



LIMARKO SHIPPING COMPANY

AB Limarko Laivininkystēs Kompanija

**Financial statements
for the year ended 31 December 2009**



AB LIMARKO LAIVININKYSTĖS KOMPANIJA
LIMARKO SHIPPING COMPANY AB

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

2010-04-06 Nr. FIN-1-56-10

Confirmation of responsible persons

Following the Article 21 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Vytautas Lygnugaris, Chief Executive Officer of Limarko laivininkystės kompanija AB, and Renaldas Vyšniauskas, Finance Director of Limarko laivininkystės kompanija AB, hereby confirm, that to the best of our knowledge, the enclosed Limarko laivininkystės kompanija AB Financial Statements for the year 2009, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of Limarko laivininkystės kompanija AB.

We hereby also confirm that, to the best of our knowledge, the report on business activities, Company's state and the description of the main risks and uncertainties encountered by the Company, as provided in the enclosed Annual Report for the year 2009, is correct.

Enclosure:

1. Limarko laivininkystės kompanija AB Financial Statements for the year 2009;
2. Limarko laivininkystės kompanija AB Annual Report for the year 2009.

Chief Executive Officer

Vytautas Lygnugaris

Finance Director

Renaldas Vyšniauskas

Contents

Company details	1
Management's statement on the annual financial statements	2
Independent auditor's report to the shareholders of Limarko Shipping Company AB	3
Statement of financial position	5
Statement of comprehensive income	6
Cash flow statement	7
Statement of changes in equity	8
Notes to the financial statements	9
Annual report for 2009	36

Company details

AB Limarko Laivininkystės Kompanija

(hereinafter **Limarko Shipping Company AB**)

Telephone +370 46 34 00 01

Telefax +370 46 34 11 95

Company code 1403 46648

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

Board of Directors

V.Lygnugaris (Chairman)

I.Uba

E.Bernotas

S. Ranonis

S.Baltuška (until 31-03-2010)

Management

V.Lygnugaris (Chief Executive Officer)

Auditors

KPMG Baltics, UAB

Banks

AB SEB Bankas

AB Bankas Swedbank

AS UniCredit Bank Lithuanian branch

AB DnB NORD Bankas

Berenberg Bank


Management's statement on the annual financial statements

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

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

Klaipėda, 6 April 2010

Management:



Vytautas Lygnugaris



„KPMG Baltics“, UAB
Naujoji Uosto st. 11
LT-92121 Klaipėda
Lithuania

Phone: +370 46 48 00 12
Fax: +370 46 48 00 13
E-mail: klaipeda@kpmg.lt
Website: www.kpmg.lt

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

We have audited the accompanying financial statements of Limarko Shipping Company AB (“the Company”), which comprise the statement of financial position as at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Basis for qualified opinion

The Company failed to comply with certain financial ratios required by bank loan agreements and has not classified part of payable loans to current liabilities in order to conform to International Financial Reporting Standards, IAS 1, 'Presentation of financial statements'. If this part of loans payable was classified to current liabilities, the non-current part of interest-bearing loans and leasing liabilities would be decreased by LTL 55,779 thousand and the current portion of interest bearing loans and leasing liabilities would be increased by LTL 55,779 thousand as at 31 December 2009.

Qualified opinion

In our opinion, except for the effect on the financial statements of the matter described in the Basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

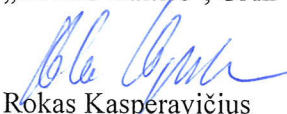
Emphasis of matter

Without further qualifying our opinion we draw your attention to Note 14 to the financial statements. As at 31 December 2009 the Company has not complied with certain bank loans covenants. The ability of the Company to continue as a going concern is dependent on negotiations with the bank not to demand earlier repayment of the loan due to breach of covenants. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments that might result should the Company not be able to continue as a going concern.

Report on legal and other regulatory requirements

Furthermore, we have read the Annual Report for the year ended 31 December 2009, set out on pages 36-76 of the financial statements, and have not noted any material inconsistencies between the financial information included in the Annual Report and the financial statements for the year ended 31 December 2009.

Klaipėda, 6 April 2010
„KPMG Baltics“, UAB



Rokas Kasperavičius
Partner
Certified auditor

Statement of financial position

As at 31 December

In thousand of Litas	Note	2009 12 31	2008 12 31
Assets			
Property, plant and equipment	7	291 953	324 224
Intangible assets	8	31	45
Other investments	9	83	1 186
Total non-current assets		292 067	325 455
Inventories	10	7 077	5 915
Receivable	11	8 516	9 598
Cash and cash equivalents	12	5 312	374
Total current assets		20 905	15 887
Total assets		312 972	341 342
Equity			
Issued capital		120 212	120 212
Reserves		7 645	7 645
Retained earnings		(11 134)	1 291
Total equity	13	116 723	129 148
Liabilities			
Interest-bearing loans	14	135 014	164 513
Total non-current liabilities		135 014	164 513
Interest-bearing loans and borrowings	14	26 445	25 047
Trade and other payables	16	34 790	22 634
Total current liabilities		61 235	47 681
Total liabilities		196 249	212 194
Total equity and liabilities		312 972	341 342

The notes set out on pages 9 to 35 form an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 December

In thousand of Litas	Note	2009	2008
Revenue	1	129 997	151 363
Cost of sales	2	(134 579)	(141 807)
Gross profit		(4 602)	9 556
Other operating income, net	3	(220)	(61)
Distribution expenses		(11)	(33)
Administrative expenses	4	(6 979)	(7 671)
Operating profit before financing costs		(11 812)	(1 791)
Financial income		3 275	123
Financial expenses		(3 720)	(14 801)
Net financial costs/income	5	445	(14 678)
Profit (loss) before tax		(12 257)	(12 887)
Income tax expense	6	(168)	(73)
Profit (loss) for the year		(12 425)	(12 960)
Other comprehensive income		-	-
Total comprehensive income, net of income tax		(12 425)	(12 960)
Basic earnings (loss) per share (Litas)		(0,10)	(0,11)
Diluted earnings (loss) per share (Litas)		(0,10)	(0,11)

