



AB LIMARKO LAIVININKYSTĒS KOMPANIJA
LIMARKO SHIPPING COMPANY AB



ANNUAL REPORT 2005

CONTENTS

2005 Highlights	2
Letter to the Shareholders	3
Organizational Structure	4
Board of Directors	5
Vision, Mission, Values and Objectives	6
Key Figures	7
Management Report	8
Ports of Call	12
Fleet	14
Shareholder Information	18
Market Report	20
Financial Statements	22
Auditor's Report	23
Income Statement	24
Balance Sheet	25
Statement of Cash Flows	26
Statement of Changes in Equity	27
Notes to the Financial Statements	28
Summary in Lithuanian	49



2005 HIGHLIGHTS

On June 6, 2005, Limarko UAB purchased a 25% block of shares of Limarko Shipping Company AB from SEB VB Venture Capital Management UAB, thus establishing a significant controlling interest in that company.

On July 25, 2005, business consultant Sigitas Baltuška was appointed to the Board of Directors of Limarko Shipping Company AB. He replaced Andrejus Boicovas, Director General of SEB VB Venture Capital Management UAB.

On August 22, 2005, Limarko Shipping Company AB purchased container vessel Serenada (capacity 344 TEU).

On October 27, 2005, Limarko Shipping Company AB purchased m/v Libra (capacity 236,925 cbft). Total LSCo investment into renewal of the fleet reaches LTL 50 million for the year 2005.

In November 2005, Limarko Shipping Company AB signed an agreement for the acquisition of two large conventional sister reefers - the m/v Uranus (capacity 342,707 cbft) and the m/v Pluto (capacity 344,216 cbft).

On December 31, 2005, Limarko Shipping Company AB had 400 employees: 362 seafarers and the remaining 38 shore based administrative staff.

In 2005 accounting of the Company was converted to International Financial Reporting Standards (IFRS).

In 2005 the value per LSCo share increased by 154 percent.



LETTER TO THE SHAREHOLDERS

2005 was the year of further renewal for the fleet of Limarko Shipping Company AB.

Acquisition of the modern container vessel m/v Serenada in August marked our entrance into the container vessel segment, in which we will strengthen our company's positions. Renewal of the LSCo reefer fleet was continued with the purchase of the modern conventional reefer Libra in October. In November, LSCo signed an agreement for the acquisition of two large conventional sister reefers - the m/v Uranus and the m/v Pluto. Total LSCo investment into the modernization of our fleet exceeded LTL 50 million for the year 2005. We expect to invest twice as much into renewal and expansion of our reefer and dry cargo fleet in 2006. Successful modernization of the LSCo fleet helped to increase total tonnage of the fleet, boosted sales, strengthened the company's positions in the reefer market and allowed entrance into the important container vessel segment.

We continued optimizing the company's operating costs. Successful sale of an inefficient freezer, the m/v Seafrost, and further reduction of administrative expenses has further increased our competitiveness.

The world cargo market remained relatively stable in 2005. Despite higher operational expenses of our fleet, resulting from significantly increased world oil and fuel prices, we managed to increase the company's EBITDA margin.

LSCo remained publicly and socially active in 2005. The Company provided support to the yacht "Lietuva" which participated in the regatta "The Tall Ships' Races 2005", contributed to the children's charity project "Wish Fulfillment Action". LSCo continued its traditional sponsorship of the Klaipeda Sea Festival, the Klaipeda Rowing School, the Klaipeda Castle Jazz Festival, the international opera and symphony festival "Musical August at the Shore", and two international tennis competitions held in Lithuania - the Lithuanian President's Cup and the Vitas Gerulaitis Memorial Cup. Continuing to be socially responsible, LSCo funded disabled children and elderly care homes.

Special attention was given to the enhancement of our employees' qualification. LSCo's personnel, both seafarers and administration employees, participated in intensive English language courses organized by the Lithuanian Shipowners Association. The Company continued constructive relationships with trade unions. As in previous years, the traditional gathering for the annual rally and picnic for employees of the entire Limarko Group happened again during the Klaipeda Sea Festival.

Summarizing the results of LSCo activity in 2005, I emphasize that revenues of the company grew by 42%, net profit increased threefold, and carried cargoes grew by 79%. We expect LSCo's revenues to increase by a quarter in 2006, while consistent investment into fleet development will strengthen the Company's positions in the reefer and dry cargo markets.

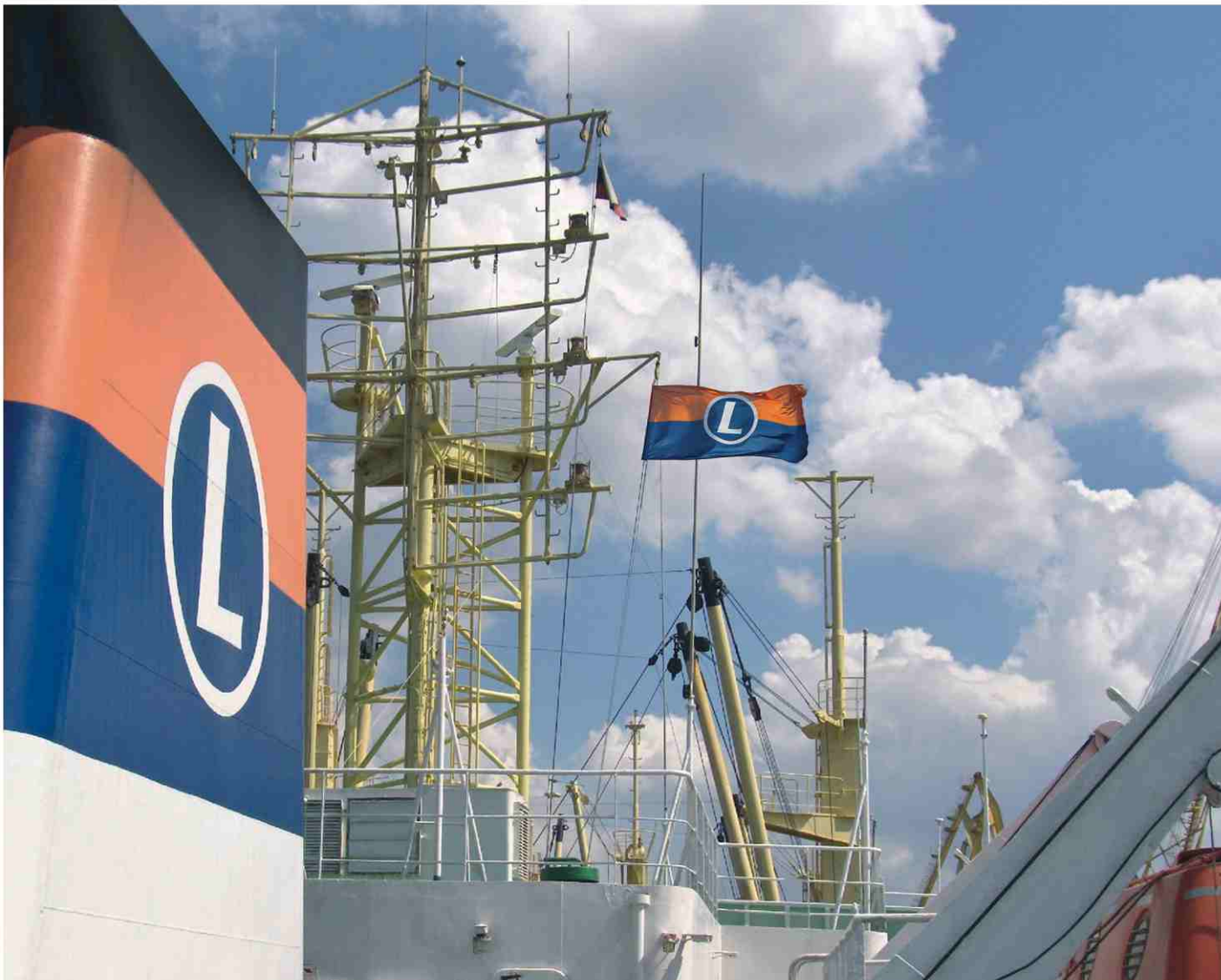
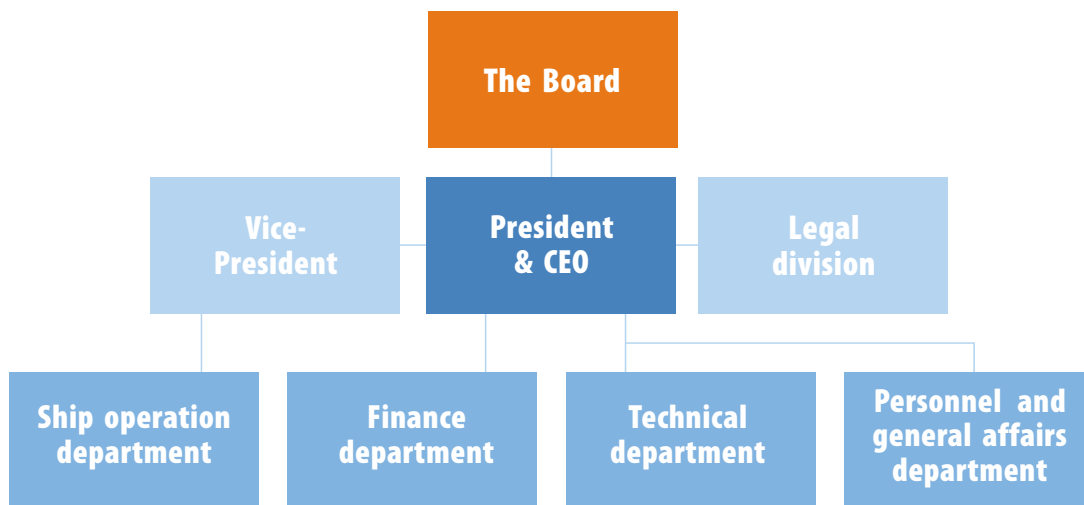
In 2005, LSCo made an important qualitative step by converting its accounting to International Financial Reporting Standards (IFRS). Value of LSCo shares increased by 154 percent in 2005, demonstrating investor and market confidence in our activity. I am delighted that consistent work and professional management has made the Limarko Shipping Company AB today into a modern company, taking a steady position in the world maritime market.

