



LIMARKO SHIPPING COMPANY

ANNUAL REPORT

VILNIUS
May, 2006

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I. GENERAL INFORMATION

1. *The period for which the prospectus was drawn up*

The year of 2005

2. *General information about the issuer*

Issuer name	Limarko Shipping Company AB
Authorized capital	109 450 664 litas
Registered office	Nemuno str. 22, LT-93277, Klaipėda, Lithuania
Telephone number	+370 46 34 01 85
Fax number	+370 46 34 11 95
E-mail	info@limarkoshipco.lt
Legal and organizational form	public limited liability company
Date and place of registration	September 9, 1991, Board of Klaipėda city
Register code	1403 46648
Web site	www.limarko.lt

3. *The nature of the issuer's principal activities*

Limarko Shipping Company AB is engaged in the cargo transportation using water (sea) transport. Previously the company was mostly operating in the frozen sea cargo transportation market. In November 2004, the General Meeting of Shareholders decided of diversification for the Company's main activity with the decision to enter the dry cargo segment. From then on the company's main activity started being divided into two areas - frozen and dry cargoes transportation.

Company can also engage in other activities stated in its statute.

4. *Information about where and how one can get acquainted with the prospectus and the documents on the basis of which it was prepared*

Documents on the basis of which the Prospectus was prepared and the copies of the Prospectus are available to investors in the company, at 22 Nemunas str., Klaipėda, on workdays from 8.30 a.m. till 4.00 p.m.

All major material events related to the Company's activities or information about time and venue of the General Meeting of Shareholders and any other notices to the shareholders and other persons shall be announced in the daily Lietuvos Rytas and Klaipėda in accordance with Lithuanian law.

5. *Persons responsible for the accuracy of information in the prospectus*

5.1. *Members of the managing bodies of the issuer, employees and the head of the administration responsible for the prospectus on behalf of the Company:*

Vytautas Lygnugaris, President, phone: (8 46) 34 01 85, fax: (8 46) 34 11 95.

Renaldas Vyšniauskas, Chief Financial Officer, phone: (8 46) 34 08 96, fax: (8 46) 34 11 95.

5.2. *Consultants helped with preparing the prospectus:*

Trading and Capital Markets of SEB Vilniaus Bankas, Ltd, legal address Gedimino av. 12, LT-01103 Vilnius, phone: (370) 5-268-2687, facsimile: (370) 5-268-2683, represented by Irmantas Burokas, Head of Origination unit.

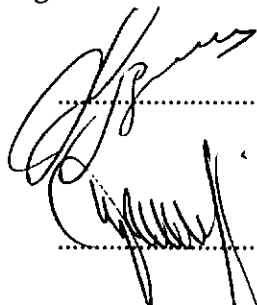
6. Declaration by the members of the issuer's managing bodies, employees, the head of the administration and the issuer's consultants or their representatives that the information contained in the prospectus is in accordance with the facts and that the prospectus makes no omission likely to affect its import

Limarko Shipping Company AB represented by Vytautas Lygnugaris, the company's President, and Renaldas Vyšniauskas, Chief Financial Officer, hereby represents that information included in the Prospectus gives a true view and there are no undisclosed material facts the absence of which might influence the investors' decisions to purchase or sell the company's securities, the market price of the securities and their evaluation.

The Trading and Capital Markets of SEB Vilniaus Bankas, Ltd. represented by Irmantas Burokas, Head Origination Unit hereby represents that complete information obtained from the Company's employees and its Management has been included into the Prospectus and it is the former's responsibility to duly prepare the documents submitted to it. It is the responsibility of Limarko Shipping Company AB that said information gives a true and fair view.

Company's President

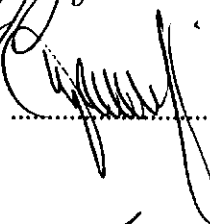
26 May, 2006



Vytautas Lygnugaris

Chief Financial Officer

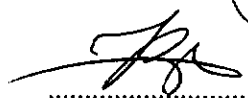
26 May, 2006



Renaldas Vyšniauskas

Head of Origination Unit of the Trading and Capital Markets of SEB Vilniaus Bankas AB

26 May, 2006



Irmantas Burokas

The prospectus was drawn up in Vilnius, May 2006

II. INFORMATION ABOUT THE ISSUER'S AUTHORIZED CAPITAL AND ISSUED SHARES

7. The issuer's authorized capital and structure

7.1. registered capital

In December 31, 2005, the issuer's authorized capital was equal to 109 450 664 LTL, encompassing 109 450 664 ordinary shares, the par value of each being 1 LTL. Shareholders having ordinary shares have a right to one vote at the General Meeting of Shareholders and a right to get dividends, which are regularly announced.

The structure of the Limarko Shipping Company AB authorized capital according to the share type:

Type and class of shares	The number of authorized shares	Nominal value (currency)	Total nominal value	The part of the authorized capital	The number of fully paid up shares	Total nominal value of fully paid up shares (NIS)
Ordinary registered shares	109,450,664	1,00	109,450,664	100%	109,450,664	109,450,664
Total:	109,450,664	-	109,450,664	100%	109,450,664	109,450,664

All shares of the company are paid up.

7.2. information about the projected increase of the authorized capital in connection with conversion or exchange of convertible debt securities, exchangeable debt securities or derivative securities issued

Not supposed.

8. Major shareholders

Total number of Company's shareholders on the record day of the last general meeting of shareholders (21 April 2006) is 494.

Shareholders, who held more than 5% Company's authorized capital on 21 April 2006:

Shareholder's names and surnames of natural persons, names of enterprises	The number of shares	The percentage of the authorized capital	The percentage of votes
Limarko, Ltd. Address: Daukanto 2-2 str., Klaipėda Code: 4076537	99 552 736	90,96%	90,96%
Skandinaviska Enskilda Banken, Sergels Torg 2, 10640 Stockholm Code: 502032908101	6 327 335	5,78%	5,78%

9. Main data about the shares being issued for public offering

Securities name	Security registration, date	Securities amount	Nominal value, LTL	Total value, LTL
Ordinary registered shares	AB - 2359 1995 06 30	44.739.216	1	44.739.216
Ordinary registered shares	AB - 3233 1996 05 31	41.238.320	1	41.238.320
Ordinary registered shares	AB - 3831 1997 04 25	14.749.082	1	14.749.082
Ordinary registered shares	AB - 4221 1998 04 03	18.068.568	1	18.068.508
Ordinary registered shares	AB - 4543 1999 05 07	12.000.000	1	12.000.000
Ordinary registered shares	AB - 962 2003 12 04	-21.344.522	1	-21.344.522
Total:	-	109.450.664	1	109.450.664

Methods of shares issued for public trading and cancellation of shares:

1. Share issue AB-2359 was issued to form the authorised capital according to 26 August 1994 government resolution No. 787. Ordinary shares were distributed publicly through privatization offices.
2. The rest four issues were issued to increase authorised capital from company's own means by indexing shares respectively:
3. In 1996 according to Public Company Law of Republic of Lithuania article 44, company's authorised capital was increased from company's own means, therefore owned shares are indexed using ratio 1,63640065;
4. In 1997 according to Public Company Law of Republic of Lithuania article 44 and 26 March 1997 resolution of General Meeting of Shareholders the company's authorised capital was increased from profit reserves of year 1996. Indexing ratio was 1,1715457799;
5. In 1998 according to Public Company Law of Republic of Lithuania article 44 and 20 March 1998 resolution of General Meeting of Shareholders the company's authorised capital was increased from profit reserves of year 1997. Indexing ratio was 1,179382;
6. In 1999 according to Public Company Law of Republic of Lithuania article 44 and 9 April 1999 resolution of General Meeting of Shareholders the company's authorised capital was increased from profit reserves of year 1998. Indexing ratio was 1,1010142.
7. 3. General Meeting of Shareholders of Klaipėdos transporto laivynas AB on the 6th of October 2003, passed the resolution to reorganise the company, merging Limarko Shipping Company UAB and after the first reorganization on the 10th of November 2003 General Meeting of Shareholders of Klaipėdos transporto laivynas AB (currently Limarko Shipping Company) passed the resolution to decrease authorised capital from LTL 130 795 186 to LTL 109 450 664, cancelling own shares acquired during reorganization.