The notes set out on pages 9 to 35 form an integral part of these financial statements

Cash flow statement

For the year ended 31 December

In thousand of Litas	Note	2009	2008
Cash flows from operating activities			
Profit (loss) before tax		(12 257)	(12 887)
Adjustments for:			
Depreciation	7	30 099	25 245
Amortization	8	30	32
(Profit) loss on sales of non-current assets	3	395	182
Written off non-current assets		1	1
Other investments revaluation result		(470)	856
Effects of exchange rate changes		(2 993)	8 688
Gain on sales of other investments		(134)	
Interest expenses, net	5	3 606	5 745
Net cash from operating activities , before adjustments in working capital		18 277	27 862
Change in inventories		(1 162)	1 472
Change in receivable		1 081	2 481
Change in trade and other payables		12 061	4 231
Net cash from operating activities		30 257	36 046
Net interests paid / received		(3 606)	(5 745)
Income tax paid		(73)	(82)
Net cash from operating activities		26 578	30 219
Cash flows from investing activities			
Acquisition of tangible non-current assets	7	(4 018)	(116 091)
Acquisitions of intangible non-current assets	8	(16)	(22)
Acquisition of financial asset		1 708	(1 794)
Proceeds from sale of tangible non-current assets	3	5 794	5 236
Net cash from investing activities		3 468	(112 671)
Cash flows from financing activities			
Proceeds from borrowings			88 932
Repayment of borrowings		(25 108)	(18 570)
Emission of shares			10 762
Net cash from financing activities		(25 108)	81 124
Increase (decrease) in cash and cash equivalents		4 938	(1 328)
Cash and cash equivalents at 1 January		374	1 702
Cash and cash equivalents at 31 December		5 312	374

The notes set out on pages 9 to 35 form an integral part of these financial statements.

Statement of changes in equity

Thousand Litas	Note	Share capital	Legal reserve	Retained earnings	Total equity
As at 1 January 2008		109 451	6 597	15 299	131 347
Comprehensive income for the period					-
Net loss for 2008				(12 960)	(12 960)
Total comprehensive income for the period		-	-	(12 960)	(12 960)
Transactions with owners recognised in equity					-
Allocated to reserves			1 048	(1 048)	-
Increase of authorised capital		10 762			10 762
Total transactions with owners		10 762	1 048	(1 048)	10 762
At 31 December 2008	13	120 212	7 645	1 291	129 148
As at 1 January 2009		120 212	7 645	1 291	129 148
Comprehensive income for the period					-
Net loss for 2009				(12 425)	(12 425)
Total comprehensive income for the period		-	-	(12 425)	(12 425)
Transactions with owners recognised in equity					-
Allocated to reserves					-
Increase of authorised capital					-
Total transactions with owners		-	-	-	-
At 31 December 2009	13	120 212	7 645	(11 134)	116 723

The notes set out on pages 9 to 35 form an integral part of these financial statements.

Notes to the financial statements

Significant accounting policies

Limarko Shipping Company AB (the "Company") is a company registered in Lithuania. The Company name is originally registered in Lithuania language as AB "Limarko laivininkystės kompanija". The Company is involved in transportation of cargo by sea transport (vessels).

The major shareholder of the Company is Limarko UAB, a company registered in Lithuania, which owns 87.2% of the share capital (31 December 2009). The ordinary shares of the company are listed on the NASDAQ OMX Vilnius.

The financial statements were authorised for issue to the shareholders by the directors on 6 April 2010.

Statement of compliance

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

Basis of preparation

The financial are prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value. The financial statements are prepared from accounting records maintained in accordance with Lithuanian laws and regulations.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

(a) Impairment losses on vessels

The carrying amounts of the Company's vessels are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable value.

Notes to the financial statements

Significant accounting policies (continued)

Basis of preparation (continued)

(b) Useful lives of vessels

Asset useful lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned.

The accounting policies as set out below are consistent with those of the previous year except for those which have changed due to amendments of previously valid IFRS and enforcement of the new IFRS as of 1 January 2009.

The financial statements are presented in Litass, which is the functional currency of the Company. All financial information presented in Litass is rounded to the nearest thousand, if not indicated otherwise.

Determination of fair values

A number of the Company's accounting policies and disclosures require determination of fair value, for both financial and non-financial assets and liabilities. Fair value is defined as the estimated amount for which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Foreign currency

Transactions in foreign currencies are translated into Litass at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign exchange differences arising on retranslation are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

Property, plant and equipment

Items of property, plant and equipment, including assets under finance lease terms, are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour 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 property, plant and equipment the cost of replacing part of such an item when that cost is incurred and when it is probable that the future economic benefits embodied with the item will flow to the Company, and the costs of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

Notes to the financial statements

Significant accounting policies (continued)

Property, plant and equipment (continued)

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

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

The estimated useful lives are as follows:

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

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

Leased assets

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

Other leases are operating leases and the assets leased are not recognised in the Company's statement of financial position.

Intangible assets

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

Financial instruments

(a) Non-derivative financial instruments

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

Notes to the financial statements

Significant accounting policies (continued)

Financial assets or financial liabilities at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits.

(b) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(c) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Derivative financial instruments

Derivatives are recognized initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for in profit or loss. The Company did not hold any instruments in this category during the period.

Notes to the financial statements

Significant accounting policies (continued)

Inventories

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

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

Cash and cash equivalents

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

Impairment

(a) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time are reflected as a component of interest income.

Notes to the financial statements

Significant accounting policies (continued)

Impairment (continued)

(a) Financial assets (continued)

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Dividends

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

Provisions

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

Notes to the financial statements

Significant accounting policies (continued)

Employee benefits

Short-term employee benefits are recognised as a current expense in the period when employees render the services. These include salaries and wages, social security contributions, bonuses, paid holidays and other benefits. There are no long-term employee benefits. All pension obligations are borne by the State.

Revenue

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

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

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

Cost of goods sold and services rendered

Cost of sales includes depreciation, wages and salaries and other operating costs incurred when generating revenue.