Vytautas Lygnugaris

President & CEO

Limarko Shipping Company AB

ORGANIZATIONAL STRUCTURE



BOARD OF DIRECTORS



Vytautas Lygnugaris
Chairman of the Board



Igoris Uba



Renaldas Vyšniauskas



Egidijus Bernotas



Sigitas Baltuška

VISION, MISSION, VALUES AND OBJECTIVES

Vision

To become the leader of chilled, frozen and perishable cargo worldwide transportation by sea in Central and Eastern Europe.

Mission

To achieve excellence in rendering safe, trustworthy, timely and high quality services in cargo transportation by sea.

Values

We strive:

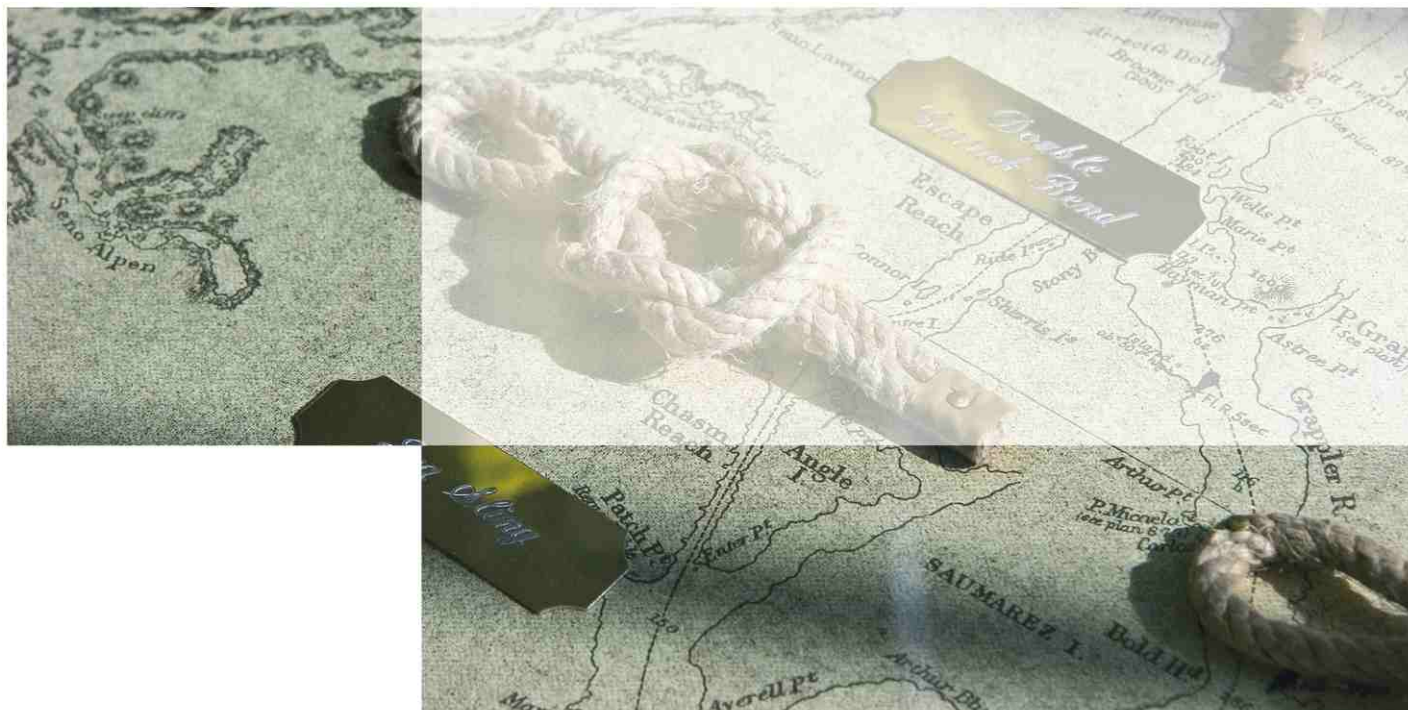
- To deliver value-added service to our customers
- To protect our customers' property
- To offer high-quality services and professional management
- To undertake business with integrity and responsibility

We are confident that professional management, teamwork and responsibility are the key factors to building a dynamic and successful organization. Realization of our customers' and shareholders' expectations are starting points for the sustainable and successful development of our company.

Objectives

The aim of LSCo is to render a service for our clients in the most efficient and socially responsible way.

The main long-term strategy of LSCo is expansion and renewal of the existing fleet of the Company.

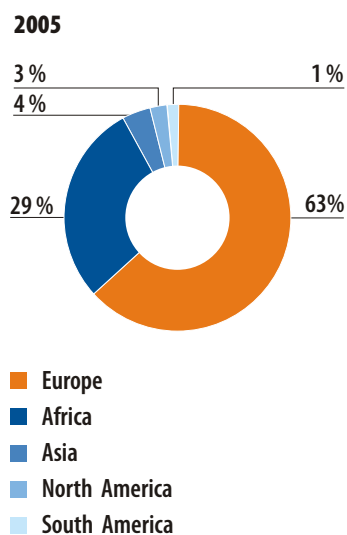


KEY FIGURES

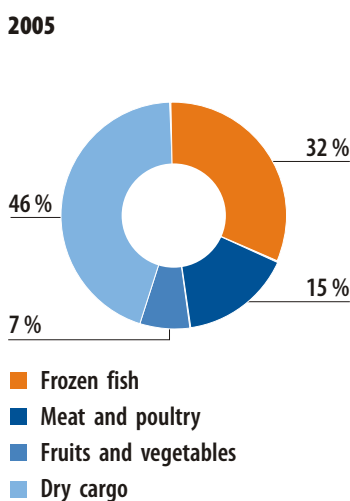
Summary of Limarko Shipping Company AB financial results

LTL	2005	2004	2003
Revenues	88,290,584	62,208,038	60,736,919
EBITDA	28,865,526	15,361,930	4,180,301
<i>EBITDA margin</i>	32.7%	24.7%	6.9%
EBIT	16,430,932	2,512,677	-5,385,963
<i>EBIT margin</i>	18.6%	4.0%	-8.9%
Net profit (loss)	15,395,273	5,373,595	-10,255,681
<i>Net profit (loss) margin</i>	17.4%	8.6%	-16.9%
Equity	100,783,519	85,388,246	80,014,651
Total Assets	168,977,753	134,729,676	112,434,263
Profitability ratios:			
Return on assets	9.1%	4.0%	-9.1%
Return on equity	15.3%	6.3%	-12.8%
Return on cost of equity	10.0%	4.3%	-9.9%

Breakdown of LSCo transportation by regions



The structure of cargo transported by LSCo



MANAGEMENT REPORT

Financial performance 2005

Consistently investing into the Company's fleet renewal and modernization, Limarko Shipping Company AB strengthened its positions in the reefer and dry cargo markets. Successful entrance into the viable container vessel segment will lay the foundations for further Company development.

In 2005, Company revenues were equal to LTL 88.3 million and the net profit before tax was LTL 18.4 million. LSCo carried 565 thousand tonnes of cargo in 2005 (79 percent more than in 2004).

Good financial performance resulted from strategic investments, continual successful fleet diversification, consistent increase in total tonnage of the Company's fleet, and a resurging world maritime market.

Strategic development

In 2005, LSCo accomplished several important strategic goals:

- LSCo continued to strengthen its positions in the reefer and dry cargo markets.
- LSCo successfully entered the container vessel segment, thus laying the foundations for expanded strategic development.
- LSCo maintained fleet modernization by investing more than LTL 50 million.
- LSCo restructured its financial debts and made advance repayment of LTL 22.6 million of loans to banks.
- LSCo accounting was converted to International Financial Reporting Standards (IFRS).
- LSCo continued its very constructive relationship with trade unions.
- LSCo's organizational changes consisted of appointing one new member to the company's Board of Directors.

LSCo acquisitions

Limarko Shipping Company AB has continued its fleet modernization and renewal by investing more than LTL 50 million in 2005.

LSCo successfully sold an inefficient freezer, the m/v Seafrost, in August and purchased a modern conventional reefer, the m/v Libra (built in 1991), in October. Acquisition of a modern container vessel, the m/v Serenada (built in 1999, carrying capacity 344 TEU), marked LSCo's entrance into the important container vessel segment.

In November 2005, LSCo signed an agreement for the acquisition of two large conventional sister reefers - the m/v Uranus (built in 1989) and the m/v Pluto (built in 1988).

LSCo fleet consists of 14 ships - 10 conventional reefer vessels, 2 freezers, 1 container vessel and 1 dry cargo ship. Some LSCo ships are of the ice class, which enables them to sail to Northern ports in wintertime. Total reefer capacity of the LSCo fleet exceeds 2.9 million cubic feet by the end of 2005.