10. Main data about the shares registered and issued not for public offering

Were not issued.

11. Main data about the issued depository certificates representing shares

Were not issued.

12. Main data about debt securities registered and issued for public offering.

Were not issued.

13. Main data about debt securities registered and issued for private offering

Were not issued.

14. Securities not representing capital

Were not issued.

III. INFORMATION ABOUT SHARES ISSUED IN SECONDARY MARKET

15. Securities listed on stock exchange

In 22 of May, 2006 Limarko Shipping Company AB shares were listed on Main list of Vilnius Stock Exchange. At the moment there are listed 109 450 664 ordinary shares, the par value of each being LTL 1, on the Main list. The ISIN code for these shares is LT0000119646.

16. Data about trades with company's securities

Prices and turnovers of Limarko Shipping Company AB Ordinary shares during last 8 quarters:

Period		Central Market								
From	Till	Price			Turnover (LTL)			Last Session's date	Total turnover	
		Max.	Min.	Last Session	Max.	Min.	Last Session		(units)	(LTL)
2004 01 01	2004 03 31	0.39	0.34	0.37	1 700	0	0	2004 03 31	10 925	3 863
2004 04 01	2004 06 30	0.40	0.33	0.36	9 989	0	0	2004 06 30	73 399	25 908
2004 07 01	2004 09 30	0.38	0.34	0.38	5 950	0	678	2004 09 30	51 492	18 515
2004 10 01	2004 12 31	0.81	0.37	0.81	23 693	0	5 581	2004 12 31	347 742	194 849
2005 01 01	2005 03 31	1.56	0.81	1.35	426 814	0	0	2005 03 31	1 980 270	1 365 315
2005 04 01	2005 06 30	1.68	1.24	1.58	6 014 855	0	0	2005 06 30	27 990 136	6 911 817
2005 07 01	2005 09 30	2.15	1.53	2.15	178 415	0	32 955	2005 09 30	1 276 792	2 265 845
2005 10 01	2005 12 31	2.22	1.90	2.07	208 924	0	38 093	2005 12 30	922 174	1 898 299

Except Vilnius Stock Exchange the trades with Company's shares are not executed at any stock exchange.

17. Capitalization

Capitalization of issuer's securities is given in the table below:

Period		Capitalization (LTL)
From	Till	
2004 01 01	2004 03 31	40,496,746
2004 04 01	2004 06 30	39,402,239
2004 07 01	2004 09 30	41,591,252
2004 10 01	2004 12 31	88,655,038
2005 01 01	2005 03 31	147,758,396
2005 04 01	2005 06 30	172,932,049
2005 07 01	2005 09 30	235,318,928
2005 10 01	2005 12 31	226,562,875

18. OTC trades

Period		Settled in Cash						Settled in kind		Total amount (units)
		Price (LTL)			Amount (units)	Amount (LTL)	Number of trades	Amount (units)	Number of trades	
From	Till	Max	Min	Av.						
2004.01.01	2004.03.31	-	-	-	-	-	-	-	-	-
2004.04.01	2004.06.30	-	-	-	-	-	-	-	-	-
2004.07.01	2004.09.30	-	-	-	-	-	-	55 250	3	55 250
2004.10.01	2004.12.31	-	-	-	-	-	-	-	-	-
2005.01.01	2005.03.31	0.89	0.70	0.82	28 450	23 369	2	-	-	28 450
2005.04.01	2005.06.30	-	-	-	-	-	-	-	-	-
2005.07.01	2005.09.30	-	-	-	-	-	-	-	-	-
2005.10.01	2005.12.31	0.75	0.75	0.75	10 270	7 679	1	-	-	10 270

19. Data about the issuer's buying up of its shares

Company haven't bought out own shares.

20. Submission of a tender offer

There were no tender offers to buy issuer's shares in 2005.

21. The issuer's payment agents

The company has no agreements with any payment agent

22. Agreements with intermediaries of public trading in securities

On the 29th of April, 2003 company signed the Issuer's Service Agreement with SEB Vilniaus bankas AB, represented by Trading and Capital Markets, Address: Gedimino av. 12, tel.: +370 5 268 2687, fax.: +370 5 262 6043.

IV. DATA ABOUT THE ISSUER'S ACTIVITIES

23. Legal basis for the issuer's activities

Limarko Shipping Company AB activities are based on:

- Law on Securities Market of Republic of Lithuania
- Law on Companies of Republic of Lithuania;
- Public Company Law;
- Law on the Register of Enterprises of Republic of Lithuania;
- Other laws of Republic of Lithuania and regulatory enactments of Government;
- Company's statute and its revisions.

24. Membership in associated structures

- BIMCO (The Baltic and International Maritime Council)
- Lithuanian Association of the ship owners (Lietuvos laivų savininkų asociacija - LLSA)
- Lithuanian Confederation of Industrialists

Limarko Shipping Company AB engages in these organizations only as a member and pays the membership fee. The issuer does not participate in the capital of any of these organizations. Other members of these organizations do not participate in issuer's authorized capital.

25. Brief description of the issuer's background

Enterprise as an independent economic operator created on the 1st of January, 1987, after reorganization of Klaipėda refrigeratory shipping base. At that time, the company traded under its original name of Klaipėda Transport Fleet AB company.

In 1995 Klaipėda Transport Fleet AB company was reorganized into public company Limarko Shipping Company AB. Reorganization was based on the Law on Company, article 50 section 3 and Lithuanian Government's resolution No. 787, 26 August, 1994. Limarko Shipping Company was registered on 20th of April, 1995. After the date of registration the company has took over Klaipėda Transport Company's claims and obligations.

Limarko Shipping Company AB has not changed its activities after the registration.

Limarko Shipping Company AB has increased its authorized capital 4 times.

In 2003, the investor UAB Limarko laivinikystės kompanija successfully participated in the privatisation of Klaipėda Transport Fleet AB and acquired 80.89 percent of company's capital. After the tender offer implementation on the 28th of July, 2003, there was bought 16 466 592 shares from minority shareholders and the total amount of controlled shares by Limarko Shipping Company UAB has risen to 122 266 817. According to 6th of October, 2003 reorganization project approved by Klaipėda Transport Fleet AB and UAB Limarko laivinikystės kompanija on the 10th of November 2003, shareholders of UAB Limarko laivinikystės kompanija exchanged this company's shares in to Klaipėda Transport Fleet AB shares. The reorganization process was finalized on the 27th of February, 2004 after signing out the statute of UAB Limarko laivinikystės kompanija and registering Limarko Shipping Company AB statute, where the authorized capital was reduced from LTL 130 795 186 to LTL 109 450 664 nullifying the part of company's own shares (LTL 21 344 522).

26. Characteristics of production

Core activity of Limarko Shipping Company AB is worldwide sea cargo transport service. In the earlier years the company engaged only in frozen sea cargo transportation services. However in 2004, the Board of Limarko Shipping Company AB decided to diversify the company's

main activity by entering into the dry cargo segment. On December 13, 2004 Limarko Shipping Company AB started to operate two dry cargo ships – m/v Sonata and m/v Siuita.

