total amount of cargo transported during the year 2008 increased by 19%. Due to varying length of transportation routes and cargo structure, revenue of the Company is not directly related to the quantity of cargo transported.

The main operation regions of the vessels operated by the Company were the continents of Europe and Africa, which respectively accounted for 36 and 35 percent of all transported cargoes. Transportations in the region of Americas constituted 22 percent of all transportations, and 7 percent in Asia:



**Risk factors related to the Issuer’s activity:**

**Economic risk factors.** The vessels of Limarko laivininkystės kompanija AB are operating in the international market of sea cargo transportation, and the quality of its rendered services conforms to the international requirements.

Global economic slowdown had an impact on the Company’s activities. However, global transportation by reefer vessels market is less sensitive to economic fluctuations. When compared to other shipping sectors, Company’s competitive environment is more favourable, as the number of reefer vessels is limited and the demand for temperature controlled cargo transportation does not decline.

The Company’s sales depend on the situation in the international market. It is not dependant on monopoly consumers.



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

In the market of frozen, chilled and perishable food products transportation there exists the influence of seasonality, which manifests itself in the decrease of freight rates in the summer season.

**Currency exchange risk.** The Company encounters with the currency exchange risk, related to sales, purchases and borrowing costs denominated in currencies other than Litas and Euro. In 2008 all income from ordinary activity was received in US Dollars.

**Fair value interest rate risk.** In general, the Company's income and cash flows from ordinary activity are not dependent on changes in the market interest rate. The Company has not been granted nor issued itself any loans with a fixed interest rate, therefore was not exposed to the fair value interest rate risk.

**Price risk.** The rates of cargo transportation by sea as well as vessel hire rates vary depending on the situation in the market. The Company seeks to minimize the impact of the mentioned fluctuations by diversifying the fleet, i.e. maintaining the number of vessels for transportation of frozen, chilled and perishable food products or containers as well as proposing different ways of vessel charters (short-term, long-term, voyage).

**Credit risk.** The Company uses procedures which ensure that sales are performed to clients having a proper crediting history without exceeding the limit of credit risk set by the management. The Company did not have any concentration of significant credit risk at the balance sheet date.

**Liquidity risk.** A conservative management of liquidity risk enables to maintain sufficient cash and cash equivalents and to ensure alternative financing opportunities.

**Interest rate risk.** The Company's borrowings are subject to variable interest rates, related to LIBOR and varying from LIBOR+0.8% to LIBOR+1.35%. The average effective interest rate in 2008 was 4.24% (2007 – 6.14%).

If the average annual interest rate applicable on the Company's liabilities with the variable interest rate had increased (or decreased) by 1%, the interest costs for the year ended 31 December 2008 and the profit for the year would have decreased (or increased) by approximately 1,384 thousand Litas (2007 – 1,010 thousand Litas).

**Capital management.** The aim of the Company is to keep the sufficient owner's equity share over borrowings at the level to sustain the confidence of investors, creditors and market, and to have the possibilities of business development in the future. The Company regularly monitors rates of capital return.

**Political risk factors.** Having regard to the particularities of the shipping business, the European Commission in 2004 adopted the Guidelines on State aid to maritime transport (2004/C 13/03). It is established in the Guidelines that one of the main measures to strengthen the maritime transport is the reduction of fiscal and other expenses of the ship owners. The aim of such state aid measures is to ensure the competitiveness of the European Union shipping sector in relation to the third countries. The Guidelines contain state aid measures, which are exclusively designed to promote maritime transport; however, this does not influence competition between different trades of the company, because shipping is developed in international markets.

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

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



**Ecological risk factors.** The main ecological risk factor is related to the operation of the Company's vessels. The vessels are operated in most safe manner and in accordance with the strictest environmental standards. However, there still exists some probability that during an accident the environment may be negatively affected. However, the Company's vessels are insured in respect of incidents and consequences thereof, so in these cases the damage to the environment would be indemnified and fines would be paid by the insurance company, and such incidents and consequences thereof would have no impact on the Company's financial status.

## 7. Analysis of financial and non-financial activity results

During the year 2008 the revenue of Limarko laivininkystės kompanija AB reached LTL 151.4 million and increased by 10.7% when compared to the revenue of the Company for the year 2007.

The result of the Company for the year 2008 was a loss of LTL 12.7 million.