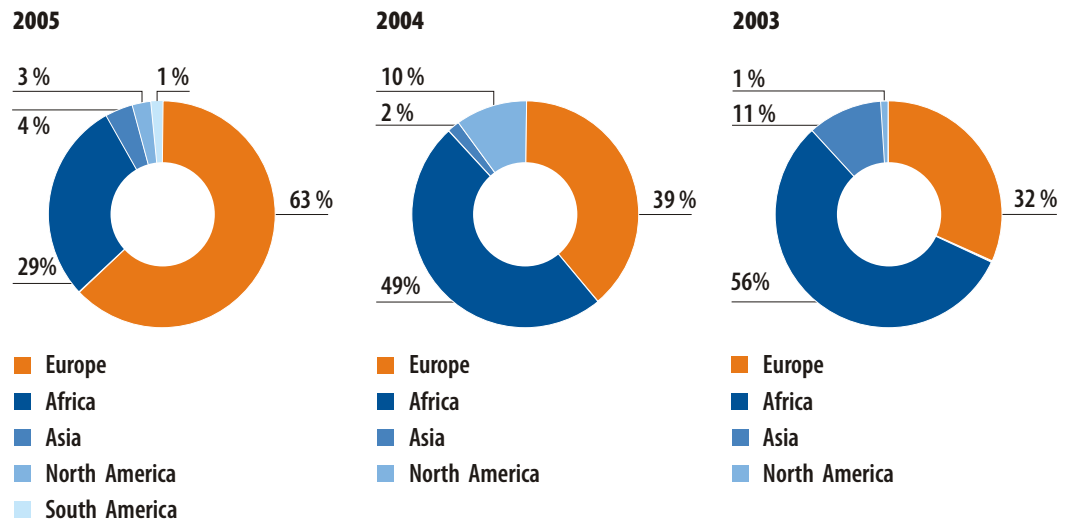
Successfully operating in the dry cargo market, LSCo continued chartering the dry cargo ship, the m/v Siuita (carrying capacity 2,800 mts).



Breakdown of LSCo transportation by regions

The main regions of Limarko Shipping Company AB activities are Europe and West Africa. Europe became the main region in 2005 due to successful LSCo fleet chartering activities.

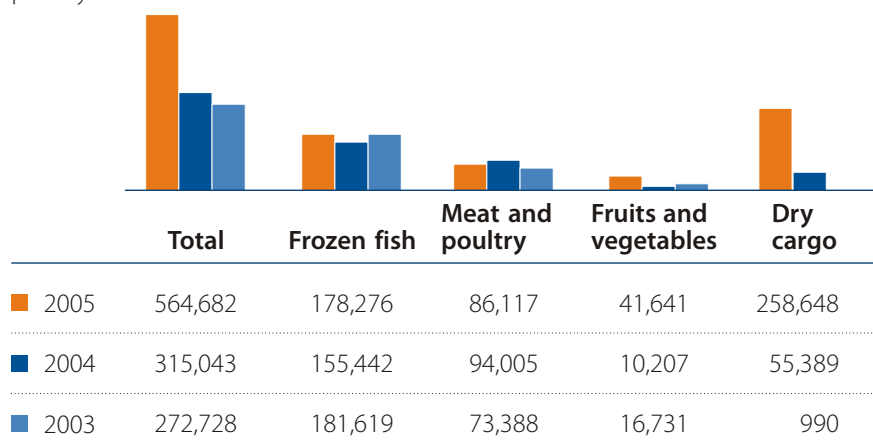
Transport in Europe increased considerably with the deployment of the newly acquired LSCo container vessel, the m/v Serenada, in the Baltic Sea and the North Sea regions.



The structure of cargo transported, 000't

The structure of cargo transported by LSCo

The main cargo transported by Limarko Shipping Company AB consisted of dry cargo goods, fruits and vegetables, frozen fish, as well as meat and poultry.



Significant increase of transported dry cargo goods resulted in a total increase of cargo transported in 2005. Other cargo groups remained at the same level as in 2004.

2005 was marked by increased dry cargo goods transport in Northern Europe. Simultaneously, LSCo freezers traditionally transported poultry from North America to Europe.



Human resources

Limarko Shipping Company AB had 400 employees on December 31, 2005: 362 seafarers and 38 shore based administrative staff.

LSCo human resource policy is based on continued enhancement of personnel qualification. The Company's personnel participated in intensive English language courses organized by the Lithuanian Shipowners Association. LSCo continued its long-term cooperation with the Klaipeda University, the Lithuanian Maritime College and the Klaipeda Marine School.

LSCo recognizes contributions made by our employees and always strives to compensate them fairly.

Organizational changes

Business consultant Sigitas Baltuška was appointed to the Board of Directors of Limarko Shipping Company AB in July 2005. He replaced Andrejus Boicovas, Director General of SEB VB Venture Capital Management UAB.

Forecasts for 2006

Limarko Shipping Company AB plans to strengthen its positions in the dry cargo vessel segment, while implementing active growth strategies in the reefer and the dry cargo markets in 2006.

LSCo expects to achieve revenues of approximately LTL 110 million (24 percent more than in 2005).

LSCo will continue to modernize its fleet by investing in 2006 about LTL 100 million - twice more than in 2005.



PORTS



OFFICIAL



FLEET



m/v IGNALINA

Type	Freezer
Flag	Lithuanian
Built	1983, Germany
Capacity	470 603 cbft
Deadweight	11 871
Speed (ballast / laden)	15,0kn / 14,5 kn
Temperature	-25°C
Classification	MRS



m/v SEDA

Type	Freezer
Flag	Lithuanian
Built	1985, Germany
Capacity	470 594 cbft
Deadweight	11 849
Speed (ballast / laden)	15,0 kn / 14,5 kn
Temperature	-25°C
Classification	BV



m/v PLUTO

Type	Conventional reefer
Flag	Lithuanian
Built	1988, Korea
Capacity	344 216 cbft
Deadweight	6 536
Speed (ballast / laden)	18,0 kn / 17,5 kn
Temperature	+15°C / -25°C
Classification	LR



m/v URANUS

Type	Conventional reefer
Flag	Lithuanian
Built	1989, Korea
Capacity	342 707 cbft
Deadweight	6 518
Speed (ballast / laden)	18,0 kn / 17,5 kn
Temperature	+15°C / -25°C
Classification	LR

m/v ANDROMEDA

Type	Conventional reefer
Flag	Lithuanian
Built	1989, Japan
Capacity	296 554 cbft
Deadweight	6 565
Speed (ballast / laden)	17,5 kn / 17,0 kn
Temperature	+15°C / -25°C
Classification	LR



m/v LYRA

Type	Conventional reefer
Flag	Lithuanian
Built	1991, Japan
Capacity	237 192 cbft
Deadweight	5 226
Speed (ballast / laden)	16,0 kn / 15,5 kn
Temperature	+15°C / -25°C
Classification	DNV



m/v ASTRA

Type	Conventional reefer
Flag	Lithuanian
Built	1990, Japan
Capacity	237 014 cbft
Deadweight	5 287
Speed (ballast / laden)	15,5 kn / 15,0 kn
Temperature	+15°C / -25°C
Classification	DNV



m/v LIBRA

Type	Conventional reefer
Flag	Lithuanian
Built	1991, Japan
Capacity	236 925 cbft
Deadweight	5 065
Speed (ballast / laden)	18,0 kn / 17,5 kn
Temperature	+15°C / -25°C
Classification	LR





m/v MARSAS

Type	Conventional reefer
Flag	Lithuanian
Built	1989, Japan
Capacity	189 141 cbft
Deadweight	5 010
Speed (ballast / laden)	15,5 kn / 15,0 kn
Temperature	+15°C / -25°C
Classification	DNV



m/v ARGO

Type	Conventional reefer
Flag	Lithuanian
Built	1985, Japan
Capacity	180 703 cbft
Deadweight	5 002
Speed (ballast / laden)	16,5 kn / 16,0 kn
Temperature	+15°C / -25°C
Classification	DNV



m/v VEGA

Type	Conventional reefer
Flag	Lithuanian
Built	1982, Japan
Capacity	153 162 cbft
Deadweight	3 847
Speed (ballast / laden)	14,0 kn / 13,5 kn
Temperature	+15°C / -25°C
Classification	DNV



m/v TUKANAS

Type	Conventional reefer
Flag	Lithuanian
Built	1982, Japan
Capacity	152 884 cbft
Deadweight	3 919
Speed (ballast / laden)	13,5 kn / 13,0 kn
Temperature	+15°C / -25°C
Classification	DNV

m/v SATURNAS

Type	Conventional reefer
Flag	Lithuanian
Built	1982, Japan
Capacity	152 714 cbft
Deadweight	3 930
Speed (ballast / laden)	12,5 kn / 12,0 kn
Temperature	+15°C / -25°C
Classification	NKK



m/v ORIONAS

Type	Conventional reefer
Flag	Lithuanian
Built	1979, Germany
Capacity	130 285 cbft
Deadweight	3 416
Speed (ballast / laden)	12,5 kn / 12,0 kn
Temperature	+15°C / -25°C
Classification	GL



m/v SIUITA

Type	Dry cargo
Flag	Lithuanian
Built	1986, UK
DWCC	2 800 mts
Deadweight	2 887
Speed (ballast / laden)	9,5 kn / 9,0 kn
GRT / NRT	1 892 / 1 044
Classification	LR



m/v SERENADA

Type	Container
Flag	Lithuanian
Built	1999, Netherlands
Capacity	344 TEU
Deadweight	3 739
Speed (ballast / laden)	15,0 kn / 14,5 kn
GRT / NRT	2 926 / 1 444
Classification	BV



Classification descriptions

BV Bureau Veritas
 DNV Det Norske Veritas
 GL Germanischer Lloyd

LR Lloyd's Register of Shipping
 MRS Russian Maritime Register of Shipping
 NKK Nippon Kaiji Kyokai

SHAREHOLDER INFORMATION

Limarko Shipping Company AB share capital is 109,450,664 LTL. The share capital is distributed in 109,450,664 shares with a nominal value of 1 LTL. The accounting of shares issued by the Company is performed by Business Operations and Securities Accounting Department of SEB Vilnius Bankas AB. Shares of Limarko Shipping Company AB are on the current list of the Vilnius Stock Exchange.