Limarko Shipping Company's income (LTL) from transported cargoes in 2003–2005:

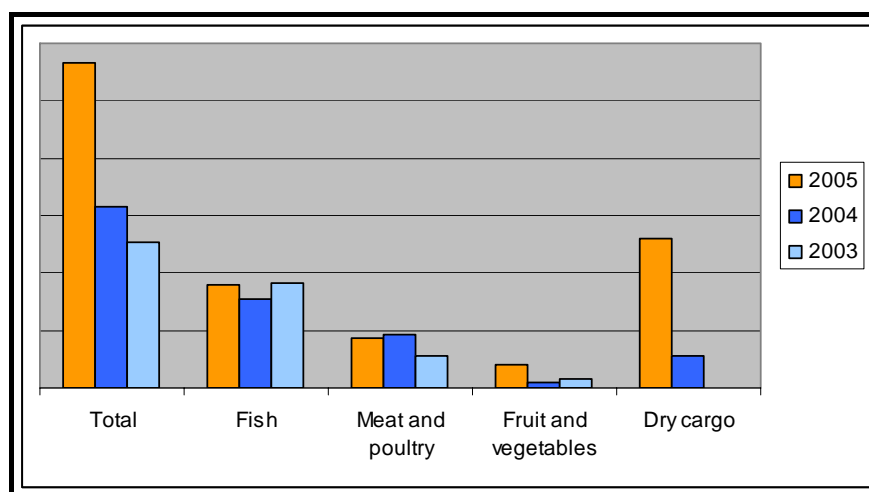
Services	2003	2004	2005
Transported cargoes, LTL	60,736,919	62,208,038	88,290,584

Cargoes transported by the company in 2005 comprised 565 thousand tons; it is 79 percent more than in 2004. Good annual results were augured by strategic investments, successful fleet diversification, consistent growth of managed fleet tonnage and recovered world shipping market.

Limarko Shipping Company's volumes of transported cargoes (in thousand tons):

Services	2003		2004		2005	
	Thousand tons	%	Thousand tons	%	Thousand tons	%
Fish products	181,6	66,6%	155,4	49,3%	178,28	31,6%
Meat and poultry	73,4	26,9%	94,0	29,8%	86,12	15,2%
Fruits and vegetables	16,7	6,1%	10,2	3,3%	41,64	7,4%
Other cargoes	1,0	0,4%	55,4	17,6%	258,65	45,8%
TOTAL:	272,7	100%	315,0	100%	564,7	100%

Base cargoes transported by the company's vessels are – frozen fish, meat, poultry, fruits vegetables and dry cargoes.



Total growth of transported cargoes in 2005 was augured by growth of dry cargoes volumes. The volumes of other transported cargoes did not changed in 2005 and were at the same level as in 2004.

In 2005 the volumes of dry cargoes transported in North Europe region grew. In turn, two Limarko Shipping Company's biggest refrigerator-vessels Seda and Ignalina traditionally freighted poultry from North America to Europe.

Main indicators characterizing company's activities:

Indicator	2005	2004	2003
Earnings per share, Lt	0,14	0,05	-0,08
Share book value, Lt	0,92	0,77	0,74
Net profit	17,4%	8,2%	-16,5%
Total profit	26%	13,2%	8,27%
Return on average assets, ROA	10,1%	4,2%	-7,2%
Return on average equity, ROE	16,5%	2,2%	-8,6%
Liquidity ratio	1,3	0,9	1,8
Quick ratio	1,2	0,8	1,7
Debt ratio	0,40	0,37	0,23
Liabilities-equity ratio	0,68	0,58	0,30

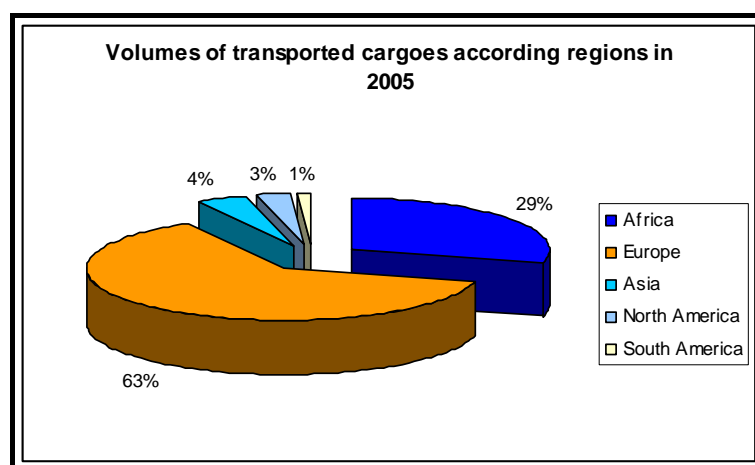
27. Sales market

The primary regions of fleet's navigation have encompassed Europe and Africa. However, fleet volumes to North and South America and Asia grow constantly. The high annual rates of earning, underlining the success of LSCo led investments, has allowed diversification of the Company's activities, coupled with continuous renewal and expansion of the fleet.

Transportation of cargoes has grown up strongly, when the newly bought vessel Serenada was employed in to Baltic Sea and North Sea regions.

Volumes of transported cargoes according regions during 2003 – 2005 (relative expression):

Region	2003	2004	2005
Africa	56%	49%	29%
Europe	33%	38%	63%
Asia	11%	2%	4%
North America	0%	9%	3%
South America	0%	2%	1%
TOTAL	100,00%	100,00%	100%



Limarko Shipping Company AB engages its activities in world market. Company's vessels work under international agreements. Vessels according their work organization are sorted in to three services submission groups:

- Vessels employed in the POOL system. German company Alpha Reefer Transport, whose 20 percent of shares belongs to Limarko Shipping Company AB, manages the POOL system. POOL provides vessels with cargoes, in the name of owner pays for fuel, harbour fees, commission fees to brokers and other fees, takes care of charters,

penalties for downtime and payments of other income. ART workers negotiate prices of cargo transportation. At the end of 2005 there were 8 company's vessels working in the ART POOL system. Vessels Andromeda and Libra worked at POOL managed by United Reefers B. V.

- Our chartering managers are taking care of employment of two biggest ships in the fleet - m/v Ignalina, m/v Seda. According these contracts, the transportation price is determined to each trip separately. Company pays all vessel exploitation fees itself. Transportation contract is sign through a broker, which intermediate between cargo sender and ship owner. At the end of 2005 according such contract there were working 3 vessels (2 refrigerators and 1 dry cargo ship).
- Vessels working according TIME CHARTER contracts. According this contract, the charter of the ship pays to the ship owner according the time the ship was chartered. The charter price for a day or month is determined depending on vessel size, technical condition and other factors. The charter pays all fuel and harbour fees. At the end of 2005 there was working 1 vessel according such contract.

28. Procurement

LSCo's procurement structure and volumes are determined by demand of owned vessels. For the exploitation of vessels main resources are lubricants, spare parts, fuel, ship's equipment and other supply such as paint, refrigeration and welding materials, hawser ropes, wear etc.