Repair expenses of vessels in connection with regular inspection are capitalised as a part of the asset concerned and amortised during the period of 2 or 3 years. Other repair and maintenance expenses of the vessels are recognised as expenses in the year they occur.

Distribution and administrative expenses

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

Other operating income and charges

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

Financial income and expenses

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

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

The Company capitalises borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset. The borrowing costs were not capitalised in 2009 because the Company did not carry out any acquisition, construction or production of assets.

Notes to the financial statements

Significant accounting policies (continued)

Income tax

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

From 2007 the Company's results earned from transportation of cargo by ships is taxed by a tonnage tax, directly depending on the general fleet capacity.

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

As the Company chose to pay tonnage tax in 2007, the basis of which is not dependant on the Company's profit, there are no temporary differences between tax reporting and financial accounting assets and liabilities. Accordingly, the deferred tax does not arise in the Company.

Basic and diluted earnings per share

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

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported include items directly attributable to a segment as well as those items that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, currency exchange gains and losses and income tax liabilities.

Notes to the financial statements

Significant accounting policies (continued)

Financial risk factors

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

a) Market risk

(i) currency exchange risk

Currency risk relates to sales and receivables, purchases and payables and borrowing costs denominated in currencies other than Litas and Euro (Litas is pegged to Euro at a fixed exchange rate of 3,4528 LTL / EUR).

The Company's currency exchange risk was concentrated in the following statement of financial position items:

31 December 2009

<i>In thousand of Litas</i>	LTL	USD	EUR	Other	Total
Trade receivable		4 769			4 769
Other amounts receivable	3 499	193	55		3 747
Cash and cash equivalents	659	3 697	956		5 312
Trade payables	(1 573)	(13 301)	(2 986)	(1 924)	(19 784)
Financial liabilities		(161 459)			(161 459)
Other payables	(8 729)	(6 017)	(260)		(15 006)
Net currency exposure	(6 144)	(172 118)	(2 235)	(1 924)	(182 420)

31 December 2008

<i>In thousand of Litas</i>	LTL	USD	EUR	Other	Total
Trade receivable	20	6 095		69	6 184
Other amounts receivable	3 180	234			3 414
Cash and cash equivalents	88	267	19		374
Trade payables	(2 017)	(10 275)	(2 059)	(692)	(15 043)
Financial liabilities		(189 560)			(189 560)
Other payables	(7 591)				(7 591)
Net currency exposure	(6 320)	(193 239)	(2 040)	(623)	(202 222)

Notes to the financial statements

Significant accounting policies (continued)

Financial risk factors (continued)

(i) currency exchange risk(continued)

A 5 percent strengthening of the Litas against the following currencies at 31 December would have increased (decreased) net equity and profit and loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

31 December 2009

In thousand of Litas	Net Equity	Profit (loss)
EUR	112	112
USD	8 606	8 606

31 December 2008

In thousand of Litas	Net Equity	Profit (loss)
EUR	102	102
USD	9 657	9 657

A 5 percent weakening of the Litas against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The functional currency of the Company is Litas (LTL). As the exchange rate of LTL to EUR is fixed at 3.4528 LTL / EUR, the Company primarily faces foreign currency risk on purchases and sales that are denominated in currencies other than EUR.

(ii) price risk

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

Notes to the financial statements

Significant accounting policies (continued)

Financial risk factors (continued)

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company has established procedures ensuring that sales are made to customers having a proper crediting history without exceeding the limit of credit risk set by management. The company does not have significant concentration of customers.

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

In thousand of Litas	2009	2008
Trade receivable	4 769	6 096
Other receivable	967	489
Cash and cash equivalents	5 312	374
	11048	6 959

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

In thousand of Litas	2009	2008
Euro-zone countries	3 924	3 666
USA	513	925
Panama	211	156
Ecuador		1 279
Russia	96	
Lithuania		1
Other countries	25	69
	4 769	6 096

c) Liquidity risk

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

The following are the contractual maturities of financial liabilities, including the estimated interest payments as at 31 December 2009:

In thousand of Litas	Residual value	Contractual cash flows	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Loans from banks	161 459	-166 673	-14 929	-13 393	-88 698	-47 660	-1 993
Trade and other payable	34 790	-34 791	-34 791				
	196 249	-201 464	-49 720	-13 393	-88 698	-47 660	-1 993

Notes to the financial statements

Significant accounting policies (continued)

Financial risk factors (continued)

c) Liquidity risk (continued)

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

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

For covenants breaches see note 14.

d) Interest rate risk

The Company's borrowings are subject to variable interest rates, related to LIBOR and varying from LIBOR+0.8% to LIBOR+1.35%. The average effective interest rate in 2009 was 2.0% (2008 – 4.24%).

If the average annual interest rate applicable on the Company's liabilities with the variable interest rate have increased (or decreased) by 1%, the interest costs for the year ended 31 December 2009 and the profit for the year would have decreased (or increased) by approximately 1,813 thousand Litass (2008 – 1,384 thousand Litass).

Capital management

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

The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008.

The Company is obliged to keep its equity up to 50% of its share capital, as imposed by the Law on Companies of Republic of Lithuania.

The Company has externally imposed capital requirements from banks. They require that (equity – revaluation reserve) / (total assets) ratio is not less than 0.3. The management monitors that the Company is in line with the requirement. No other capital management tools are used.

Notes to the financial statements

Significant accounting policies (continued)

Adoption of new and/or amended IFRSs and IFRIC interpretations

The accounting policies applied by the Company are consistent with the accounting policies of the previous year, except that the Company has implemented relevant new/revised standards and their interpretations, which are mandatory for financial periods starting on or after 1 January :

The Company applies the revised IAS 1 *Presentation of Financial Statements* (2007), effective as of 1 January 2009. Due to this, all owner-related changes in equity are presented in the statement of changes in equity, whereas not owner related changes in equity are presented in the statement of comprehensive income. The comparative information was restated to comply with the amendment of the Standard. As the change in the accounting principle affects presentation only, there is no influence to the earnings per share.