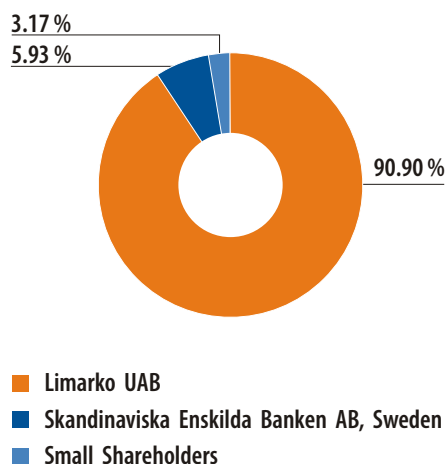
Security information

Source: Vilnius Stock Exchange

ISIN	LT0000119646
Name	LLK1L
List	BALTIC I-LIST
Nominal value	1.00 LTL
Total number of securities	109,450,664
Number of listed securities	109,450,664
Listing date	22.05.2000

Shareholding

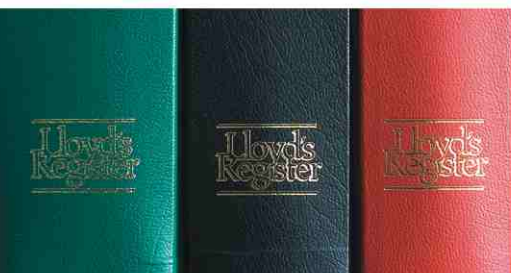
On December 31, 2005, the number of shareholders of Limarko Shipping Company AB was 444. Limarko UAB was the primary shareholder.



Investor relations

Vytautas Lygnugaris, President & CEO
Tel: +370 46 411 781
Fax: +370 46 411 783
E-mail: v.lygnugaris@limarkoshipco.lt

Renaldas Vyšniauskas, Chief Financial Officer (CFO)
Tel: +370 46 340 896
Fax: +370 46 341 195
E-mail: r.vysniauskas@limarkoshipco.lt



Announcements to the Vilnius Stock Exchange in 2005

February 3	Limarko Shipping Company AB: Preliminary operation results of 2004
February 3	LSCo: Action plan for 2005
March 24	LSCo: General Meeting
April 14	LSCo: Disclosure of a material event
April 26	LSCo: Resolutions of the General Meeting
April 28	LSCo: Result of the first quarter of 2005
June 23	LSCo: General shareholder's meeting
July 14	LSCo: The project of shareholder's meeting resolutions
July 25	LSCo: Resolutions of the General Meeting
July 29	LSCo: Results for the first half of 2005
October 24	LSCo: Results for nine months of 2005

Share related key figures for 2005

Source: Vilnius Stock Exchange

Price at year start	0.81 LTL
Price at year end	2.06 LTL
Lowest price	0.81 LTL
Highest price	2.29 LTL
Number of transactions per year	1,835
Turnover, shares	32,169,372
Turnover	12,441,276 LTL

Dynamics of Limarko Shipping Company AB share price in 2005

Source: Vilnius Stock Exchange



Market price indicators

Indicators	2005	2004	2003
Capitalization	225,468,368 LTL	88,655,038 LTL	47,086,267 LTL
Earnings per share	0.14 LTL	0.05 LTL	-0.08 LTL
Book share value	0.92 LTL	0.78 LTL	0.61 LTL

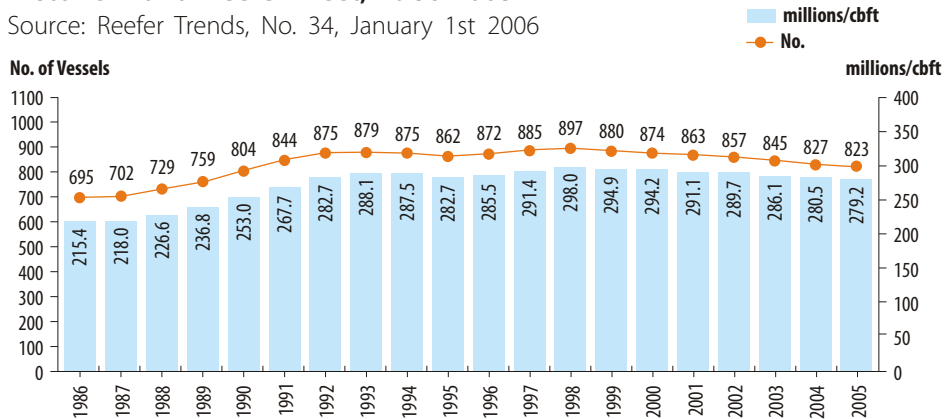


MARKET REPORT

With negligible reefer demolition activity taking place during 2005, we will likely see an increase in 2006 in fleet capacity for the first time since 1998 as the recent orders placed begin delivery to owners.

Historic World Reefer Fleet, 1986-2005

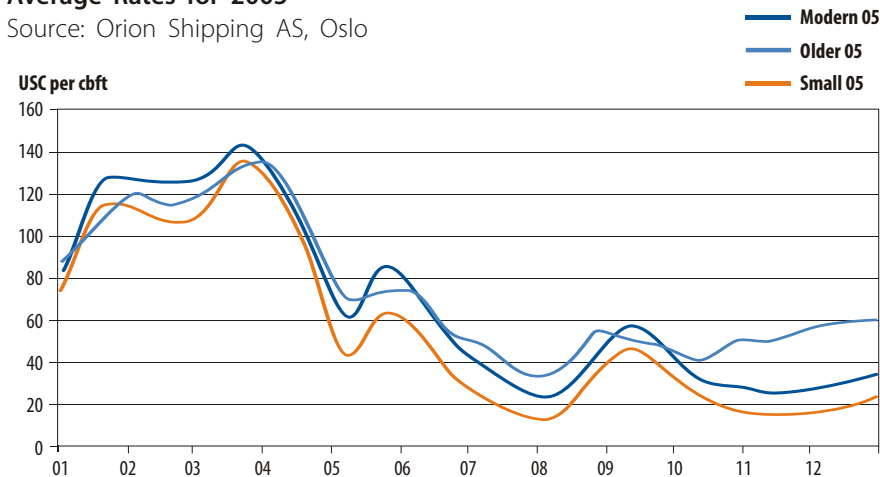
Source: Reefer Trends, No. 34, January 1st 2006



Demolition of reefer vessels has been low in numbers. 11 vessels, representing about 3.5 million cbft, were recorded as sold for demolition during 2005.

Average Rates for 2005

Source: Orion Shipping AS, Oslo



We are tempted to list the following three major reasons to explain the result of the spot market 2005 which is becoming more and more dependent on the trades:

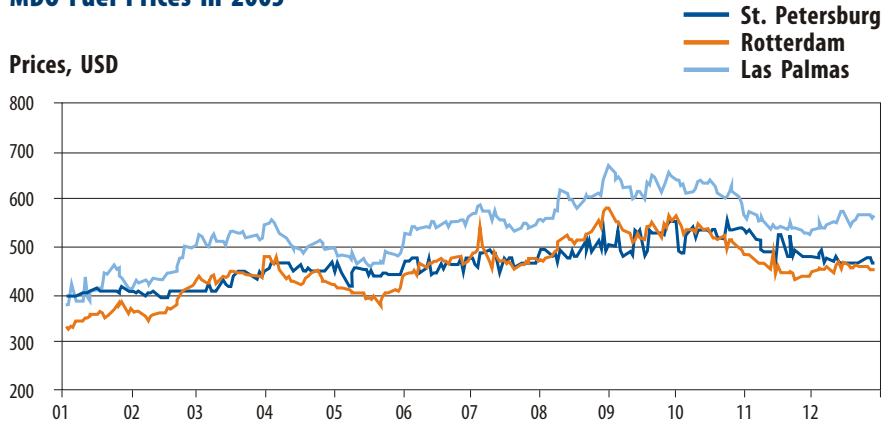
- Consolidation of the fleet. During the "high season", fixtures were concluded at very advantageous levels for Owners, even though Charterers mostly always had a number of candidates to choose from.
- Weather disturbances. As the year went on, shortage of fruit became evident. The Hurricanes ravaging the Caribbean and Central America combined with draught and cold weather in Ecuador led to a major reduction of bananas.
- Bunker prices. Compared to last year, bunker prices have increased dramatically. The T/C yield for a "normal off season" Ecuador/Med voyage for an older vessel was 40-50% lower this year as compared with 2004, due to the bunker element.

The global volume of reefer cargos is increasing about 3-4 percent annually, giving the traditional reefer vessels many opportunities.