Main material and services suppliers:

Materials and services	Supplier
<p>Supply of lubricants According long term contracts</p>	<ul style="list-style-type: none"> • SHELL International Trad. Oil (England); • Castrol (Germany); • Exxonmobil (Finland); • Famm (Poland)
<p>Supply of spare parts and equipment</p>	<ul style="list-style-type: none"> •Nippon Diesel Service (Germany); • Osaka Technik Service (Japan); • Techsudoservis (Latvia); • Industrial and marine suppliers (Singapore); • Christian Bindemann (Germany); •Thimes Diesel Injetion (Great Britain); •York Deutschland Gmdh. (Germany) •United Machineries Ltd. (Greece)
<p>Other supplies Dye, welding materials, hawser ropes, wear etc.</p>	<ul style="list-style-type: none"> •Namibia Ship chandler (Namibia); •Apronavi (Spain, Vigo); • Provimar (Spain, Vigo); • Maymar Marine Supply (USA, Pascagoula); • Chugoku (Japan); •Mara (Russia); •Unimars (Russia)
<p>Fuel supply Since majority of company's vessels work managed by German company Alpha Reefer Transport, this company is responsible for the fuel supply. LSCo bought fuel only for vessels, which are managed by Vessel administration department. In rare cases for other vessels (before repair or after it) Fuel purchase is determined according to requisitions received from vessels, besides fuel prices fluctuations in different harbours are considered.</p>	<ul style="list-style-type: none"> •Bergen Bunkers AS, (Norway); •Emptying Mineralole (Germany); •Timwell Bunkering L.L.C., (Latvia); •A.Anuzio prekybos imone "Gindana" (Lithuania); •Wiljo, (Belgium); •O.W.Bunker Germany GmbH, (Germany); •Fratelli Cosulich(HK) Ltd, (Italy).

The possibilities of resources supply to LSCo's vessels exploitation are not limited

29. Immovable property and other main facilities

Company doesn't own land property; it rents 4 land plots in Klaipėda city:

Object, Address	Territory m ²	Tenant	Land usage base	Rent term
Administrative building, Nemuno st. 22	975	KSSA	Rent Contract No. 20-38 / 2001ž.	Till 16 th of March, 2012
Domestic - administrative building, Nemuno st. 155	1 918	KSSA	Rent Contract No. 20-38 / 2001ž.	Till 16 th of March, 2012
Carpark, Nemuno - Sulupės st.*	32 749	KM	Rent Contract No. 21 / 94 - 0010	25 years (from 28 th of September, 1994)

KSSA - Klaipėda State Seaport Authority, KM - Klaipėda city municipality,

* - This land plot are subrented by 14th of November 1994 Contract with Gloksinija UAB.

Company's tangible assets on 31st of December, 2005 (thousand litas)

No.	Fixed assets	Acquisition value, LTL	Accumulated Depreciation, LTL	Residual value, LTL
1.	Land and buildings	4,204	1,583	2,621
2.	Machinery and equipments	-	-	-
3.	Vessels and cars	189,758	46,755	143,003
4.	Other assets	975	701	274
5.	Under construction	0	0	0
	TOTAL:	194,937	49,039	145,898

Core land and buildings on 31st of December, 2005:

No.	Core building, Functional purpose	Residual value, Lt	Exploitation from	Condition
	1.			
2.	Domestic-Administrative building	-	1994	Good

Company's fleet on 31st of December, 2005:

Title	Country producer	Producing year
TR „Lyra“	Japan	1991
TR „Argo“	Japan	1985
TR „Marsas“	Japan	1989
TR „Tukanas“	Japan	1982
TR „Vega“	Japan	1982
TR „Saturnas“	Japan	1982
TR „Orionas“	Germany	1979
TR „Seda“	Germany	1985
TR „Ignalina“	Germany	1983
TR „Astra“	Japan	1990
TR „Andromeda“	Japan	1989
TR „Libra“	Japan	1991
TR „Serenada“	Netherlands	1999
TR „Siuita“	Great Britain	1986

Substantial changes in company's fleet in 2005:

- On the 22nd August, acquired m/v "Serenada" (1999)
- On the 27th October, 2005 acquired m/v "Libra" (1991)
- On the 8th August, 2005 sold m/v „Seafrost“ (1993)

30. Risk factors related to issuer's activities

Economic factors. LSCo vessels employed in international sea cargo transportation market and its service quality corresponds to international requirements. Evaluating company's competitiveness in the market, it is possible to state that available staff and vessels' potential at the moment enable the company to work successfully in this market, though on purpose to maintain competitiveness of services in the future, it is prerequisite to give attention to fleet renewal. This is implemented by selling old ships, which require eminent exploitation spending and acquiring the new ones.

Company's services' realization amounts depend on situation in international market. Company does not depend on monopoly consumers.

Provision capacity – resources, spare parts, industrial plots, workforce and financial resources are not limited. Resources and services are bought from various suppliers; therefore company does not depend on specific suppliers.

In the market of frozen cargoes transportation exist seasonal influence; transportation prices drop in summer season.

Political factors. Main political risk factor is frequent changes in laws of Republic of Lithuania which regulate company's commercial-economic activities. That causes trouble to the company to plan long-term action strategy. This factor is typical almost to all Lithuanian companies.

In the autumn of 2003 the Law on daily subsistence allowance was introduced. It was made the exception to sailors.

The positive factor is that according to activities company's relationships with foreign companies are regulated also by international seas' rules of law which are stable.

Social factors. The average salary in the company exceeds the average salary in Lithuania; there are no problems related to salaries' payoffs. The part of company's workers belongs to worker's trade union.

Technical and technological factors. To company's fleet is constantly executed technical status registry. Such status registry is executed by national institution of vessel technical status supervisory, which mostly inspects vessels built in their country. These registers affirm that a vessel corresponds to international vessel technical status standards and can be exploited; there are no obstacles for these vessels in the harbours. Routine repair works are performed to company's fleet, also every 2-3 years dock repair works are performed in vessel repair shops in Lithuania and abroad.

Ecological factors. According to company's activities it does not pollute nature; therefore it has never paid fees for pollution. There is no chance that company's activities will be suspended.

Main ecological risk factor is related with company's fleet exploitation – there is a probability that negative impact to nature can occur in vessel accident occasion. Nevertheless company's fleet is insured concerning accidents and their consequences, so in these cases harm made to nature and fees would be compensated by insurance company, while accident aftereffects wouldn't have any consequences on company's financial status.

Bank loans. Total value of company's loans had on the 31st of December, 2005 amounted LTL 52 805 000:

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 Liatuva, 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

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 Laivininkystės Kompanija. UAB Limarko Laivininkystės 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.

31. Termination and reductions of production that have exercised or are exercising material impact upon the performance of the issuer during the last two financial years

There was no termination or reduction of production which had significant impact upon the performance of the company.

32. Patents, licenses, contracts

LSCo AB has a licence No. 22-001 issued by Water Transport Department of Ministry of Transport and Communication of Republic of Lithuania on the 1st of June, 2004 (on the 21st of January, 2005 the licence was prolonged), which allows the company to carry cargo and passengers by ships by international routes

The company does not have any other patents or licenses.

33. Court proceedings

Court proceedings that could make or make any impact on LSCo's financial status did not occur in 2005.

34. Staff

On December 31, 2005 Limarko Shipping Company AB had 400 employees of which 362 were seafarers and 38 administration employees. In 2005 the average monthly pay to coast worker was 6 043 litas, average monthly pay with daily allowances to fleet worker was 4 579 litas.

Employee group	Average listed figure			Education									Average monthly pay in litas		
				High			Special secondary			Secondary					
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
Managers	6	6	6										11 839	13 193	16 509
Specialists	241	221	214	82	59	87	194	187	160	172	183	165	2 060	1 751	2 504
Worker	201	202	192										965	788	947
Total:	448	429	412	82	59	87	194	187	160	172	183	165	-	-	-

Collective contract

On the 13 of March, 2003 during the conference of LSCo worker's trade union was ratified company's workers' collective contract for the years 2003 and 2004. This contract was signed by company's president and company's staff represented by LSCo workers' trade union. The rights and responsibilities of issuer's workers are stated in this contract. On the 25th of March, 2005 was signed the new collective contract for the years 2005 and 2006.