Amendments to IFRS 7 *Financial instruments: Disclosures* (effective for annual periods beginning on or after 1 January 2009) aim at requiring enhanced disclosures about fair value measurements and liquidity risk associated with financial instruments. These amendments have been adopted by the Company to the extent applicable to the Company's operations. Comparative information has been re-presented so that it also is in conformity with the revised standard.

The revised IAS 23 *Borrowing Costs* (mandatory for financial years starting 1 January 2009) has been applied as of the date stated in the Standard. The Standard does not have any influence as during 2008 and 2009 the Company did not incur any borrowing costs which should be capitalised.

IFRS 8 "Operating segments" is applicable for annual periods starting on or after 1 January 2009. The new Standard requires disclosing more information on segments based on internal reports which are reviewed by key management on a regular basis seeking to evaluate information about each segment considering whether it is a business or a geographical segment. The Company applies IFRS 8 as of the date stated in the Standard.

Other standards and interpretation which became mandatory on 1 January 2009 are not relevant to the company

Several new and revised International Financial Reporting Standards and interpretations have been issued, became mandatory for financial reporting starting from 1 January 2010 and subsequent years. The Company has decided not to early adopt the new standards and interpretations. Estimates of the possible effect of the new and revised standards applied for the first time, as presented by the Company's management, are stated below.

New IFRSs and interpretations not yet adopted

■ *Amended IFRS 3 "Business Combinations"*

Amendment to IFRS 3 is effective for annual periods beginning on or after 1 July 2009. The Standard's scope of application was amended and the description of the purpose was expanded. Revised IFRS 3 is not relevant to the Company's financial statements as at present the Company does not have any subsidiaries.

Notes to the financial statements Significant accounting policies (continued)

New IFRSs and interpretations not yet adopted (continued)

Amended IAS 27 "Consolidated and separate Financial Statements"

Amendment to IAS 27 is effective for annual periods beginning on or after 1 July 2009. In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest. Revised IAS 27 is not relevant to the Company's financial statements as it does not have any subsidiaries.

■ Amended IAS 32 "Financial Instruments: Presentation – Classification of Rights issues"

Amendment to IAS 32 is effective for annual periods beginning on or after 1 July 2009. The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency, are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendments to IAS 32 are not relevant to the Company's financial statements as the Company has not issued such instruments.

■ Amended IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items"

The amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances. Amended IAS 39 is effective for annual periods beginning on or after 1 July 2009. Management has not yet evaluated an impact of the amendments to IAS 39 on the Company's financial statements.

IFRIC 12 "Service concession arrangements"

The Interpretation provides guidance to private sector entities on certain recognition and measurement issues.

IFRIC 12 is effective for first annual periods beginning on or after 1 April 2009. As the Interpretation is applicable only from the date of application, it will not impact on the financial statements for periods prior to the date of adoption of the interpretation.

■ IFRIC 15 "Arrangements for the construction of Real Estate"

IFRIC 15 clarifies that revenue arising from agreements for the construction of real estate. IFRIC 15 is effective for annual periods beginning on or after 1 January 2010. IFRIC 15 is not relevant to the Company's financial statements as the Company does not provide real estate construction services or develop real estate for sale.

Notes to the financial statements

Significant accounting policies (continued)

New IFRSs and interpretations not yet adopted (continued)

■ *IFRIC 16 "Hedges of a Net Investment in Foreign Operation"*

The Interpretation explains the type of exposure that may be hedged. It explains where in the group the hedged item may be held, whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of the foreign operation. IFRIC 16 is not relevant to the Company's financial statements as the Company does not have any investments in a foreign operation.

■ *IFRIC 17 "Distributions of Non-cash Assets to Owners"*

The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution. When the dividend payable is settled the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

IFRIC 17 is effective for annual periods beginning on or after 15 July 2009. As the Interpretation is applicable only from the date of application, it will not impact on the financial statements for periods prior to the date of adoption of the interpretation. Further, since it relates to future dividends that will be at the discretion of the board of directors/shareholders it is not possible to determine the effects of application in advance.

■ *IFRIC 18 "Transfers of Assets from Customers"*

IFRIC 18 is effective prospectively for transfers of assets from customers received on or after 1 July 2009. The Interpretation applies to the accounting by entities that receive contributions of property, plant and equipment from their customers. The Interpretation requires an entity that receives a contribution in the scope of the Interpretation to recognize the item as an asset at its fair value if the contributed item meets the criteria for property, plant and equipment in IAS 16, *Property, Plant and Equipment*. The Interpretation also requires the entity to recognize the amount as revenue; the timing of the revenue recognition will depend on the facts and circumstances of the particular agreement. The Interpretation is not relevant to the Company's financial statements as the Company does not receive in scope asset contributions from its customers.

Notes to the financial statements

1. Revenue

In thousand of Litas	2009	2008
Voyage charter operations	76 359	92 940
Time charter operations	26 189	34 665
Pool operations	20 365	20 843
Demurrage	4 372	2 915
Other non-typical shipping revenue	2 692	
Total revenue	129 977	151 363

As at 31 December 2009, the Company owned 16 vessels: 13 reefer ships and 3 container ships (as at 31 December 2008 – 14 reefer ships and 3 container ships).

As at 31 December 2009, 8 ships were chartered for separate voyages, 5 ships were operated under a Pool agreement and 3 ships under long-term charter agreements (in 2008 – 9, 4 and 4 respectively).

2. Cost of sales

In thousand of Litas	2009	2008
Crew costs	32 495	35 075
Fuel	30 886	40 378
Depreciation	29 692	24 824
Repair and maintenance of vessels	13 890	15 441
Port dues	7 410	5 572
Insurance	6 776	5 494
Lubricating oil	6 057	4 725
Commissions	4 207	7 333
Other costs	3 166	2 964
	134 579	141 807

3. Other operating income

In thousand of Litas	2009	2008
Revenue from sale of non-current assets	5 794	5 904
Cost of sold non-current assets	(6 189)	(6 088)
Net gain from sale of non-currents assets	(395)	(184)
Other operating income, net	175	123
	(220)	(61)

During the year 2009 the Company sold one vessel “Vega” and the warehouse building.