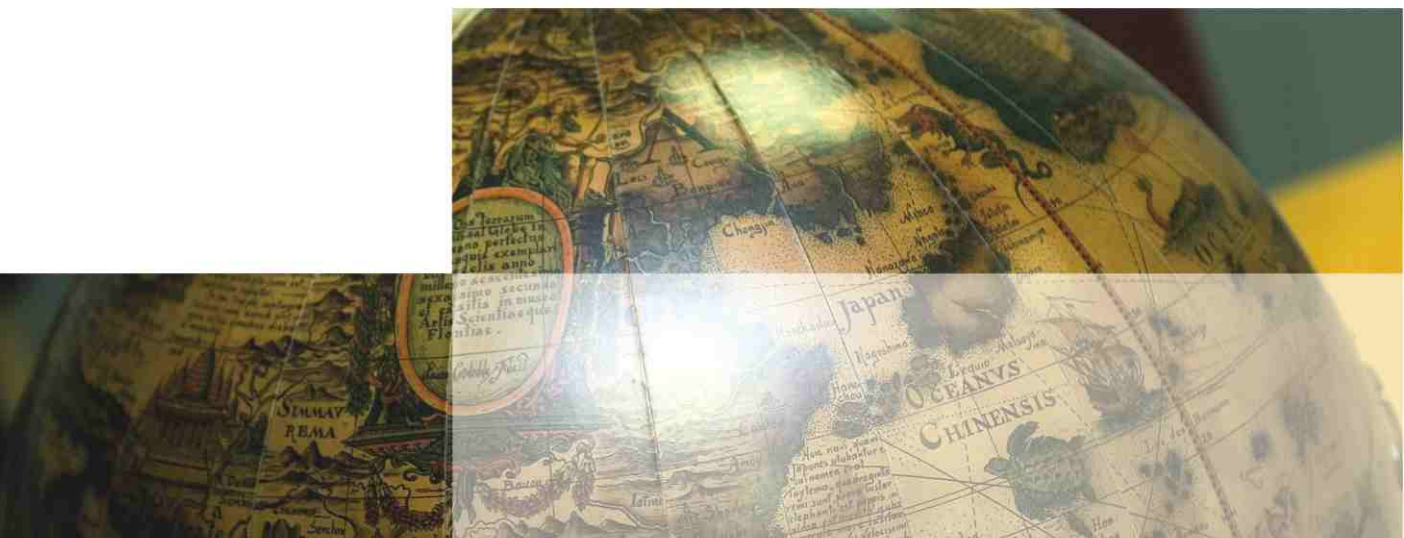
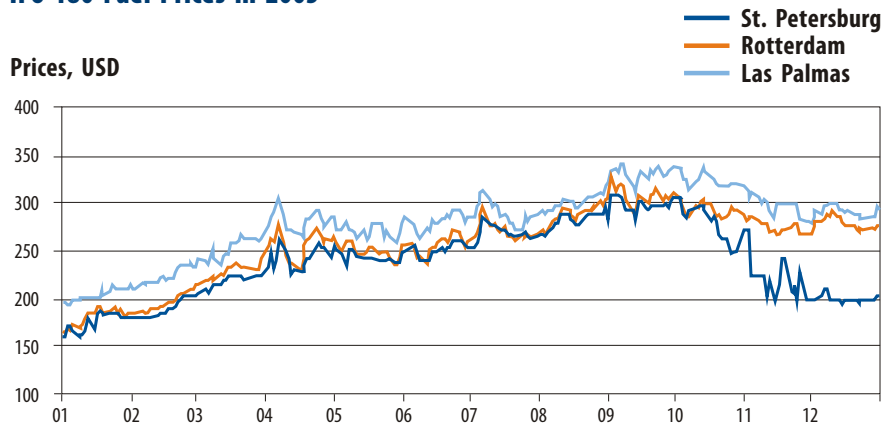
Fuel prices

Limarko Shipping Company AB strives to purchase fuel in the ports where fuel prices are lower in order to minimize fuel costs for company's fleet. As the dynamics of fuel prices in 2005 indicate, MDO fuel is currently traded at the lowest cost in the ports of Rotterdam and St. Petersburg, while lowest cost of IFO-180 fuel is in the port of St. Petersburg.

MDO Fuel Prices in 2005



IFO-180 Fuel Prices in 2005



FINANCIAL STATEMENTS

Management's statement on the annual financial statements

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

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. 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.

Klaipeda, 29 March 2006
Limarko Shipping Company AB

Vytautas Lygnugaris
Chairman of the Board



AUDITOR'S REPORT

We have audited the accompanying balance sheet of Limarko Shipping Company AB as at 31 December 2005 and the related income statement, statement of changes in equity and statement of cash flows for the year then ended.

These annual financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2005, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Stephen Young
Partner

Rokas Kasperavičius
Lithuanian Certified Auditor

Klaipeda, 29 March 2006
KPMG Baltics UAB



INCOME STATEMENT

For the year ended 31 December 2005

In thousand of Lit	Note	2005	2004
Revenue	1	88,291	62,208
Cost of sales	2	-65,332	-54,340
Gross profit		22,959	7,868
Other operating income, net	3	6,704	2,416
Distribution expenses		-160	-68
Administrative expenses	4	-6,368	-5,287
Operating profit before financing costs		23,135	4,929
Financial income		240	1,713
Financial expenses		-5,007	-993
Net financial costs/income	5	-4,767	720
Profit before tax		18,368	5,649
Income tax expense	6	-2,973	-275
Profit for the year		15,395	5,374
Basic earnings per share (Lit)		0.14	0.05
Diluted earnings per share (Lit)		0.14	0.05

The notes set out on pages 28 to 47 form an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2005

In thousand of Lit	Note	2005	2004
Assets			
Property, plant and equipment	7	145,899	119,170
Intangible assets	8	122	102
Other investments	9	331	331
Long term receivable		75	254
Total non-current assets		146,427	119,857
Inventories	10	3,008	1,233
Receivable	11	13,966	6,190
Cash and cash equivalents	12	5,576	7,450
Total current assets		22,550	14,873
Total assets		168,977	134,730
Equity			
Issued capital		109,451	109,451
Reserves		6,597	6,597
Retained earnings		-15,265	-30,660
Total equity	13	100,783	85,388
Liabilities			
Interest-bearing loans and borrowings	14	45,197	29,492
Deferred tax liabilities	15	6,198	3,225
Total non-current liabilities		51,395	32,717
Interest-bearing loans and borrowings	14	7,608	8,770
Trade and other payables	16	9,191	7,855
Total current liabilities		16,799	16,625
Total liabilities		68,194	49,342
Total equity and liabilities		168,977	134,730

The notes set out on pages 28 to 47 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2005

In thousand of Litas	Note	2005	2004
Cash flows from operating activities			
Profit before tax		18,368	5,649
Adjustments for:			
Depreciation	7	12,379	12,84
Amortization	8	55	6
Gain on sales of non-current assets	3	-6,482	-1,369
Written off non-current assets		5	227
Investment income	5	-22	-19
Interest expense, net	5	1,544	898
Net cash from ordinary activities before any changes in working capital		25,847	18,235
Change in inventories		-1,775	-74
Change in debtors		-7,597	-72
Change in trade and other payables		1,136	2,092
Net cash generated from ordinary activities		17,611	20,181
Net interests paid / received		-1,344	-899
Net cash from operating activities		16,267	19,282
Cash flows from investing activities			
Acquisition of tangible non-current assets	7	-53,548	-35,334
Acquisitions of intangible non-current assets	8	-75	-102
Proceeds from sale of tangible non-current assets	3	20,916	3,415
Dividends received		22	19
Net cash from investing activities		-32,685	-32,002
Cash flows from financing activities			
Proceeds from borrowings		38,760	22,177
Repayment of borrowings		-24,150	-7,536
Payment of finance lease liabilities		-66	-87
Net cash from financing activities		14,544	14,554
Net decrease in cash and cash equivalents		-1,874	1,834
Cash and cash equivalents at 1 January		7,450	5,616
Cash and cash equivalents at 31 December		5,576	7,450

The notes set out on pages 28 to 47 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

In thousand of Lit	Note	Share capital	Own shares	Legal reserve	Retained earnings	Total equity
At 1 January 2004		130,795	-9,823	6,597	-47,555	80,014
Net income for 2004					5,374	5,374
Decrease in share capital		-21,344	9,823	0	11,521	0
At 31 December 2004		109,451	0	6,597	-30,660	85,388
At 1 January 2005		109,451	0	6,597	-30,660	85,388
Net income 2005					15,395	15,395
At 31 December 2005	13	109,451	0	6,597	-15,265	100,783

The notes set out on pages 28 to 47 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Significant accounting policies

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

The major shareholder of the Company is UAB Limarko, a company incorporated in Lithuania, which owns 90.9% of the share capital. The ordinary shares of the company are listed on the Vilnius Stock Exchange.

The financial statements were authorised for issue by the directors on 17 March 2006.

(a) Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the European Union. These are the Company's first financial statements and IFRS 1 has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 22.

(b) Basis of preparation

The financial statements are presented in Litas, the legal currency of Lithuania and considered to be the functional currency of the company, and are prepared on the historical cost basis, for accounting records maintained in accordance with Lithuanian laws and regulations.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in accordance with IFRS 1.7 in these annual financial statements and in preparing an opening IFRS balance sheet in accordance with IFRS 1.36A as at 1 January 2004 for the purposes of transition to IFRSs.

Significant accounting policies (continued)

(c) Derivative financial instruments

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

(d) Other financial instruments

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

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are classified as available-for-sale and measured at cost, less impairment, if any.

(e) 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.

(f) Property, plant and equipment

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

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

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

Significant accounting policies (continued)

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

Component accounting is not considered appropriate for vessels.

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 tangible non-current assets. The estimated useful lives are as follows:

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

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

(g) Intangible assets

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

(h) Investments

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

(i) Trade and other receivables

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

(j) 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.

Significant accounting policies (continued)

(k) Cash and cash equivalents

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

(l) Impairment

The carrying amounts of the company's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

The recoverable amount of assets is the greater of the net selling price and the value in use. 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.

(m) Dividends

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

(n) 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.

(o) 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.

(p) Trade and other payables

Trade and other payables are stated at amortized cost.

Significant accounting policies (continued)

(q) Revenue

Revenue from sales of goods and rendering of services is recognised on an accrual basis.

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

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

(r) Cost of goods sold and services rendered

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

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

(s) Distribution and administrative expenses

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

(t) 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.

(u) 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.

Significant accounting policies (continued)

(v) Income tax

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(z) 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.

Change in accounting policies

In late 2003 the IASB published a revised version of IAS 32 "Financial Instruments: Disclosure and Presentation", a revised version of IAS 39 "Financial Instruments: Recognition and Measurement" and "Improvements to International Accounting Standards", which made changes to 14 existing standards. In the first quarter of 2004 the IASB published IFRS 2 "Share-based Payments", IFRS 3 "Business Combinations", IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and further amendments to IAS 39. In mid-2005 the IASB issued a further revision to IAS 39 regarding the Fair Value Option. Revised IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", amongst other matters, requires that changes in accounting policies that arise from the application of new or revised standards and interpretations are applied retrospectively, unless otherwise specified in the transitional requirements of the particular standard or interpretation. The Company adopted these effective from 1 January 2005.

The impact of the new standards, applicable to the Company, is as follow:

Financial Instruments

In accordance with IAS 39 requirements, the Company has reviewed its portfolio of financial instruments held at 1 January 2005 and has performed redesignation of these financial instruments into categories as defined by the revised IAS 39. The standard requires retrospective application. In the corresponding financial statements the Company's financial instruments were classified into the following categories:

-All loans, receivables and deposits originated by the Company were classified as loans and receivables originated by the Company and measured at amortised cost. Current portion of loans and receivables originated by the Company was classified as current assets, based on remaining maturity at the balance sheet date. There was no impact on net income or equity from this redesignation.