35. Investment policy

LSCo AB has 20 percent of the shares of German company Alpha Reefer Transport. This company manages the POOL, which provide vessels with cargoes. At the end of 2005 there were 8 company's vessels working in this POOL system.

There are no companies where issuer's part comprised more than 30 percent of their authorised capital.

In the year 2005 LSCo made investments, which comprised more than 10 percent of its authorised capital. Two new vessels were acquired:

Investment	Amount in litas	Percentage of authorised capital
Acquisition of to new vessels	50 mio litas	45 %

In 2006 the investments into fleet renewal can exceed twice as more as in 2005.

36. Competitors

Since LSCo engages its activities in international market, competitors are companies from all over the world, which engage their activities in frozen cargoes transportation by sea. Company doesn't have any competitors in Lithuania, since there are no other companies, which engaged in same activities as LSCo and had the specialised fleet.

Main competitors abroad – Seatrade (US), Green Reefers (Norway), Star Reefers (Norway) etc.

37. Dividends paid

Data about dividends paid during the last 5 financial years (in litas):

Dividends	2001	2002	2003	2004	2005
Total:	2 615 904	0	0	0	0
Per share	0,02	0,00	0,00	0,00	0,00

V. FINANCIAL STATUS

38. Financial statements

Data presented in all financial statements are expressed in Lithuanian Litas (LTL).

The financial statements of 2004 and 2005 are the first ones to be prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements of 2003 and 2004 were prepared in accordance with Lithuanian Business Accounting Standards.

38.1. Balance sheets for the last three years and interim balance sheet

	<u>2005</u>	<u>2004</u>
		LTL'000
ASSETS		
Property, plant and equipment	145,899	119,170
Intangible assets	122	102
Other investment	331	331
Long term receivable	75	254
Total non-current assets	<u>146,427</u>	<u>119,857</u>
Inventories	3,008	1,233
Receivables	13,966	6,190
Cash and cash equivalents	5,576	7,450
Total current assets	<u>22,550</u>	<u>14,873</u>
TOTAL ASSETS	<u>168,977</u>	<u>134,730</u>
	<u>2005</u>	<u>2004</u>
		LTL'000
EQUITY		
Issued capital	109,451	109,451
Reserves	6,597	6,597
Retained earnings	-15,265	-30,660
Total equity	<u>100,783</u>	<u>85,388</u>
Liabilities		
Interest-bearing loans and borrowings	45,197	29,492
Deferred tax liabilities	6,198	3,225
Total non-current liabilities	<u>51,395</u>	<u>32,717</u>
Interest-bearing loans and borrowings	7,608	8,770
Trade and other payables	9,191	7,855
Total current liabilities	<u>16,799</u>	<u>16,625</u>
Total liabilities	<u>68,194</u>	<u>49,342</u>
TOTAL EQUITY AND LIABILITIES	<u>168,977</u>	<u>134,730</u>

No.	ASSETS	2004	2003
A.	LONG TERM ASSETS	118,065,428	98,040,881
I.	INTANGIBLE ASSETS	102,473	29,395
I.1.	Expansion		
I.2.	Goodwill		
I.3.	Patents, licenses		
I.4.	Software	102,473	29,395
I.5.	Other intangible assets		
II.	FIXED ASSETS	117,377,516	97,456,261
II.1.	Land		
II.2.	Buildings	2,716,348	2,812,658
II.3.	Machinery and equipment		23,219
II.4.	Ships and vehicles	111,161,522	90,958,687
II.5.	Other fixtures, fittings, tools and equipment	320,115	374,166
II.6.	Under construction	3,179,531	3,287,531
II.7.	Other fixed assets		
III.	FINANCIAL ASSETS	585,439	555,225
III.1.	Investment into subsidiaries and associated companies		
III.2.	Loans to subsidiaries and associated companies		
III.3.	Amounts receivable after one year r	254,424	224,211
III.4.	Other financial assets	331,015	331,014
B.	CURRENT ASSETS	14,871,997	12,899,395
I.	STOCKS AND CONTRACTS IN PROGRESS	2,998,983	1,437,950
I.1.	Stocks	1,232,778	1,158,599
I.1.1.	Raw materials and consumables	1,232,778	1,158,599
I.1.2.	Work in progress		
I.1.3.	Finished products		
I.1.4.	Goods purchased for resale		
I.2.	Prepayments	1,766,205	279,351
I.3.	Contracts in progress		
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	4,422,581	5,845,136
II.1.	Trade debtors	4,037,882	3,218,243
II.2.	Owings of subsidiaries and associated companies		
II.3.	Other amounts receivable	384,699	2,626,893
III.	OTHER CURRENT ASSETS		
III.1.	Short term investment		
III.2.	Term deposit		
III.3.	Other current assets		
IV.	CASH AND CASH EQUIVALENTS	7,450,433	5,616,309
	TOTAL ASSETS	132,937,425	110,940,276

No.	EQUITY AND LIABILITIES	2004	2003
C.	EQUITY	83,870,995	78,770,665
I.	CAPITAL	109,450,664	120,972,450
I.1.	Subscribed capital	109,450,664	130,795,186
I.2.	Subscribed unpaid capital		
I.3.	Share premium		
I.4.	Own shares (-)		-9,822,736
II.	REVALUATION RESERVE		
III.	RESERVES		
III.1.	Required reserves	6,597,114	6,597,114
III.2.	Reserves for own shares acquisition		
III.3.	Other reserves		
IV.	PROFIT (LOSS) BROUGHT FORWARD	-32,176,783	-48,798,899
IV.1.	Profit (loss) of the current year	5,100,331	-38,543,218
IV.2.	Profit (loss) of the previous year	-37,277,114	-10,255,681
D.	GRANTS AND SUBSIDIES		
E.	AMOUNTS PAYABLE AND LIABILITIES	49,066,430	32,169,611
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND LONG TERM LIABILITIES	32,441,555	21,998,871
I.1.	Financial debts	29,491,555	18,098,871
I.1.1.	Leasing and other similar obligations	66,010	145,221
I.1.2.	Credit institutions	29,425,545	17,953,650
I.1.3.	Others		
I.2.	Trade creditors		
I.3.	Received prepayments		
I.4.	Provisions		1,200,000
I.4.1.	For liabilities and obligations		
I.4.2.	For pensions and similar obligations		
I.4.3.	Other		
I.5.	Postponed taxes	2,950,000	2,700,000
I.6.	Other amounts payable and long-term liabilities		
II.	AMOUNTS PAYABLE WITHIN ONE YEAR AND SHORT TERM LIABILITIES	16,624,875	10,170,740
II.1.	Short term portion of long term debts	8,770,112	5,608,351
II.2.	Financial liabilities		
II.2.1.	Financial debts		
II.2.2.	Credit institutions		
II.3.	Trade creditors	4,900,916	1,314,031
II.4.	Prepayments received	314,354	239,866
II.5.	Income tax liabilities		
II.6.	Remuneration	2,548,807	2,740,139
II.7.	Provisions		
II.8.	Other amounts payable and short-term liabilities	90,686	268,353
	TOTAL EQUITY AND LIABILITIES	132,937,425	110,940,276