The results of 2008 were mainly affected by:

- the decreased demand for transportation of cargo by sea as a result of global economic slowdown;
- record high marine bunker prices during the first half of the year;
- a steep rise in the US Dollar which resulted in the currency exchange rate change loss of LTL 8.0 million.

However, in the long term the Company foresees a positive effect of the strengthening United States Dollar for the results of main activity and cash flows of the Company.

The main financial results of Limarko laivininkystės kompanija AB:

In thousand of Lit	2008	2007	2006
Income	151 363	136 705	115 673
EBITDA	27 127	31 372	22 992
<i>EBITDA margin</i>	<i>17,9%</i>	<i>22,9%</i>	<i>19,9%</i>
Gross profit	9 556	18 918	12 305
<i>Gross profit margin</i>	<i>6,3%</i>	<i>13,8%</i>	<i>10,6%</i>
EBIT	1 850	10 162	6 101
<i>EBIT margin</i>	<i>1,2%</i>	<i>7,4%</i>	<i>5,3%</i>
Net profit (loss)	(12 961)	20 962	9 601
<i>Net profit (loss) margin</i>	<i>-8,6%</i>	<i>15,3%</i>	<i>8,3%</i>
Equity	129 148	131 347	110 385
Financial debts	189 560	110 510	79 318
Total assets	341 342	260 269	208 192
Efficiency indicators:			
Return of assets, ROA	-3,8%	8,1%	4,6%
Return on equity, ROE	-10,0%	16,0%	8,7%
Return of capital employed, ROCE	-4,1%	8,7%	5,1%
Liquidity indicators:			
Current ratio	33,3%	58,0%	85,9%
Quick ratio	14,6%	31,0%	61,2%
Cash ratio	0,8%	4,7%	30,9%
Market indicators:			
P/E	(5,9)	9,8	18,1
Profit (loss) per share	(0,11 Lt)	0,19 Lt	0,09 Lt

### Explanation:

EBITDA = Earnings excluding other income + interest + taxes + depreciation and amortization

EBIT = Earnings excluding other income + interest + taxes



ROA = Net profit / Total assets at the end of the reporting period  
ROE = Net profit / Total equity at the end of the reporting period  
ROCE = Net profit / (Total equity at the end of the reporting period + financial liabilities)  
P/E = share's market price / Profit (loss) per share

In the year 2008 the Enterprise further carried on active social activities. The Company financially supported Klaipėda Concert Hall, the production of opera "Verter" and musical "Sweeney Todd", as well as supported charity fund „Kaimo vaikai“, Klaipėda Sea Sailing Club, M.K. Ciurlionis Fund, Klaipėda University, Klaipėda King Christ Church.

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

All financial data provided in this annual report are calculated according to the International Financial Accountability Standards as adopted by the EU.

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

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

## **10. Information on material direct and indirect share holdings**

The Company does not directly or indirectly own material share holdings.

## **11. Material events since the close of the previous financial year**

The Board of Limarko laivininkystės kompanija AB, aiming to optimise the management of the company and to reduce management costs, approved the new organizational and management structure of the company.

In the new structure, the head of administration shall be the CEO, which replaces the current position of the President. After this amendment Mr. Vytautas Lygnugaris shall remain the head of the administration.

As of 2 February 2009, the company operates through its four departments - Operations, Technical, Finance and Legal and Corporate Affairs. The latter was established by reorganising the Personnel department and other departments. Mr. Audronis Lubys shall be Chief Operations Officer, Mr. Steponas Ranonis - Chief Technical Officer, Mr. Renaldas Vyšniauskas - Chief Financial Officer, Mr. Mindaugas Petrauskas - Director (Legal and Corporate Affairs). Chief Operations and Technical Officers shall be the vice CEOs.

The positions of the CEO and vice CEOs are planned to be effected by amending the Articles of Association of the Company in the annual General Meeting.

## **12. Plans and forecast for the enterprise's activity**

Having regard to the tendencies of the international shipping market, the Company forecasts that the earning before interest, taxes, depreciation and amortisation (EBITDA) of LTL 41.8 million shall be reached in the year 2009. The forecast is based on the assumptions that there will be no more material changes in the demand of international transportation of cargoes; the price of marine diesel oil shall stay at the level of 580-600 USD/mt and the price of fuel oil at the level of 205-300 USD/mt; EUR/USD exchange rate shall fluctuate at about 1.3 ratio.