Notes to the financial statements

4. Administrative expenses

In thousand of Litas	2009	2008
Staff costs	3 213	3 706
Rental costs	909	1 014
Depreciation and amortization	437	454
Business trips	264	397
Exploitation and maintenance of real estate	278	248
Communication	192	192
Other costs	1 686	1 660
	6 979	7 671

5. Net financial costs / income

In thousand of Litas	2009	2008
Financial income:		
Currency exchange rate gain	2 577	
Interest	10	121
Penalties	1	2
Net change in fair value of financial assets	553	
Gain on sales of investments	134	
Total financial income	3 275	123
Financial expenses:		
Currency exchange rate loss		(8 019)
Interest	(3 616)	(5 866)
Penalties	(21)	(60)
Net change in fair value of financial assets	(83)	(856)
Total financial costs	(3 720)	(14 801)
	(445)	(14 678)

6. Income tax expense

In thousand of Litas	2009	2008
Current tax expense	(168)	(73)
	168	(73)

Income tax for 2009 and 2008 was calculated from the general tonnage of the fleet.

Notes to the financial statements

7. Property, plant and equipment

In thousand of Litass	Land and buildings	Vessels and cars	Other assets	Total
Cost				
Balance at 1 January 2008	2 909	307 013	1 670	311 592
Acquisitions		116 001	90	116 091
Disposals		(16 416)	(100)	(16 516)
Balance at 31 December 2008	2 909	406 598	1 660	411 167
Balance at 1 January 2009	2 909	406 598	1 660	411 167
Acquisitions		3 994	24	4 018
Disposals	(2 498)	(18 531)	(85)	(21 114)
Balance at 31 December 2009	411	392 061	1 599	394 071
Depreciation and impairment losses				
Balance at 1 January 2008	1 006	70 988	801	72 795
Depreciation charge for the period	88	24 894	263	25 245
Disposals		(11 005)	(92)	(11 097)
Balance at 31 December 2008	1 094	84 877	972	86 943
Balance at 1 January 2009	1 094	84 877	972	86 943
Depreciation charge for the period	65	29 792	242	30 099
Disposals	(1 052)	(13 789)	(83)	(14 924)
Balance at 31 December 2009	107	100 880	1 131	102 118
Carrying amounts				
At 1 January 2008	1 903	236 024	869	238 796
At 31 December 2008	1 815	321 721	688	324 224
At 1 January 2009	1 815	321 721	688	324 224
At 31 December 2009	304	291 181	468	291 953

Security

As at 31 December 2009, ships with the carrying amount of 259 733 thousand Litass (as at 31 December 2008 – 281 079 thousand Litass) are pledged to secure bank loans (see note 14).

Depreciation

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

In thousand of Litass	2009	2008
Cost of sales	29 692	24 815
General and administrative operating expenses	407	430
	30 099	25 245

Fair value of property, plant and equipment, in general, is equal to its carrying amount.

Notes to the financial statements

8. Intangible assets

In thousand of Lit	Software	Total
Balance at 1 January 2008	281	281
Acquisitions	22	22
Disposals	-1	-1
Balance at 31 December 2008	302	302
Balance at 1 January 2009	302	302
Acquisitions	16	16
Disposals	-3	-3
Balance at 31 December 2009	315	315
Amortisation and impairment losses		
Balance at 1 January 2008	225	225
Amortisation for the period	32	32
Disposals	-	-
Balance at 31 December 2008	257	257
Balance at 1 January 2009	257	257
Amortisation for the period	30	30
Disposals	-3	-3
Balance at 31 December 2009	284	284
Carrying amounts		
At 1 January 2008	56	56
At 31 December 2008	45	45
At 1 January 2009	45	45
At 31 December 2009	31	31

Amortisation charge is provided in administrative costs.

9. Other investments

In thousand of Lit	2009 12 31	2008 12 31
Shares of Alpha Reefer Transport GmbH	83	166
Shares of Lietuvos Jūrų Laivininkystė AB		1 021
	83	1 186

Financial assets at fair value through profit and loss 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. A change in fair value of 83 thousand Lit on the investment was recognised in the statement of comprehensive income for 2009. Pool income and costs include income from the Company's ships operating under Pool agreement (note 1) and related costs. Pool costs are in proportion to earned income.

During the year 2009 the Company sold 4 253 446 shares of Lietuvos Jūrų Laivininkystė AB. The investment was accounted for at fair value through profit and loss. The revaluation gain of 553 thousand Lit on the investment and gain of 134 thousand Lit on sales of investments were recognised in the statement of comprehensive income for the year 2009.

Notes to the financial statements

10. Inventories

In thousand of Litas	2009 12 31	2008 12 31
Fuel	5 770	4 140
Lubricating oil	1 307	1 775
	7 077	5 915

In 2009 fuel and lubricants, amounting to 36,943 tLTL (2008 - 45,103 tLTL) were accounted for in the cost of sales.

11. Receivables

In thousand of Litas	2009 12 31	2008 12 31
Trade receivables	4 769	6 096
Deferred expenses	2 664	2 925
Prepayments	116	88
Other receivable	967	489
	8 516	9 598

The majority of deferred expenses comprise prepaid insurance expenses.

The ageing of trade and other receivables as at 31 December 2009 and 2008 can be specified as follows:

In thousand of Litas	Trade and other receivables not past due an impairment allowance on which is not recognised	Trade receivables past due an impairment allowance on which is not recognised					Total
		Less than 30 days	30–59 days	60–89 days	90–359 days	More than 360 days	
2008 12 31	6 585						6 585
2009 12 31	5 736						5 736

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

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

12. Cash and cash equivalents

In thousand of Litas	2009 12 31	2008 12 31
Bank balances	5 282	357
Cash in hand	30	17
	5 312	374

As at 31 December 2009 the Company had 1 537 thousand USD, 660 thousand Litas and 277 thousand Euro in the current account and as cash in hand.

In accordance with loan agreements with Swedbank AB and AS UniCredit Bank Lithuanian branch, the Company has pledged existing and future cash balances in certain bank accounts to these banks.