38.2. Income statements for the last three years and interim income statement

	2005	2004
		LTL'000
Revenue	88,291	62,208
Cost of sales	-65,332	-54,340
Gross profit	22,959	7,868
Other operating income, net	6,704	2,416
Distribution expenses	-160	-68
Administrative expenses	-6,368	-5,287
Operating profit before financing costs	23,135	4,929
Financial income	240	1,713
Financial costs	-5,007	-993
Net financial costs/ income	-4,767	720
Profit before tax	18,368	5,649
Income tax expense	-2,973	-275
Profit for the year	15,395	5,374
Basic earning per shares (Litas)	0.14	0.05
Diluted earnings per share (Litas)	0.14	0.05

No.		2004 12 31	2003 12 31
I.	SALES AND SERVICES	62,208,038	60,736,919
II.	COST OF GOODS SOLD AND SERVICES RENDERED	54,022,402	56,833,898
III.	GROSS PROFIT (LOSS)	8,185,636	3,903,021
IV.	OPERATING EXPENSES	5,355,333	9,288,984
IV.1.	Selling expenses	68,695	0
IV.2.	General and administrative	5,286,638	9,288,984
V.	PROFIT (LOSS) FROM OPERATIONS	2,830,303	-5,385,963
VI.	OTHER OPERATIONS	1,800,559	-4,120,648
VI.1.	Other operating revenue	1,944,002	62,839
VI.2.	Other operating expenses	143,443	4,183,487
VII.	FINANCIAL AND INVESTING ACTIVITIES	719,469	-999,070
VII.1.	Revenue from financial and investing activities	1,712,828	165,947
VII.2.	Expenses of financial and investing activities	993,359	1,165,017
VIII.	PROFIT (LOSS) FROM ORDINARY ACTIVITIES	5,350,331	-10,505,681
IX.	EXTRAORDINARY GAIN	0	0
X.	EXTRAORDINARY LOSSES	0	0
XI.	CURRENT YEAR PROFIT BEFORE TAXES (LOSS)	5,350,331	-10,505,681
XII.	INCOME TAXES	-250,000	250,000
XIII.	NET PROFIT (LOSS)	5,100,331	-10,255,681

38.3 Cash Flow statements for the last three years and interim Cash Flows

LTL'000	2005	2004
Cash flows from operating activities		
Profit before tax	18,368	5,649
Adjustments for:		
Depreciation	12,379	12,843
Amortization	55	6
Gain on sales of non-current assets	-6,482	-1,369
Written off non-current assets	5	227
Investment income	-22	-19
Interest expense, net	1,544	898
Net cash flows 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 interest 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	-53,548	-35,334
Acquisition of intangible non-current assets	-75	-102
Proceeds from sale of tangible non-current assets	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

		2004	2003
I.	Cashf lows from operating activities		
I.1.	Net profit (loss)	5,100,331	-10,255,681
I.2.	Depreciation and amortization expenses	9,423,632	9,566,265
I.3.	Decrease (increase) in receivables after one year		
I.4.	Decrease (increase) in inventories	-74,179	1,256,619
I.5.	Decrease (increase) in advanced payments	-1,463,854	0
I.6.	Decrease (increase) in contracts in progress		
I.7.	Trade debtors (increase) decrease	-819,639	253,700
I.8.	Decrease (increase) in daughter companies' debts		
I.9.	Decrease (increase) in other amounts receivable	2,181,767	1,294,535
I.10.	Decrease (increase) in other short-term assets		
I.11.	Decrease (increase) in long term supply debtors and prepayments received		
I.12.	Decrease (increase) in short term supply debtors and prepayments received	3,661,373	-1,708,823
I.13.	Increase (decrease) in income tax liabilities		
I.14.	Increase (decrease) in remuneration	-191,332	-1,371,601
I.15.	Increase (decrease) in provisions		
I.16.	Increase (decrease) in other amounts payable and liabilities	-1,127,668	-224,984
I.17.	Elimination of profit from financial and investing activities	-20,949	5,021,071
	Net cash flows from operating activities	16,669,482	3,831,101
II.	Cash flows from investing activities		
II.1.	Acquisition of tangible long term assets (excluding investments)	-32,328,196	-2,282,150
II.2.	Transfer of tangible long term assets (excluding investments)	3,627,649	12,419,834
II.3.	Acquisition of long term investments		
II.4.	Transfer of long term investments I		
II.5.	Loan grants s	-100,000	
II.6.	Loan retrieval	130,213	
II.7.	Interest and dividends received		
II.8.	Other increases in cash flows from investing activities		52,689
II.9.	Other decreases in cash flows from investing activities		
	Net cash flows from investing activities	-28,670,334	10,190,373
III.	Cash flows from financial activities		
III.1.	Cash flows related to owners of a company		
III.1.1.	Issue of shares		
III.1.2.	Owners' contributions to liquidate losses		
III.1.3.	Buying up of own shares		
III.1.4.	Dividends paid		
III.2.	Cash flows related to other financial sources		
III.2.1.	Increase in financial debts		
III.2.1.1.	Obtaining of loans	22,176,875	
III.2.1.2.	Bond issues		
III.2.2.	Decrease in financial debts		
III.2.2.1.	Repayments of loans	-7,535,846	-24,370,505
III.2.2.2.	Buying up of bonds		
III.2.2.3.	Interest paid	-961,158	-367,982
III.2.2.4.	Leasing payments	-86,584	-159,253
III.2.3.	Increase in other company's liabilities		
III.2.4.	Decrease in other company's liabilities		
III.2.5.	Increase in cash flows from other financial activities	241,689	-167,098
III.2.6.	Decrease in cash flows from other financial activities		
	Net cash flows from financial activities	13,834,976	-25,064,838
IV.	Cash flows from extraordinary items		
V.	Influence of exchange rate changes to cash and cash equivalents		
VI.	Net increase (decrease) in cash flows	1,834,124	-11,043,364
VII.	Cash and cash equivalents at the beginning of period	5,616,309	16,659,673
VIII.	Cash and cash equivalents at the end of period	7,450,433	5,616,309

38.4 Consolidated Statements of Changes in Equity in litas)

		Share capitals	Share premium	Own shares	Reappraisal reserves		Legal reserve		Other reserves	Undistributed profit (loss)	Total
					For Long term tangible assets	Financial assets	Legal	For shares buying up			
1.	At 31 December 2002.	130,795,186					6597,114			-639,062	136,753,238
2.	Result (effect) of changes in accounting policies									-7,831,825	-7,831,825
3.	Error corrections										
4.	Recounted residue at December 2002	130,795,186					6,597,114			-8,470,887	128,921,413
5.	Value gain/drop of long term tangible assets										
6.	Value gain/drop of financial assets										
7.	Buying up/ selling of own shares			-9,822,736							-9,822,736
8.	In icnome statement unrecognised income / loss (reorganizastion loss)									-30,072,331	-30,072,331
9.	Net profit/loss for accounting period									-10,255,681	-10,255,681
10.	Dividends										
11.	Other disbursements										
12.	Reserves made										
13.	Used reserves										
14.	Increase/ decrease of authorised capital										
15.	At 31 December 2003	130,795,186		-9,822,736			6,597,114			-48,798,899	78,770,665
16.	Value gain/drop of long term tangible assets										
17.	Value gain/drop of financial assets										
18.	Buying up/ selling of own shares										
19.	In icnome statement unrecognised income / loss (reorganizastion loss)										
20.	Net profit/loss for accounting period									5,100,331	5,100,331
21.	Dividends										
22.	Other disbursements										
23.	Reserves made										
24.	Used reserves										
25.	Increase/ decrease of authorised capital	-21,344,522		9,822,736						11,521,785	0
26.	At 31 December 2004	109,450,664					6,597,114			-32,176,783	83,870,995

<u>In thousand of litas</u>	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 for 2005				15,395	15,395
At 31 December, 2005	109,451	0	6,597	-15,265	100,783

39. Comments on the financial statements

Comments on the financial statements (notes to the financial statements) are submitted together with this prospectus.