Present economic fluctuations were taken into account when forecasting the result for 2009. However, a presumption was made that global transportation by reefer vessels market is less sensitive (limited number of reefer vessels, stable demand for temperature controlled cargo transportation) and, therefore, the Company shall be able to reach the targets set.

### 13. The Issuer's Authorized Capital Structure

On 31 December 2008 the Enterprise's authorized capital consisted of 120,212,429 ordinary registered shares at the par value of 1 LTL each.

The company shareholders have the following property rights:

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

The company shareholders have the following non-property rights:

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

The structure of the authorized capital of Limarko laivininkystės kompanija AB according to the types of shares:

Type of shares	Number of shares	Par value	General nominal value	Portion in authorized capital
Ordinary registered shares	120,212,429	1 LTL	120,212,429	100%

All shares of Limarko laivininkystės kompanija AB are paid in.

Changes in the authorized capital during the last 3 years:

	2008 12 31	2007 12 31	2006 12 31
The authorized capital (Ordinary registered shares, units)	120,212,429	109,450,664	109,450,664
The authorized capital (Nominal value, in Litas)	120,212,429	109,450,664	109,450,664

### 14. Information on paid dividends

The Company has not paid dividends for the last five financial years.

### 15. Restrictions on assignment of securities

N/A.



## 16. Shareholders

The total number of shareholders of Limarko laivininkystės kompanija AB on 31 December 2008 was 523.

Shareholders who on 31 December 2008 owned more than 5% of the Company's authorized capital:

Shareholder's name, surname (enterprise name, form, office address, enterprise register code)	Number (units) of shares belonging to shareholders by the right of ownership	Owned portion of the authorized capital	Portion of votes granted by shares belonging by the right of ownership	Portion of votes belonging to a shareholder jointly with associated persons
Limarko UAB (Naujoji uosto str. 8, Klaipėda, enterprise code 140765379)	104 835 420	87,2%	87,2%	87,2%
Skandinaviska Enskilda Banken Clients (Sergels Torg 2, 10640 Stockholm, code 502032908101)	6 832 415	5,7%	5,7%	5,7%

## 17. Shareholders having special control rights & description of such rights

N/A.

## 18. All restrictions on voting rights

N/A.

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

N/A.

## 20. Employees

	2008	2007	2006
<b>Average number of employees:</b>	<b>492</b>	<b>459</b>	<b>428</b>
Managing personnel	6	6	6
On-shore employees	34	36	32
Seafarers	452	417	390
<b>Education:</b>			
Higher	129	99	94
Special secondary (advanced vocational)	178	180	174
Secondary	185	180	160
<b>Average gross salary:</b>			
Managing personnel	16 333 Lt	14 750 Lt	14 664 Lt
On-shore employees	4 700 Lt	4 247 Lt	3 824 Lt
Seafarers (with daily allowance)	4 868 Lt	4 358 Lt	3 893 Lt



On 31 December 2008 the Company employed 510 employees, whereof 469 worked in the fleet and 41 in the administration.

The Company closely cooperates with the Lithuanian Maritime College. In 2008 the Company continued the „Limarko“ scholarship project, started in 2007, whereby the Company grants scholarships to 10-20 students of the College (deck officers and engineers).