-All loans received and other interest bearing borrowings of the Company were classified as financial liabilities and measured at amortised cost as of 1 January 2005. There was no impact on net income or equity from this redesignation.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that, where relevant to the company, are mandatory for the Company's accounting periods beginning on or after 1 January 2006 or later periods but which the Company has not adopted early. Relevant standards, amendments and interpretations are as follows:

- IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006). This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Company believes that this amendment should not have a significant impact on the classification of financial instruments, as the Company does not classify any instruments as at fair value through profit and loss.

- IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. Management is currently assessing the impact of IFRS 7 and amendment to IAS 1 on the Company's operations. The Company will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

- IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the Company's operations.

1.

Revenue

In thousand of Litass	2005	2004
Pool operations	49,829	35,885
Voyage charter operations	31,570	22,176
Time charter operations	5,213	3,715
Demurrage	1,679	432
Total revenue	88,291	62,208

As at 31 December 2005 the Company owned 12 reefer ships, one container ship and chartered one dry cargo ship.

During the year 2005 the Company operated 10 ships in pool operations. One of these vessels was acquired during 2005 (see note 7).

4 ships were chartered for separate voyages, including 2 vessels, which were chartered from a related company.

2 ships were chartered according to time charter contracts, including one vessel, which was sold, and one vessel, which was acquired during 2005 (see note 7).

2.

Cost of sales

In thousand of Litass	2005	2004
Crew costs	17,594	16,064
Depreciation	12,140	12,551
Fuel	10,108	5,579
Repair and maintenance of vessels	8,908	8,154
Insurance	4,134	3,828
Port dues	3,992	2,574
Commissions	2,165	1,495
Lubricating oil	2,006	1,669
Other cost of sales	4,285	2,426
Total cost of sales	65,332	54,340

3.**Other operating income**

In thousand of Lit	2005	2004
Revenue from sale of non-current assets	20,916	3,415
Cost of sold non-current assets	-14,434	2,046
Net revenue from sale of non-currents assets	6,482	1,369
Other operating income, net	222	1,047
Total	6,704	2,416

During the year 2005 the Company sold one vessel and the administrative building under construction.

4.**Administrative expenses**

In thousand of Lit	2005	2004
Staff costs	3,649	2,924
Business trips	375	175
Depreciation and amortization	295	298
Operating taxes	287	364
Financial, legal advisory	266	301
Communication	198	197
Bank charges	116	128
Other costs	1,182	900
Total administrative expenses	6,368	5,287

5.**Net financial costs / income**

In thousand of Lit	2005	2004
Financial income		
Dividends received	22	19
Penalties	61	0
Interest	157	63
Currency exchange rate gain	0	1,631
Total financial income	240	1,713
Financial expenses	-3,293	0
Currency exchange rate loss	-1,701	-961
Interest	-13	-32
Other	-5,007	-993
Total financial costs	-4,767	720

6.

Income tax expense**Recognised in the income statement**

In thousand of Litas	2005	2004
Current tax expense	0	0
Deferred tax expense	-2,973	-275
Total income tax expense in income statement	-2,973	-275

Deferred tax liabilities arise due to a difference in the financial and tax values of non-current assets. Deferred tax assets arise due to the availability of taxable losses carried forward (see note 15).

Reconciliation of effective tax rate

In thousand of Litas	2005	2004
Profit before taxation	18,368	5,649
Non deductible expenses	3,388	5,715
Non taxable income	-2,906	-299
Taxable profit	18,850	11,065
Taxable loss carried forward from previous years	-18,850	-11,065
Taxable profit	0	0
Tax rate	15%	15%
Income tax for the year	0	0

Non-deductible expenses

In thousand of Litas	2005	2004
Timing difference in depreciation of assets	2,379	3,729
Representation and support	410	27
Interest expenses	321	640
Other	278	1,319
Total non-deductible expenses	3,388	5,715

Non-taxable income

Penalties received	1,679	
Adjustment to depreciation of assets	626	
Adjustment of repair costs	195	
Other	406	299
Total non-taxable income	2,906	299

7.

Property, plant and equipment

In thousand of Lit	Land and buildings	Vessels and cars	Other assets	Under construction	Total
Cost					
Balance at 1 January 2004	4,204	137,390	917	3,288	145,799
Acquisitions	0	35,200	134	0	35,334
Disposals	0	-9,843	-143	-108	-10,094
Balance at 31 December 2004	4,204	162,747	908	3,180	171,039
Balance at 1 January 2005	4,204	162,747	908	3,180	171,039
Acquisitions	0	53,425	123	0	53,548
Disposals	0	-26,414	-56	-29,650	-29,650
Balance at 31 December 2005	4,204	189,758	975	194,937	194,937
Depreciation and impairment losses					
Balance at 1 January 2004	1,391	44,937	520	46,848	46,848
Depreciation charge for the year	96	912,584	163	12,843	12,843
Disposals	0	-7,728	-94	-7,822	-7,822
Balance at 31 December 2004	1,487	49,793	589	51,869	51,869
Balance at 1 January 2005	1,487	49,793	589	51,869	51,869
Depreciation charge for the year	96	12,129	154	12,379	12,379
Disposals	0	-15,167	-42	-15,209	-15,209
Balance at 31 December 2005	1,583	46,755	701	49,039	49,039
Carrying amounts					
At 1 January 2004	2,813	92,453	397	98,951	98,951
At 31 December 2004	2,717	112,954	319	119,170	119,170
At 1 January 2005	2,717	112,954	319	119,170	119,170
At 31 December 2005	2,621	143,003	274	145,898	145,898

Security

As at 31 December 2005, ships with the carrying amount of 66,354 tLTL are pledged to secure bank loans (see note 14).

Leased transport vehicles

The Company leases several transport vehicles under finance lease agreements. At 31 December 2005, the net book value of the leased assets was 214 tLTL (2004:269 tLTL). Lease obligations are secured by the leased assets (see Note 14).

Depreciation

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

In thousand of Lit	2005	2004
Cost of sales	12,140	12,551
Other operating expenses	239	292
Total	12,379	12,843

8.

Intangible assets

In thousand of Lit	Software	Total
Cost		
Balance at 1 January 2004	33	33
Acquisitions	102	102
Balance at 31 December 2004	135	135
Balance at 1 January 2005	135	135
Acquisitions	75	75
Balance at 31 December 2005	210	210
Amortisation and impairment losses		
Balance at 1 January 2004	27	27
Amortisation for the year	6	6
Balance at 31 December 2004	33	33
Balance at 1 January 2005	33	33
Amortisation for the year	55	55
Balance at 31 December 2005	88	88
Carrying amounts		
At 1 January 2004	6	6
At 31 December 2004	102	102
At 1 January 2005	102	102
At 31 December 2005	122	122

9.

Investments

In thousands of Lit	2005	2004
Available-for-sale investments	331	331
Total	331	331

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

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

10.**Inventories**

In thousand of Litas	2005	2004
Raw materials and consumables	70	65
Fuel	2,202	727
Lubricating oil	806	601
Total	3,078	1,393
Allowance for slow moving inventory	-70	-160
Subtotal	3,008	1,233

11.**Receivable**

In thousand of Litas	2005	2004
Trade receivable	6,083	4,038
Prepayments	5,347	75
Deferred expenses	2,286	1,691
Other receivable	250	386
Total	13,966	6,190

Prepayments as at 31 December 2005, amounting to 5,265 tLTL, comprise deposits for two vessels, which were acquired in 2006.

The majority of deferred expenses comprise deferred insurance expenses.

12.**Cash and cash equivalents**

In thousand of Litas	2005	2004
Bank balances	5,524	7,419
Cash in hand	52	31
Total	5,576	7,450

As at 31 December 2005 the Company has 1,572 thousand USD in the current account and as cash in hand.

13.

Share capital

As at 31 December 2005, the authorised share capital comprised 109,450,664 ordinary shares at a par value of Litas 1 each.

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

The shareholders at the balance sheet date are as follows:

	Ordinary shares	Ownership %
UAB Limarko	99,492,943	90.9
Other minority shareholders	9,957,721	9.1
Total	109,450,664	100.0

The shares are listed in Vilnius Stock Exchange.

Decrease in share capital

In accordance with the reorganization project of AB Klaipeda Transport Fleet (previous name of Limarko Shipping Company AB) and UAB Limarko Shipping Company, UAB Limarko Shipping Company was merged into AB Klaipeda Transport Fleet. The shares of UAB Limarko Shipping Company held by its shareholders were converted into the shares of AB Klaipeda Transport Fleet. It is not treated as a business combination as to IFRS 3 because of the common shareholding.

The reorganization project was finished in February 2004. The share capital was reduced by canceling own shares. The difference in the acquisition price and nominal value was recognised in retained earnings.

Legal reserves

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

Earnings per share

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

	2005	2004
Average weighted number of shares in issue	109,450,664	109,450,604
Net result for the year, in thousand Litas	15,395	5,374
Earning per share, in Litas	0.14	0.05

14.

Interest-bearing loans and borrowings

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

Lending institution	Ref	Principal amount	Balance at 31/12/2005	Balance at 31/12/2004
AB Vilniaus Bankas	a)	5,600 tUSD	13,969	14,193
AB Vilniaus Bankas	b)	6,000 tEUR	20,717	0
AB Vilniaus Bankas	c)	6,200 tUSD	18,043	0
Club loan: AB Vilniaus Bankas, AB Hansabankas, AB Bankas NORD/LB Lietuva, AB Sampo Bankas	d)	7,500 tUSD	0	15,207
Club loan: AB Bankas Hansabankas, AB Sampo Bankas	e)	3,150 tUSD	0	7,452
Berenberg bank	f)	2,000 tUSD		1,267
Nordea Finance Leasing	g)		76	143
Total liabilities			52,805	38,262
Less: current portion			-7,608	-8,770
Total long term portion of net liabilities			45,197	29,492

Interest rates for the loans are variable and relate to LIBOR, varying from LIBOR+0.9% to LIBOR+1.86%.