40. Report prepared by the managing board of the issuer or any other managing body performing its functions

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.

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 tones 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

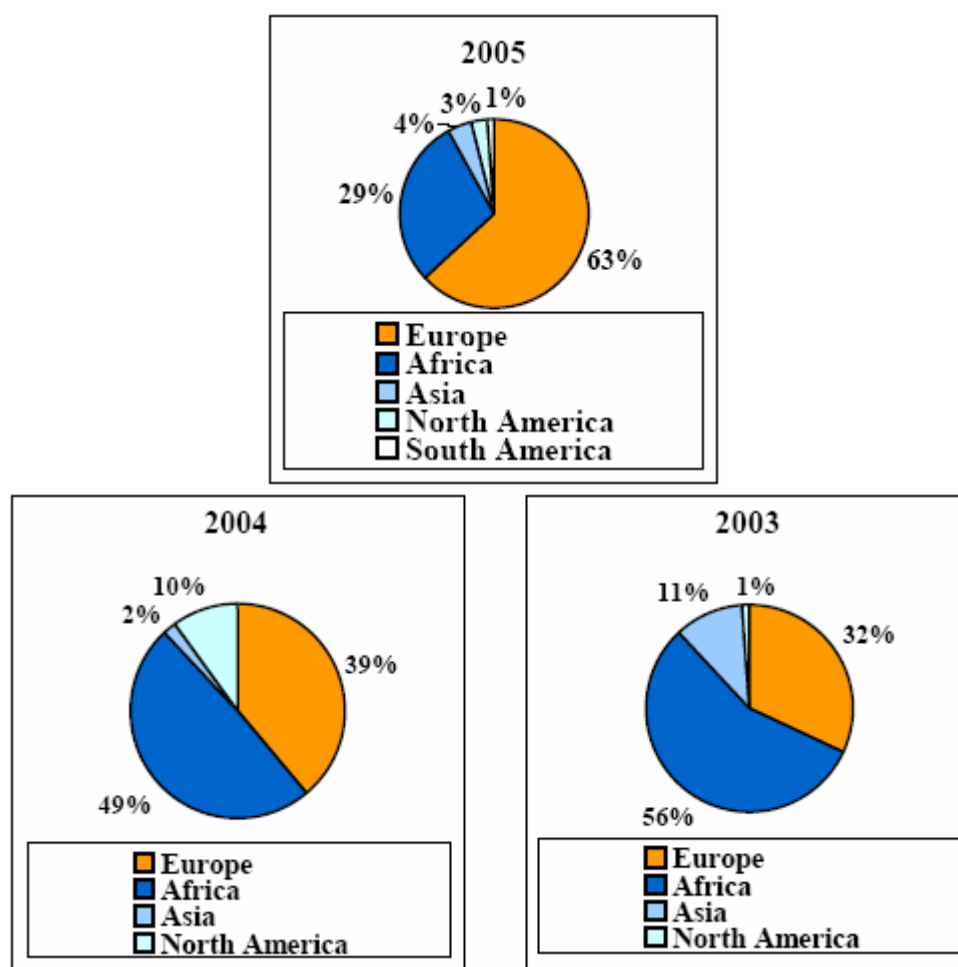
- In 2005, LSCo accomplished several important strategic goals:
- LSCo continued to strengthen its positions in the reefer and dry cargo markets.
- LSCo successfully entered the promising container vessel segment, thus laying the foundations for expanded strategic development.
- LSCo maintained fleet modernization by investing LTL 50 million.
- LSCo started substantive fleet chartering activities.
- 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 Corporate Board.

LSCo acquisitions

Limarko Shipping Company AB has continued its fleet modernization and renewal by investing 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 strategically 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). Now, LSCo fleet consists of 16 ships - 12 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 tonnage of the LSCo fleet exceeds 2.9 million cubic feet. Successfully operating in the dry cargo market, LSCo continued chartering the dry cargo ship, the m/v Siuita (carrying capacity 2,800 mts).

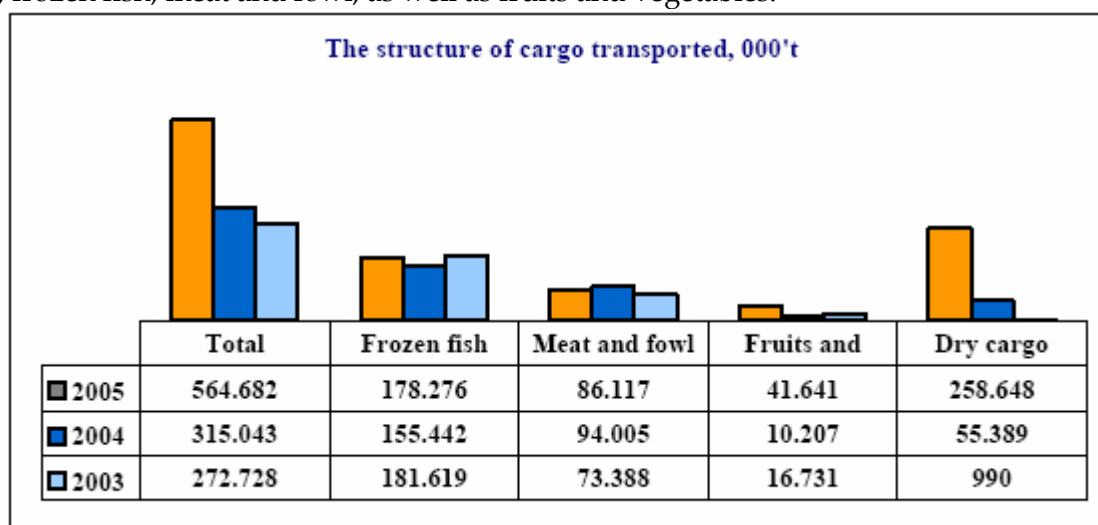
Breakdown of LSCo transportation by regions

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 by LSCo

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



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

On December 31, 2005 Limarko Shipping Company AB had 400 employees of which 362 were seafarers and 38 administration employees. LSCo human resource policy is continued enhancement of personnel qualification. The Company's personnel participated in intensive English language courses organized by the Lithuanian Ship Owners 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 container 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 almost LTL 100 million – twice more than in 2005.

Company's report on activities was signed by LSCo President & CEO Vytautas Lygnugaris on the 29th of March, 2006

41. Information about the audit

KPMG Baltics UAB have audited 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.

Main data about the audit company:

- Company name: KPMG Baltics UAB
- Register code:1114 94971
- Registered office: Vytauto st. 12, Vilnius, Lithuania
- Telephone number: + 370 (5) 210 2600
- Fax number: + 370 (5) 210 2659
- E-mail: vilnius@kpmg.lt

Auditor's report for the year end at 31 December 2005 was signed on the 29th of March, 2006. The audit was performed and auditor's report was signed by member of ACCA and Lithuanian certified auditor Rokas Kasperevičius and Danish plenipotentiary accountant Stephen Young.

Auditor's report to the shareholders of Limarko Shipping Company AB

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, as set out on pages 5-29, 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 of 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, as adopted in EU.

VI. INFORMATION ABOUT THE ISSUER'S MANAGING BODIES

42. *Members of the managing bodies*

Members of LSC's managing bodies are:

- General meeting of shareholders;
- Company's Board (elected for 4 years and consists of 5 members);
- Head of Administration (The President).