## **21. Procedure for the amendment of the Issuer's Articles of Association**

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

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

## **22. Issuer's bodies**

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

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

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

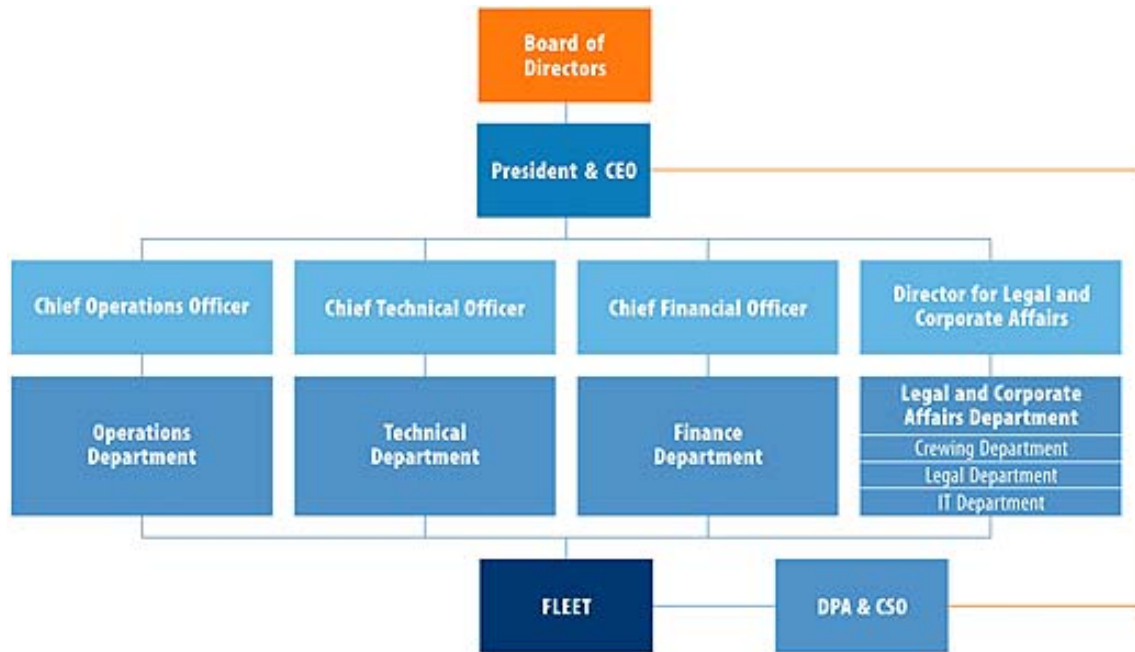
The Company's Articles of Association establish that the Board solves the main production, organizational, financial and economic matters of the Company, analyzes and approves the activity strategy, the application of financial resources, approves the Company's organizational and management structure,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

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





The organizational structure of the Company:



### 23. Members of collegial bodies, the Company's chief executive officer

Personal status	Name, surname	Number of shares owned in the Issuer	Start date	End date
<b>Board:</b>				
Chairman of the Board	Vytautas Lygnugaris	2 949 852	2007 04 20	2011 04 20
Board member	Igoris Uba	1 264 222	2007 04 20	2011 04 20
Board member	Sigitas Baltuška	-	2007 04 20	2011 04 20
Board member	Egidijus Bernotas	-	2007 04 20	2011 04 20
Board member	Steponas Ranonis	-	2008 08 11	2011 04 20
Board member	Paul Lawrence	-	2007 04 20	2008 07 03
<b>Head of administration:</b>				
President	Vytautas Lygnugaris	2 949 852	2003 10 07	-

Vytautas Lygnugaris - Chairman of the Board and President of Limarko laivininkystės kompanija AB. Mr. Lygnugaris is also the Chairman of the Board of Lithuanian Shipowners Association, Limarko jūrų agentūra UAB and Baltkonta UAB. In 2002 he graduated from the Baltic Management Institute with the executive MBA. In 1987 he graduated from State Maritime Academy of St. Petersburg.

Igoris Uba – member of the Board. Mr. Uba is the director general, member of the Board of Limarko jūrų agentūra UAB and Baltkonta UAB. He is also the member of the Board of Lithuanian Shipbrokers and Agents Association. In 2004 he graduated from the Baltic Management Institute with the executive MBA. In 1984 he graduated from State Maritime Academy of St. Petersburg.



Sigitas Baltuška – member of the Board. Mr. Baltuška is the director of public relations agency GCI. He graduated from the Faculty of Economics of Vilnius University with a master in Industry Planning. He also obtained MBA degree from Vytautas Magnus University and graduated from the Baltic Management Institute with the executive MBA. From 2000 to 2004 he worked as a coordinator and representative for relations with the Government at Philip Morris Lietuva UAB. From 1994 to 2000 Mr. Baltuška worked as the commerce advisor at the Danish Embassy. The Company considers Mr. Baltuška to be an independent member of the Board.

Egidijus Bernotas - member of the Board. Mr. Bernotas is Attorney-at-law at Bernotas & Dominas Glimstedt law firm. He is also a member of the Board at Adminiculum UAB and Public Enterprise European Social, Legal and Economic Projects. In 1994 he graduated from the Law Faculty of Vilnius University with a master's degree in law. The Company considers Mr. Bernotas to be an independent member of the Board.