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

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

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

d) The club loan was received to refinance the loan of UAB Limarko Laivininkystes Kompanija. UAB Limarko Laivininkystes Kompanija was merged with Limarko Shipping Company AB. The loan was repaid before maturity date.

e) The loan was received to finance the acquisition of the vessel "Astra". The loan was repaid before maturity date.

f) The loan was received for the acquisition of the vessel "Seafrost".

g) Liabilities to Nordea Finance Leasing comprise leasing of several transport vehicles.

The effective interest rate for the period was between 3.5% and 4% per annum.

Finance lease liabilities

Finance lease liabilities are payable as follows:

In thousands of Litas	Minimum lease payments			Minimum lease payments		
	Interest	Principal	Interest	Principal	Interest	Principal
	2005	2005	2005	2004	2004	2004
Less than one year	72	1	71	80	3	77
Between one and five years	5	0	5	67	1	66
More than five years	77	1	76	147	4	143

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

15.

Deferred tax assets and liabilities

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items calculated at a rate of 19% (2004 : 15%):

In thousands of Litas	Assets		Liabilities		Net	
	2005	2004	2005	2004	2005	2004
Property, plant and equipment	0	0	6,794	6,674	6,794	6,674
Tax value of tax loss carry-forwards recognised	-583	-3,425	0	0	-583	-3,425
Provisions	-13	-24	0	0	-13	-24
Tax (assets) / liabilities	-596	-3,449	6,794	6,674	6,198	3,225

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

Tax loss carry forward amounts to 3,070 tLTL as at 31 December 2005 and has been recognised as recovery considered to be probable.

16.

Trade and other payables

In thousands of Litas	2005	2004
Trade payable	6,105	4,901
Remuneration payable	2,499	2,549
Other payable	587	1,305
Total	9,191	7,855

17.**Financial instruments**

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

Credit risk

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

Foreign exchange risk

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

As at 31 December 2005, the Company held the following position in foreign currencies:

	USD	RUB	EUR	GBP	DKK	JPY
Receivable	3,874	610	73			
Cash	1,572		58	39		
Financial liabilities	-11,026		-6,000			
Trade payables	-1,666	-105	-149	-15	-256	-1,361
Total	-7,246	505	-6,018	24	-256	-1,361

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

Interest rate risk

Company's financial liabilities are subject to variable interest rates, related to LIBOR varying from LIBOR+0.9% to LIBOR+1.86%.

18.**Contingencies and capital commitments**

During the year ended 31 December 2005 the Company entered into a purchase contract for vessels at the total approximate price of 20 mio USD (see Note 20).

19.

Related parties

Related party transactions are as follows:

In thousands of Lit	Year 2005		Year 2004	
	Sales	Purchases	Sales	Purchases
UAB Limarko	629	5,232	44	2,026
Total	629	5,232	44	2,026

In thousands of Lit	31 December 2005		31 December 2004	
	Receivable	Payable	Receivable	Payable
UAB Limarko	0	0	8	0
Total	0	0	8	0

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

In thousands of Lit	2005	2004
Management remuneration	1,189	954

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

In thousands of Lit	2005	2004
Loans to management	75	254

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

20.

Subsequent events

In January 2006 the Company acquired two ships for an approximate price of 20 mio USD. The acquisition of vessels was financed by AB Bankas Hansabankas. The Company signed a loan agreement with the above mentioned bank on 3 January 2006. The loan amounts to 16,281 tUSD and should be repaid by 3 January 2013.

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 90% of the total revenue in 2005. The revenue split is presented in note 1.

22.

Explanation of transition to IFRSs

As stated in note 1(a), these are the company's first financial statements prepared in accordance with IFRS.

The accounting policies, set out in note 1, have been applied in preparing the financial statements for the year ended 31 December 2005, in presenting the comparative information for the year ended 31 December 2004 and in preparing an opening IFRS balance sheet as at 1 January 2004 (the company's date of transition).

When preparing the opening balance sheet in accordance with IFRS, the Company adjusted the amounts reported previously in the financial statements prepared in accordance with Lithuanian Business Accounting Standards. An explanation of how the transition from LBAS to IFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

In thousand of Lit	Note	Effect of transition		Effect of transition		
		LBAS to IFRSs	IFRSs	LBAS to IFRSs	IFRSs	IFRSs
		1 January 2004		31 December 2004		
Assets						
Property, plant and equipment	97,456	1,493	98,949	117,378	1,792	119,170
Intangible assets	29		29	102		102
Investments	1331		331	331		331
Long term receivable	224		224	254		254
Total non-current assets	98,040	1,493	99,533	118,065	1,792	119,857
Inventories	1,159		1,159	1,233		1,233
Trade receivables	3,218		3,218	4,038		4,038
Cash and cash equivalents	5,616		5,616	7,450		7,450
Other receivable	2,906		2,906	2,152		2,152
Total current assets	12,899		12,899	14,873		14,873
Total assets	110,939	1,493	112,432	132,938	1,792	134,730
Equity						
Issued capital	130,795		130,795	109,451		109,451
Own shares	-9,823		-9,823			
Reserves	6,597	6,597	6,597	6,597		6,597
Retained earnings	-48,799	-1,243	-47,556	-32,177	1,517	-30,660
Total equity	78,770	1,243	80,013	83,871	1,517	85,388
Liabilities						
Interest-bearing loans and borrowings	18,099		18,099	29,492		29,492
Provisions	1,200		1,200	0		0
Deferred tax liabilities	2,700	250	2,950	2,950	275	3,225
Total non-current liabilities	21,999	250	22,249	32,442	275	32,717
Interest-bearing loans and borrowings	5,608		5,608	8,770		8,770
Trade and other payables	4,562		4,562	7,855		7,855
Total current liabilities	10,170		10,170	16,625		16,625
Total liabilities	32,169	250	32,419	49,067	275	49,342
Total equity and liabilities	110,939	1,493	112,432	132,938	1,792	134,730

Notes to the reconciliation of balance sheet including net equity

- a) The Company has applied IAS 16 for the accounting of vessel acquisitions and repair costs incurred during regular inspections. When each major regular inspection is performed, its cost is recognised in the carrying amount of the vessel as a replacement. Any remaining carrying amount of the costs of previous inspection is derecognised. Change in the accounting policy of vessels has resulted in an increase of the carrying amount of property, plant and equipment by the value of 1,493 tLTL as at 1 January 2004.
- b) The above changes have increased the deferred tax liability as follows.

In thousand of Lit	Note	1 January 2004	31 December 2004
Property, plant and equipment		250	275
Total		250	275

Reconciliation of profit for 2004

In thousand of Lit	Note	LBAS	Effect of transition to IFRSs	IFRSs
Revenue		62,208		62,208
Cost of sales		-54,023	-317	-54,340
Gross profit		8,185		7,868
Other operating income, net		1,800	616	2,416
Distribution expenses		-68		-68
Administrative expenses		5,287		-5,287
Operating profit before financing costs		4,630		4,929
Financial income		1,713		1,713
Financial expenses		-993		-993
Net financial income		720		720
Income tax expense		-250	-25	-275
Profit for the period		5,100	274	5,374
Basic earnings per share (Lit)		0.05		0.05
Diluted earnings per share (Lit)		0.05		0.05





SUMMARY IN LITHUANIAN

2005 METŲ ĮVYKIAI

2005 m. birželio 6 d. UAB „Limarko“ iš UAB „SEB VB rizikos kapitalo valdymas“ įsigijo 25 proc. AB „Limarko laivininkystės kompanija“ akcijų, tokiu būdu padidindama turimą kontrolinį akcijų paketą.

2005 m. liepos 25 d. AB „Limarko laivininkystės kompanija“ valdybos nariu buvo paskirtas verslo konsultantas Sigitas Baltuška. Jis pakeitė UAB „SEB VB rizikos kapitalo valdymas“ generalinį direktorių Andrejų Boicovą.

2005 m. rugpjūčio 22 d. AB „Limarko laivininkystės kompanija“ įsigijo konteinerinį motorlaivį „Serenada“ (keliamoji galia 344 TEU).

2005 m. spalio 27 d. AB „Limarko laivininkystės kompanija“ įsigijo motorlaivį „Libra“ (talpa 236 925 kubinės pėdos). 2005 metais bendros kompanijos investicijos į laivyno atnaujinimą siekė 50 mln. litų.

2005 m. lapkričio mėn. AB „Limarko laivininkystės kompanija“ pasirašė susitarimą dėl dviejų didelių vienatipių motorlaivių, „Uranus“ (talpa 342 707 kubinės pėdos) ir „Pluto“ (talpa 344 216 kubinių pėdų), įsigijimo.

2005 m. gruodžio 31 d. AB „Limarko laivininkystės kompanija“ dirbo 400 darbuotojų: 362 laivyne ir 38 krante.

2005 metais bendrovės sąskaityba buvo pertvarkyta pagal Tarptautinius finansinės atskaitomybės standartus (IFRS).

2005 metais AB „Limarko laivininkystės kompanija“ akcijų kursas pakilo 154%.



LAIŠKAS AKCININKAMS

2005 metus galima vadinti AB „Limarko laivininkystės kompanija“ laivyno atnaujinimo metais.