THE BOARD (31 DECEMBER 2005)

VYTAUTAS LYGNUGARIS – President of the company and chairman of company's Board. In 2002 acquired the executive MBA at Baltic Management Institute, while in 1987 finished St. Petersburg Marine Academy. He is also is a co-owner and director General of Limarko UAB, therefore he is a president of Lithuanian Association of the ship owners. He does not possess issuer's shares.

IGORIS UBA – member of company's Board. He is Limarko Marine Agency UAB director general. In 2004 acquired the executive MBA at Baltic Management Institute, while in 1984 finished St. Petersburg Marine Academy. He is also a co-owner of Limarko UAB. He does not possess issuer's shares.

RENALDAS VYŠNIAUSKAS – member of company's Board, Chief Financial Officer Limarko Shipping Company. Has a higher education. He has finished Faculty of Economics at Vilnius University where has acquired speciality economist. In 2000 – 2002 worked as a senior financier at West Vessel Factory, in 2003- 2004 head of finance and economics unit at Plungės kooperatinė prekyba UAB, from the year 2004 Chief Financial Officer Limarko Shipping Company AB. He does not possess issuer's shares.

EGIDIJUS BERNOTAS – member of company's Board, partner of lawyer office Bernotas & Dominas Glimstedt. Member of Genčių Nafta Board, Adminiculum UAB Board, European Social, Legal and Economic Projects Board and Adminiculum SIA Board. Possess 100 percent of Donatelas UAB shares. He does not possess issuer's shares.

SIGITAS BALTUŠKA - member of company's Board. Has a higher education. He has finished Faculty of Economics at Vilnius University where has acquired e speciality of economist. He has also finished Vytautas Magnus Univerity where he has acquired Master of business administration, he has also finished Baltic Management institute where he has acquired executive MBA. He is a director of PR Company GCI. In 2000-2004 worked as a Coordinator of government public relations, late as a Representative of Government relations at Philip Morris Lietuva UAB. From 1994 till 200 worked at Embassy of Denmark as a commerce advisor. He does not possess issuer's shares.

All company's Board member's cadence start at 21 May 2003 and ends at 21 May 2007.

On a General Meeting of Shareholders which was held on the 7th of July, 2004 instead of A. Stepanavičius and V. Adomaitis were elected new company's Board members Egidijus Bernotas and Renaldas Vyšniauskas. Their cadence ends in 2007.

On a General Meeting of Shareholders which was held on the 17th of November, 2004 instead of A. Sungailienė was elected a new company's Board member Andrejus Boicovas (Director of SEB VB Venture Capital UAB). His cadence ends in 2007.

On a General Meeting of Shareholders which was held on the 25th of July, 2005 instead of Andrejus Boicovas was elected a new company's Board member Sigitas Baltuška. Newly elected Board member's cadence ends in 2007.

ADMINISTRATION (31 DECEMBER 2005)

VYTAUTAS LYGNUGARIS - President and CEO of the company. In 2002 acquired the executive MBA at Baltic Management Institute, while in 1987 finished St. Petersburg Marine Academy. He is also is a co-owner and director General of Limarko UAB, therefore he is a president of Lithuanian Association of the ship owners. He does not possess issuer's shares.

RENALDAS VYŠNIAUSKAS - Chief Financial Officer Limarko Shipping Company. Has a higher education. He has finished Faculty of Economics at Vilnius University where has acquired speciality economist. In 2000 - 2002 worked as a senior financier at West Vessel Factory, in 2003-2004 head of finance and economics unit at Plungės kooperatinė prekyba UAB, from the year 2004 Chief Fiancial Officer Limarko Shipping Company AB. He does not possess issuer's shares.

Members of Limarko Shipping Company AB managing bodies have not been sued for crimes for property, finance and regulations of carrying out business operations.

43. Information about payments and loans extended to the members of managing bodies.

Indicators	Payments during 2005 LTL'000	Payments during 2004 LTL'000
A. Remuneration to management	1,189	954
B. Loans granted to company's management	75	254
C. Assets and gifts granted to them	-	-
D. Various guarantees granted on behalf of the Company	-	-
E. Other material amounts, accounted for to the management during the year (bonuses)	-	-
F. Material liabilities of management to the company	-	-
Average number of managers	6	6

44. Transactions with persons concerned

Related party transactions are as follows:

LTL'000	Sales	Purchases
Limarko UAB	629	5,232

VII. UPDATED AND MATERIAL EVENTS IN ISSUER'S ACTIVITY AND PERSPECTIVE

45. Updated events in issuer's activities

On The 2nd of February 2006 the Company announced that during 2005 sales of Limarko Shipping Company AB reached LTL 88.3 mio (EUR 25.6 mio) – 42 percent more than in 2004. The sales amount of Limarko Shipping Company AB for 2006 is planned to be LTL 110 mio (EUR 31.8 mio). Preliminary unaudited net profit of Limarko Shipping Company AB in 2005 will be announced at the end of February 2006.

On the 23rd of February 2006 the company announced that as per International financial reporting standards in 2005 Limarko Shipping Company AB earned unaudited net profit of LTL 15.84 million (EUR 4.59 million).

On the 27th of April 2006 the company announced that its result of performance for first quarter of 2006 is a pre-audit net profit before taxes of LTL 4.0 mio (EUR 1.16 mio). Sales revenues LTL 30.14 mio (EUR 8.72 mio).

The General Meeting of the Limarko Shipping Company AB on April 28, 2006 passed the following resolutions:

- To approve the Company's annual report in 2005.
- To take into consideration the Company Auditor's report when approving the annual financial statements of Limarko Shipping Company AB for the year 2005.
- To approve the annual financial statements of Limarko Shipping Company AB for the year 2005.
- To approve the profit (loss) appropriation of the Company for 2005. Dividends will not be paid.

46. Material events in issuer's activity

On the 3rd of February 2005 the company announced that preliminary pre-audit net profit of AB Limarko Shipping Company in 2004 is LTL 4,5 mln. Turnover of AB Limarko Shipping Company in 2004 is LTL 62,2 million.

On the 3rd of February 2005 the company announced that the sales amount of Limarko Shipping Company AB for 2005 is planned to be LTL 72 million.

On the 23rd of April 2005 Company informed, that the result of the first quarter is 4,6 million litas, sales – 23,3 million litas.

The General Meeting of the Limarko Shipping Company AB on April 25, 2005 passed the following resolutions:

- To approve on the Company's activities report for the year 2004.
- To approve Auditor's report.
- To approve the Company's Financial statement for the year 2004 (net profit equals LTL 5,100,331).
- To approve profit allocation. Dividends will not be paid.

The extraordinary general Limarko Shipping Sompany AB shareholder's meeting on July 25, 2005 took the following decisions:

- to approve audit company „KPMG Lietuva. Auditas, Apskaita, Konsultacijos“ (Currently KPMG Baltics UAB) as auditors for 2005;
- to elect Sigitas Baltuska as the new member of the Board.

On the 29th of July 2005 Company announced that in accordance with IAS, Limarko Shipping Company AB pre-audit net profit for the first half of year 2005 is LTL 7.1 mio (EURO 2.1 mio). Sales revenues LTL 47.2 mio (EURO 13.7 mio).

On the 10th of October 2005 company announced that In accordance with IAS, Limarko Shipping Company AB pre-audit net profit for nine months 2005 is LTL 12.5 mio (EURO 3.6 mio). Sales revenues LTL 66.2 mio (EURO 19.2 mio).

47. Strategy of activity and its prospective changes during current and coming financial years

Limarko Shipping Company AB plans to strengthen its positions in the container 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 almost LTL 100 million – twice more than in 2005.