Steponas Ranonis - member of the Board. Mr. Ranonis is the Chief Technical Officer of Limarko laivininkystės kompanija AB. In 1975 he graduated from the Department of Maritime Navigation at Klaipėda Naval School, where he obtained the qualification of technical-navigational officer. In 1982 Mr. Ranonis obtained the qualification of engineer-economist from the Economics Faculty of Kaliningrad Fishing, Industry and Economy Institute. From 1975 until 1996 he served on vessels and finished his sea-going career as a Master Mariner.

Information about remunerations and tantiemes to the members of managing bodies during 2008:

In Litās	Remuneration	Tantiemes
Total amount for all members of Board		150,000
On the average per member of the board*		30,000
Total amount for all members of administration	1,145,352	
On the average per member of the administration **	190,892	

Notes: \*The Board is composed of five members. Head of Administration and Chief Technical Officer are members of the Board. Their employment related income is calculated in the administration line. Other members of the Board did not receive employment related income from the Company. Tantiemes for 2007 were paid to the members of the Board, as composed on 31 December 2007.

\*\* The administration is composed of six members.

In 2008, there were no loans, guarantees or sponsorship granted to the members of the Board or administration by the Company.

## 24. Information on compliance with the Corporate Governance Code

Limarko laivininkystės kompanija AB in principle follows a recommendatory Corporate Governance Code for the Companies Listed on the Vilnius Stock Exchange adopted in August 2006.



## 25. Data on published information

In accordance with the requirements of securities market regulations, the Company in 2008 publicly announced the following information:

- 29 January 2008 Investor's calendar for 2008
- 28 February 2008 Unaudited operational results for the year 2007 and forecast for the year 2008
- 7 March 2008 Notice on the annual General Meeting
- 31 March 2008 Draft Resolutions of the Annual General Meeting
- 11 April 2008 Resolutions of the annual General Meeting
- 23 April 2008 Limarko laivininkystės kompanija AB submitted prospectus to register issue of shares
- 25 April 2008 Results of the first quarter of 2008
- 9 May 2008 Unaudited Interim Financial Statements for the first three months of 2008
- 22 May 2008 Sale of the m/v Tukanas
- 23 May 2008 AB Limarko laivininkystės kompanija ordinary shares prospectus was approved
- 28 May 2008 Proposal to the Shareholders to Acquire Shares of the New Issue by the Pre-emptive Right
- 13 June 2008 Offering of the share issue of Limarko laivininkystes kompanija AB has been completed
- 18 June 2008 Notification on transactions concluded by managers of the company
- 3 July 2008 Articles of Association of LLK with increased authorized capital registered with the Register of legal entities
- 4 July 2008 Limarko laivininkystes kompanija AB purchased a 2006 built container vessel
- 10 July 2008 Notice on the Extraordinary General Meeting
- 10 July 2008 Regarding the resignation of the Board member
- 28 July 2008 Results of the first half-year of 2008
- 29 July 2008 Draft resolutions of the Extraordinary General Meeting
- 11 August 2008 Resolutions of the Extraordinary General Meeting
- 21 August 2008 Interim information for the first six months of 2008
- 2 October 2008 Memorandum of Agreement for the purchase of the vessel signed
- 9 October 2008 Limarko laivininkystes kompanija AB purchased motor vessel "Cassiopea"
- 31 October 2008 Results for the nine months of 2008
- 28 November 2008 Unaudited Interim Financial Statements for the first nine months of 2008

All information concerning material events publicly announced during the year 2008 is available for familiarisation at the office of Limarko laivininkystes kompanija AB at the address: Naujoji Uosto str. 8, Klaipėda, and on the Company's website [www.limarko.lt](http://www.limarko.lt).



**Disclosure form concerning the compliance with the Governance Code for the companies listed on the regulated market**

The public company „Limarko laivininkystės kompanija“, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 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. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<p><b>Principle I: Basic Provisions</b></p> <p><b>The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.</b></p>		
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	The company prepares and on a yearly basis reviews its expansion strategy, the main aspects of which are disclosed in notices on material events, annual prospects – reports.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	
<p><b>Principle II: The corporate governance framework</b></p> <p><b>The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.</b></p>		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	The Supervisory Board is not formed in the Company.