Notes to the financial statements

13. Share capital

As of 31 December 2009, the fully paid in authorised share capital comprised 120 212 429 ordinary shares at a par value of LTL 1 each.

Holders of ordinary shares are entitled to one vote per share in the General Meeting of the Company, are entitled to receive dividends and to equal shares in residual assets.

At the financial position date the Company's shareholders were as follows:

	Ordinary shares	Ownership %
UAB "Limarko"	104 814 920	87,2%
Skandinaviska Enskilda Banken Clients	5 698 769	4,7%
Other	9 698 740	8,1%
	120 212 429	100%

The shares are listed in NASDAQ OMX Vilnius.

Legal reserves

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

Earnings per share

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

In thousand of Litas	2009	2008
Average weighted number of shares in issue	120 212 429	114 802 143
Net result for the year, in thousand Litas	(12 425)	(12 960)
Profit (loss) per share, in Litas	(0,10)	(0,11)

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

Notes to the financial statements

14. Interest-bearing loans

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

Lending institution	Ref	Principal amount	Balance tLTL 2009 12 31	Balance tLTL 2008 12 31
AB SEB Bankas, (mv "Andromeda")	a)	1 600 tUSD	3 848	5 882
AB SEB Bankas, (mv "Libra")	b)	2 600 tUSD	6 254	8 577
„Swedbank“, AB, (mv "Pluto" and mv "Uranus")	c)	7 001 tUSD	16 839	22 843
„Swedbank“, AB, (mv "Capella")	d)	8 484 tUSD	20 405	23 487
AB SEB Bankas, (mv "Serenada")	e)	4 729 tUSD	11 375	14 458
UniCredit Bank, (mv "America Feeder")	f)	8 238 tUSD	19 814	22 207
UniCredit Bank, (mv "Tokata")	g)	20 420 tUSD	49 114	53 719
„Swedbank“, AB (mv "Cassiopea")	h)	14 057 tUSD	33 810	38 387
Total liabilities		67 129 tUSD	161 459	189 560
Less: current portion		-10 995 tUSD	-26 445	-25 047
Total long term portion of net liabilities		56 134 tUSD	135 014	164 513

Interest rates for the loans are variable and relate to LIBOR, varying from 3 month LIBOR+0.8% to 3 month LIBOR+1.35%. The applicable interest rates are close to effective interest rates.

According to credit agreements with the banks, the Company must maintain certain financial ratios, such as the ratio of net financial debt and EBITDA or debt service coverage ratio. A decrease in transportation by sea services due to global economic slowdown was the main reason of noncompliance to the set ratios at the end of 2009. If the Company had reclassified loans as prescribed by IAS 1 as a result of this non-compliance with the ratios, an amount of approximately 55,779 tLTL would be reclassified to current liabilities. The company is discussing the breaches with the banks and negotiating continued financing.

- a) The loan was received to finance acquisition of the vessel "Andromeda". The loan is to be repaid by 31 December 2011 in quarterly payments. The loan is secured by pledging the vessel "Andromeda".
- b) The loan was received to finance the acquisition of the vessel "Libra". The loan is to be repaid by 23 October 2012 in quarterly payments. The loan is secured by pledging the vessel "Libra".
- c) The loan was received to finance the acquisition of the vessels "Pluto" and "Uranus". The loan is to be repaid by 3 January 2013 in quarterly payments. The loan is secured by pledging the vessels "Pluto", "Uranus" and "Lyra".
- d) The loan was received to finance the acquisition of the vessel "Capella". The loan is to be repaid by 31 December 2013 in quarterly payments. The loan is secured by pledging the vessel "Capella".
- e) The loan was received to finance the acquisition of the vessel "Serenada". The loan is to be repaid by 11 August 2012 in quarterly payments. The loan is secured by pledging the vessel "Serenada".
- f) The loan was received to finance the acquisition of the vessel "America Feeder". The loan is to be repaid by 30 September 2017 in quarterly payments. The loan is secured by pledging the vessel "America Feeder".
- g) The loan was received to finance the acquisition of the vessel "Tokata". The loan is to be repaid by 15 June 2011 in quarterly payments. The loan is secured by pledging the vessel "Tokata".
- h) The loan was received to finance the acquisition of the vessel "Cassiopea". The loan is to be repaid by 18 September 2015 in quarterly payments. The loan is secured by pledging the vessels "Cassiopea", "Astra", as well as "Uranus" by secondary pledge.

Notes to the financial statements

14. Interest-bearing loans (continued)

Summary of maturity terms of the financial liabilities as at 31 December 2009 according to contracts is presented below:

In thousand of Litas	Total	Less than one year	Between one and five years	More than five years
Bank loans	161 459	26 445	113 259	21 755
Total financial liabilities	161 459	26 445	113 259	21 755

15. Deferred tax assets and liabilities

Due to the fact that in 2007 the Company chose a fixed tonnage tax, the base of which is independent of the Company's results, no temporary differences between tax and financial reporting exist. Due to this no deferred taxes arise in the Company.

16. Trade and other payables

In thousand of Litas	2009 12 31	2008 12 31
Trade payable	19 784	13 516
Amounts received in advance	7 029	1 527
Remuneration payable	7 772	7 481
Other payable	205	110
	34 790	22 634

17. Contingencies

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

18. Contingent assets and liabilities

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

Notes to the financial statements

19. Related parties

Limarko Shipping Company AB is a subsidiary of UAB Limarko, which owns 87.2% of the Company's share capital as at 31 December 2009.

UAB Limarko Jūrų Agentūra and UAB Baltkonta are subsidiaries of UAB Limarko.

Related party transactions are as follows:

In thousand of Litas	31 December 2009		31 December 2008	
	Receivable	Payable	Receivable	Payable
UAB "Limarko"		1 212		1 312
UAB "Limarko jūrų agentūra"		323		
UAB "Baltkonta"		186		
Management		716		
		2 437		1 312

In thousand of Litas	Year 2009		Year 2008	
	Sales	Purchases	Sales	Purchases
UAB "Limarko"	1	2 190	2	5 222
UAB "Limarko jūrų agentūra"	1 911	1		51
	1 912	2 191	2	5 273

In 2009 Limarko UAB rendered vessel chartering (brokerage) services to the Company. The Company leases office premises from Limarko UAB. Limarko Jūrų Agentūra UAB purchased warehouse premises from the Company.