Rugpjūčio mėnesį įsigiję modernų motorlaivį „Serenada“, įžengėme į konteinerinių laivų segmentą, kuriame ruošiamės toliau stiprinti įmonės pozicijas. Spalio mėnesį įsigijus motorlaivį „Libra“, buvo tęsiamas kompanijos refrižeratorių laivyno atnaujinimas. Lapkričio mėnesį pasirašytas susitarimo memorandumas dėl dviejų didelių vienatipių motorlaivių - „Pluto“ ir „Uranus“ - įsigijimo. 2005 metais bendros AB „Limarko laivininkystės kompanija“ investicijos į laivyno modernizavimą viršijo 50 mln. litų. 2006 metais refrižeratorių ir sausakrūvių laivų atnaujinimui bei plėtrai numatoma skirti dvigubai didesnę sumą. Sėkmingas bendrovės laivyno modernizavimas leido ženkliai padidinti laivyno tonažą ir bendrovės pardavimus, sustiprino įmonės pozicijas refrižeratorių laivų segmente, leido žengti pirmuosius žingsnius svarbiame konteinerinių laivų segmente.

Toliau vyko veiklos kaštų optimizavimo procesas. Įmonės konkurencingumą dar labiau sustiprino sėkmingas neefektyviai dirbusio motorlaivio „Seafrost“ pardavimas ir tolesnis kompanijos administracinių kaštų optimizavimas.

Pasaulinė krovinių rinka 2005 metais išliko pakankamai stabili. Ir nors dėl pasaulinių naftos bei kuro kainų kilimo išaugo bendrovės valdomo laivyno eksploatacinės išlaidos, EBITDA maržą pavyko padidinti.

2005 metais AB „Limarko laivininkystės kompanija“ tęsė aktyvią socialinę veiklą. Bendrovė parėmė jachtos „Lietuva“ dalyvavimą regatoje „The Tall Ships' Races 2005“, vaikams skirtą labdaros projektą „Išsipildymo akcija“, tradiciškai rėmė Klaipėdos jūros šventę, Klaipėdos irklavimo mokyklą, Klaipėdos pilies džiaz festivalį, tarptautinį operos ir simfoninės muzikos festivalį „Muzikinis rugpjūtis pajūryje“, Lietuvoje vykstančius tarptautinius teniso turnyrus - Lietuvos Prezidento Taurę ir Vito Gerulaičio Atminimo Taurę. Išlikdama socialiai atsakinga bendrove, AB „Limarko laivininkystės kompanija“ toliau padėjo neįgaliems vaikams ir senelių globos namams.

Išskirtinis dėmesys buvo skirtas bendrovės darbuotojų kvalifikacijos kėlimui. Įmonės personalas, tiek jūrininkai, tiek administracijos darbuotojai, dalyvavo Laivų savininkų asociacijos organizuojamuose intensyviuose anglų kalbos kursuose. Toliau buvo palaikomi konstruktyvūs ryšiai su darbuotojų profesine sąjunga. Kaip ir kasmet, Klaipėdos jūros šventės metu vyko tradicinis visų „Limarko“ Grupės darbuotojų sąskrydis.

Apibendrinant 2005 metų AB „Limarko laivininkystės kompanija“ veiklos rezultatus, galime pasidžiaugti 42% išaugusia apyvarta, tris kartus padidėjusiu bendrovės pelnu, 79% išaugusiu pervežtų krovinių skaičiumi. Tikimės, kad 2006 metais įmonės apyvarta išaugs ketvirtadaliu, o nuoseklios investicijos į laivyno plėtrą dar labiau sustiprins AB „Limarko laivininkystės kompanija“ pozicijas laivų-refrižeratorių ir sausakrūvių laivų segmentuose.

2005 metais įmonė žengė kokybiškai svarbų žingsnį, pereidama prie tarptautinių finansinės apskaitos standartų. Investuotojų ir rinkos pasitikėjimą kompanijos veikla rodo per metus net 154% pakilęs bendrovės akcijų kursas. Galime pasidžiaugti, kad nuoseklaus darbo ir profesionalios vadybos dėka, šiandien AB „Limarko laivininkystės kompanija“ yra moderni ir šiuolaikiška įmonė, užimanti tvirtas pozicijas pasaulinėje laivybos rinkoje.

Vytautas Lygnugaris

Prezidentas

AB „Limarko laivininkystės kompanija“

KOMPAINIJS VEIKLA

AB „Limarko laivininkystės kompanija“ finansiniai rezultatai

LTL	2005	2004	2003
Pajamos	88 290 584	62 208 038	60 736 919
EBITDA	28 865 526	15 361 930	4 180 301
<i>EBITDA marža</i>	<i>32,7%</i>	<i>24,7%</i>	<i>6,9%</i>
EBIT	16 430 932	2 512 677	-5 385 963
<i>EBIT marža</i>	<i>18,6%</i>	<i>4,0%</i>	<i>-8,9%</i>
Grynasis pelnas (nuostolis)	15 395 273	5 373 595	-10 255 681
<i>Grynojo pelno (nuostolio) marža</i>	<i>17,4%</i>	<i>8,6%</i>	<i>-16,9%</i>
Savininkų nuosavybė	100 783 519	85 388 246	80 014 651
Visas turtas	168 977 753	134 729 676	112 434 263
Rentabilumo rodikliai:			
Turto grąža	9,1%	4,0%	-9,1%
Nuosavybės grąža	15,3%	6,3%	-12,8%
Investicijų grąža	10,0%	4,3%	-9,9%

52

SUMMARY IN LITHUANIAN

LIMARKO SHIPPING COMPANY AB

Veikla

Pagrindinė AB „Limarko laivininkystės kompanija“ veikla - krovinų pervežimas vandens (jūros) transportu. Ankstesniais metais bendrovė daugiausia dirbo šaldytų jūrinių krovinų pervežimo rinkoje. 2004 metais AB „Limarko laivininkystės kompanija“ diversifikavo įmonės veiklą, pradėdama dirbti sausakrūvių jūrinių krovinų pervežimo rinkoje. 2005 metais įsigijusi modernų konteinerinį motorlaivį, kompanija įžengė į perspektyvų konteinerinių laivų segmentą.

2005 metų veiklos rezultatai

AB „Limarko laivininkystės kompanija“ 2005 metų pajamos siekė 88,3 mln. litų, o grynasis ikimokestinis pelnas buvo 18,4 mln. litų. 2005 metais AB „Limarko laivininkystės kompanija“ iš viso pervežė 565 tūkst. tonų krovinų (79 proc. daugiau nei 2004 metais).

Gerus metinius rezultatus lėmė strateginės investicijos, sėkmingai tęsiamas laivyno diversifikavimas, nuoseklus kompanijos valdomo laivyno tonažo didėjimas bei atsigavusi pasaulinė laivybos rinka.



Rinkos ir veiklos apžvalga

AB „Limarko laivininkystės kompanija“ laivai dirba tarptautinėje jūrinių krovinių pervežimų rinkoje ir jos teikiamų paslaugų kokybę atitinka tarptautinius reikalavimus. Kompanijos paslaugų realizacijos apimtys priklauso nuo situacijos tarptautinėje rinkoje. Ji nėra priklausoma nuo monopolinių vartotojų. Apsirūpinimo galimybės žaliavomis, komplektavimo dalimis, gamybiniais plotais, darbo jėga bei finansiniais ištekliais nėra apribotos. Žaliavos bei paslaugos perkamos iš įvairių tiekėjų, todėl bendrovė nėra priklausoma nuo konkrečių tiekėjų.

Laivyno plėtra

Įgyvendinant laivyno modernizavimo ir atnaujinimo programą, 2005 metais AB „Limarko laivininkystės kompanija“ sėkmingai pardavė neefektyviai dirbusį motorlaivį „Seafrost“ bei įsigijo modernų motorlaivį „Libra“ (pastatytas 1991 metais). Įsigijusi motorlaivį „Serenada“ (pastatytas 1999 metais), bendrovė žengė pirmuosius žingsnius konteinerinių laivų segmente.

2005 metų pabaigoje AB „Limarko laivininkystės kompanija“ pasirašė susitarimą dėl dviejų didelių vienatipių motorlaivių, „Uranus“ (pastatytas 1989 metais) ir „Pluto“ (pastatytas 1988 metais), įsigijimo.

2005 m. gruodžio 31 d. AB „Limarko laivininkystės kompanija“ laivyną sudarė keturiolika laivų, įskaitant vieną nuomojamą sausakrūvį laivą. Bendras kompanijos valdomo refrižeratorių laivyno tonažas viršijo 2,9 mln. kubinių pėdų.

Akcinis kapitalas

AB „Limarko laivininkystės kompanija“ įstatinis kapitalas yra 109 450 664 litai. Jį sudaro 109 450 664 paprastosios vardinės 1 lito nominaliosios vertės akcijos. AB „Limarko laivininkystės kompanija“ akcijos kotiruojamos Vilniaus vertybinių popierių biržoje.

Akcininkai

Didžiausiais AB „Limarko laivininkystės kompanija“ ackininkais yra UAB „Limarko“ (90,90%) ir Skandinaviska Enskilda Banken AB (5,93%). Kitiems ackininkams priklauso 3,17% bendrovės acinio kapitalo.

Valdyba

2005 metų vasarą patvirtinta nauja AB „Limarko laivininkystės kompanija“ valdyba: Vytautas Lygnugaris (valdybos pirmininkas), Igoris Uba, Renaldas Vyšniauskas, Egidijus Bernotas ir Sigitas Baltuška.

Veiklos prognozė 2006 metams

Kompanija toliau stiprins įmonės pozicijas sausakrūvių laivų segmente, kartu įgyvendindama aktyvios plėtros strategiją refrižeratorių ir sausakrūvių krovinių rinkose. 2006 metais AB „Limarko laivininkystės kompanija“ tikisi pasiekti 110 milijonų litų metinę apyvartą (24 proc. daugiau nei 2005 metais). AB „Limarko laivininkystės kompanija“ toliau modernizuos įmonės laivyną, tam skirdama beveik 100 mln. litų, du kartus daugiau nei 2005 metais.







LIMARKO SHIPPING COMPANY AB

Nemuno str. 22
LT-93277 Klaipeda
Lithuania

Tel: +370 46 340185
Fax: +370 46 341195
info@limarkoshipco.lt
www.limarko.lt