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 – the Board – is responsible for 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	See Commentary to Recommendation 2.1. above
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body. <sup>1</sup>	Yes	
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies. <sup>2</sup>	Yes	The Board is composed of 5 (five) members.
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.	N/A	See Commentary to Recommendation 2.1. above

<sup>1</sup> Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board, should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

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

<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	No	Chief executive officer and the chairman of the board is the same person.
<p><b>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</b></p> <p><b>The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.<sup>3</sup></b></p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	Yes	
<p>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.</p>	Yes	

<sup>3</sup> Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.

<p>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.</p>	Yes	
<p>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.</p>	Yes	
<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>	Yes	
<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient<sup>4</sup> number of independent<sup>5</sup> members.</p>	Yes	Board members Mr. Egidijus Bernotas and Mr. Sigitas Baltuška are considered as independent members.

<sup>4</sup> The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

<sup>5</sup> It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> <li>1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;</li> <li>2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;</li> <li>3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);</li> <li>4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);</li> <li>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</li> </ol>	Yes	
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<p>when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p> <p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>		
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<p>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.</p>	Yes	
<p>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.</p>	Yes	
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.<sup>6</sup>. The general shareholders' meeting should approve the amount of such remuneration.</p>	N/A	
<p><b>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</b></p> <p><b>The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring<sup>7</sup> of the company's management bodies and protection of interests of all the company's shareholders.</b></p>		
<p>4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.<sup>8</sup></p>	Yes	

<sup>6</sup> It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the *only* form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.

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

<sup>8</sup> See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.

<p>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).</p>	Yes	
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half<sup>9</sup> of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	Yes	
<p>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.</p>	Yes	
<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	Yes	

<sup>9</sup> It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies<sup>10</sup>. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.</p>	No	CEO of the company Mr. Vytautas Lygnugaris and Board member Mr. Igoris Uba are shareholders of Limarko UAB, the main shareholder of Limarko laivininkystes kompanija AB
<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	No	Audit, nomination and remuneration committees are not formed in the Company. As the number of Board members is small and change in the membership of the Board is rare, we consider the committees to be unnecessary.

<sup>10</sup> In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.

<p>4.8. 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.</p>	N/A	
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>	N/A	
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>	N/A	
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	N/A	

<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ul style="list-style-type: none"> <li>• Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company;</li> <li>• Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes;</li> <li>• Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;</li> <li>• Properly consider issues related to succession planning;</li> <li>• Review the policy of the management bodies for selection and appointment of senior management.</li> </ul> <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>	N/A	
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ul style="list-style-type: none"> <li>• Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;</li> <li>• Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;</li> </ul>	N/A	

<ul style="list-style-type: none"> <li>• Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</li> <li>• 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);</li> <li>• Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</li> </ul> <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> <li>• Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</li> <li>• Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</li> <li>• 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.</li> </ul> <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
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<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> <li>• Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);</li> <li>• At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;</li> <li>• Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;</li> <li>• Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;</li> <li>• Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</li> <li>• Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</li> </ul>	N/A	
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<p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
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<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	No	There is no assessment of and/or information on the activities of the Board, as this not foreseen by legislation.
<p><b>Principle V: The working procedure of the company's collegial bodies</b></p> <p><b>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.</b></p>		
<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	Yes	
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month<sup>11</sup>.</p>	Yes	

<sup>11</sup> The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

<p>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.</p>	Yes	
<p>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.</p>	N/A	
<p><b>Principle VI: The equitable treatment of shareholders and shareholder rights</b></p> <p><b>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.</b></p>		
<p>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.</p>	Yes	
<p>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.</p>	Yes	

<p>6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.<sup>12</sup> All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.</p>	No	<p>According to the Statutes of the company, decisions on the purchase, transfer, lease or mortgage of fixed assets the value whereof amounts to over 1/20 of the company's authorised capital as well as on offering guarantee, surety for the discharge of obligations of other entities, when the amount of the obligations exceeds 1/20 of the company's authorised capital are taken by the Board.</p>
<p>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.</p>	Yes	
<p>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<sup>13</sup>. 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.</p>	Yes	
<p>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.</p>	Yes	

<sup>12</sup> The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

<sup>13</sup> The documents referred to above should be placed on the company's website in advance with due regard to a 10-day period before the general shareholders' meeting, determined in paragraph 7 of Article 26 of the Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574).