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

In thousand of Litas	2009	2008
Management remuneration	906	1 195

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

20. Subsequent events

On 17 March 2010 the Board member Sigita Baltuška applied for retirement from the Company's Board.

The Company continues to negotiate with the banks regarding extension of loan maturities and the breach of certain covenants. It is expected that supplements to the loan agreements will be signed by the end of the first half of 2010. This will allow the Company to improve its liquidity ratios and strengthen its working capital and continue as a going concern.

Notes to the financial statements

21. Segment reporting

Segment reporting to the key executive decision makers of the company is performed as to type of vessels – vessels of each segment operate in different markets. There are two distinguishable segments as to vessel types – refrigerators and container vessels. The Company operates exclusively in the international shipping market and this geographical segment reporting is not possible.

In year 2009:

In thousand of Lit	Reefers	Containers	Not allocated	Total
Voyage income	109 072	20 905	-	129 977
Voyage costs	(41 840)	(928)	-	(42 768)
Net voyage result	67 232	19 977		87 209
Vessel operating costs	(52 605)	(9 514)	-	(62 119)
Administration expenses	-	-	(6 554)	(6 554)
Operating result before depreciation, EBITDA	14 627	10 463	(6 554)	18 536
Depreciation	(23 192)	(6 500)	(437)	(30 129)
Operating result, EBIT	(8 565)	3 963	(6 991)	(11 593)
Loss from sale of assets	(861)	-	464	(396)
Net other operating items	153	-	24	177
Interest expenses	(1 892)	(1 724)	-	(3 616)
Gain on currency exchange rate	-	-	2 577	2 577
Net other financial items	-	-	594	594
Taxes	-	-	(168)	(168)
Net result	(11 165)	2 239	(3 499)	(12 425)
Segment non-current assets	186 214	104 034	1 736	291 984
Segment loans	81 155	80 304	-	161 459
Acquisitions of non-current assets	3 390	613	31	4 034

Notes to the financial statements

21. Segment reporting (continued)

In year 2008:

In thousand of Litass	Reefers	Containers	Not allocated	Total
Voyage income	130 736	20 627	-	151 363
Voyage costs	(52 393)	(1 309)	-	(53 702)
Net voyage result	78 343	19 318		97 661
Vessel operating costs	(54 739)	(8 541)	-	(63 280)
Administration expenses	-	-	(7 253)	(7 253)
Operating result before depreciation, EBITDA	23 604	10 777	(7 253)	27 128
Depreciation	(19 942)	(4 881)	(454)	(25 277)
Operating result, EBIT	3 662	5 896	(7 707)	1 851
Loss from sale of assets	(182)	-	-	(182)
Net other operating items	-	-	122	122
Interest expenses	(3 198)	(2 668)	-	(5 866)
Loss on currency exchange rate	-	-	(8 019)	(8 019)
Net other financial items	-	-	(793)	(793)
Taxes	-	-	(73)	(73)
Net result	282	3 228	(16 470)	(12 960)
Segment non-current assets	210 757	109 924	3 588	324 269
Segment loans	99 175	90 385	-	189 560
Acquisition of non-current assets	54 801	60 396	916	116 113

22. Fair value of financial instruments

The Company's principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, non-current and current borrowings.

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

The management of the Company is of the opinion that book values of trade and other receivables, trade and other payables as well as borrowings approximate their fair value.

Notes to the financial statements

22. Fair value of financial instruments (continued)

The table below shows the comparison of carrying amounts of financial assets and financial liabilities to their fair values as at 31 December 2009:

Financial assets at 31 December 2009:

In thousand of Litas	Carrying amount	Fair value
Other investments	83	83
Receivable	8 516	8 516
Cash and cash equivalents	5 312	5 312
	13 911	13 911

Financial assets at 31 December 2008:

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

Financial liabilities at 31 December 2009:

In thousand of Litas	Carrying amount	Fair value
Interest-bearing loans and borrowings	161 459	161 459
Trade and other payables	34 790	34 790
	196 249	196 249

Financial liabilities at 31 December 2008:

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



LIMARKO LAIVININKYSTĖS KOMPANIJA

Annual Report for the year 2009

Klaipėda, April 2010

TABLE OF CONTENTS

1.	The reporting cycle for which the report was drawn up	39
2.	Issuer and its contact information	39
3.	The Nature of the Issuer's Main Activity	39
4.	Agreements with Intermediaries of Public Trading in Securities	39
5.	Information about trading in the Issuer's securities on regulated markets	39
6.	The objective review of the Company's state, activity performance and development; the description of the main risk types and uncertainties encountered by the enterprise	40
7.	Analysis of financial and non-financial activity results	43
8.	References and additional explanatory notes regarding the data presented in the financial accountability	44
9.	Information about own shares acquired and owned by the enterprise	44
10.	Information on material direct and indirect share holdings	44
11.	Material events since the close of the previous financial year	44
12.	The Issuer's Authorized Capital Structure	44
13.	Information on paid dividends	45
14.	Restrictions on assignment of securities	45
15.	Shareholders	45
16.	Shareholders having special control rights & description of such rights	45
17.	All restrictions on voting rights	46
18.	All mutual agreements by shareholders, of which the Issuer is aware and due to which the assignment of securities and (or) voting rights may be restricted	46

19.	Employees	46
20.	Procedure for the amendment of the Issuer's Articles of Association	46
21.	Issuer's bodies	46
22.	Members of collegial bodies, the Company's chief executive officer, the chief financial officer	48
23.	Information on compliance with the Corporate Governance Code	49
24.	Data on published information	49

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

The annual report was drawn up for the year 2009; all numbers presented are as of 31 December 2009, unless otherwise indicated. In the report Limarko laivininkystes kompanija AB may be referred to as Enterprise, Company or Issuer.