<p>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 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.</p>	No	<p>The company is of the opinion that at present there is no need to implement the said means. In addition, the shareholders have not requested for such means.</p>
<p><b>Principle VII: The avoidance of conflicts of interest and their disclosure</b></p> <p><b>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.</b></p>		
<p>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.</p>	Yes	
<p>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.</p>	Yes	
<p>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.</p>	Yes	

<p>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.</p>	<p>Yes</p>	
<p><b>Principle VIII: Company’s remuneration policy</b></p> <p><b>Remuneration policy and procedure for approval, revision and disclosure of directors’ remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company’s remuneration policy and remuneration of directors.</b></p>		
<p>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.</p>	<p>No</p>	<p>The company does not disclose remuneration statement. However, the company in its Annual Report discloses the total of salaries paid to the directors of the company.</p>
<p>8.2. Remuneration statement should mainly focus on directors’ remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company’s remuneration policy as compared to the previous financial year.</p>	<p>N/A</p>	
<p>8.3. Remuneration statement should leastwise include the following information:</p> <ul style="list-style-type: none"> <li>• Explanation of the relative importance of the variable and non-variable components of directors’ remuneration;</li> <li>• Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration;</li> <li>• Sufficient information on the linkage between the remuneration and performance;</li> <li>• The main parameters and rationale for any annual bonus scheme and any other non-cash benefits;</li> <li>• A description of the main characteristics of supplementary pension or early retirement schemes for directors.</li> </ul>	<p>N/A</p>	

<p>8.4. Remuneration statement should also summarize and explain company’s policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>	<p>N/A</p>	
<p>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 shareholders’ annual general meeting.</p>	<p>N/A</p>	
<p>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 shareholders’ annual general meeting. Remuneration statement should be put for voting in shareholders’ annual general meeting. The vote may be either mandatory or advisory.</p>	<p>N/A</p>	
<p>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 any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> <li>• The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting;</li> <li>• The remuneration and advantages received from any undertaking belonging to the same group;</li> <li>• The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted;</li> <li>• If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director;</li> <li>• Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;</li> </ul>	<p>N/A</p>	

<p>• Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;</li> <li>• The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;</li> <li>• The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;</li> <li>• All changes in the terms and conditions of existing share options occurring during the financial year.</li> </ul> <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> <li>• When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;</li> <li>• When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.</li> </ul> <p>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.</p>		
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<p>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 shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	<p>N/A</p>	<p>No schemes are applied in the company.</p>
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ul style="list-style-type: none"> <li>• Grant of share-based schemes, including share options, to directors;</li> <li>• Determination of maximum number of shares and main conditions of share granting;</li> <li>• The term within which options can be exercised;</li> <li>• The conditions for any subsequent change in the exercise of the options, if permissible by law;</li> <li>• All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.</li> </ul>	<p>N/A</p>	

<p>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.</p>	<p>N/A</p>	<p>N/A</p>
	<p>N/A</p>	
	<p>N/A</p>	

<p>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 shareholders’ annual general meeting.</p>		
<p>8.12. Prior to the annual general 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.</p>		

**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.**

<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	
<p>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.</p>		
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>		

**Principle X: Information disclosure and transparency**

**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.**

<p>10.1. The company should disclose information on:</p> <ul style="list-style-type: none"> <li>• The financial and operating results of the company;</li> <li>• Company objectives;</li> <li>• Persons holding by the right of ownership or in control of a block of shares in the company;</li> <li>• Members of the company’s supervisory and management bodies, chief executive officer of the company and their remuneration;</li> <li>• Material foreseeable risk factors;</li> <li>• Transactions between the company and connected persons, as well as transactions concluded outside the course of the company’s regular operations;</li> <li>• Material issues regarding employees and other stakeholders;</li> <li>• Governance structures and strategy.</li> </ul> <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p> <p>10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.</p> <p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company’s supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company’s supervisory and management bodies and chief executive officer as per Principle VIII.</p> <p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company’s policy with regard to human resources, employee participation schemes in the company’s share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	<p>No</p>	<p>Consolidated group results are not disclosed.</p> <p>The company does not disclose remuneration statement.</p>
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<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	Yes	
<p>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 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.</p>	Yes	
<p>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.</p>	Yes	

**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.**

<p>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.</p>	<p>Yes</p>	
<p>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.</p>	<p>Yes</p>	
<p>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.</p>	<p>Yes</p>	