2. Issuer and its contact information

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

3. The Nature of the Issuer's Main Activity

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

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

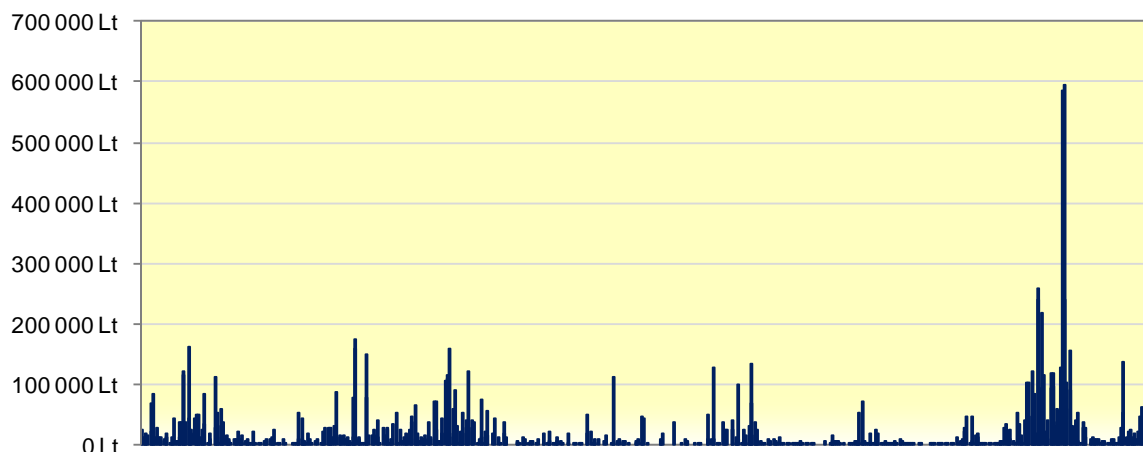
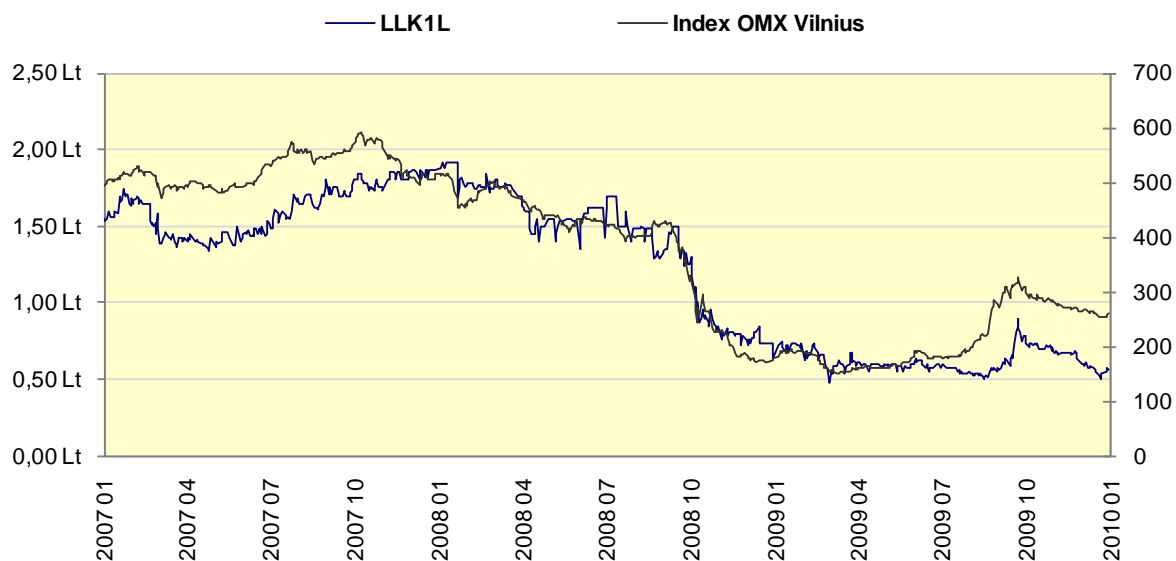
4. Agreements with Intermediaries of Public Trading in Securities

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

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

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

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

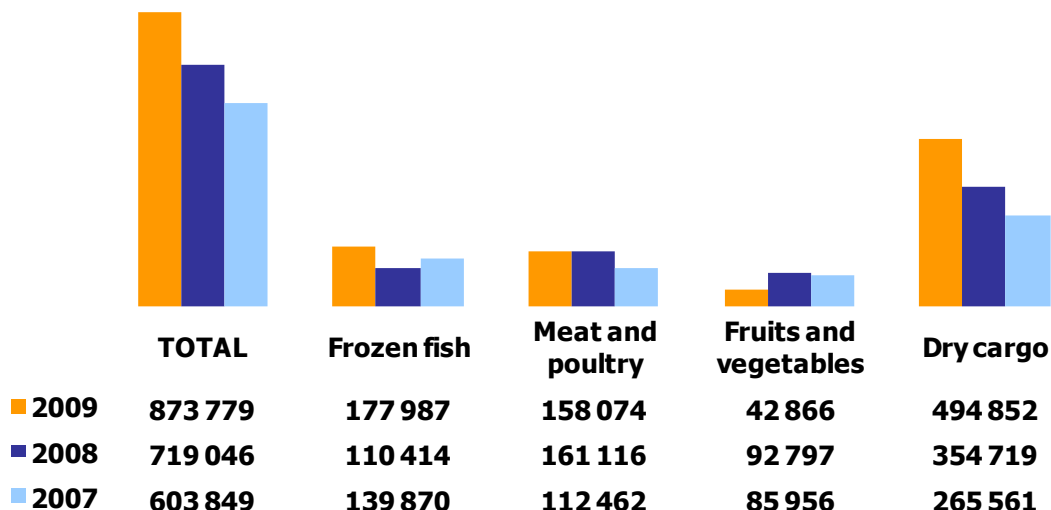


6. The objective review of the Company's state, activity performance and development; the description of the main risk types and uncertainties encountered by the enterprise

On 31 December 2009 the fleet of the Company consisted of 16 vessels: 13 reefers and 3 container vessels.

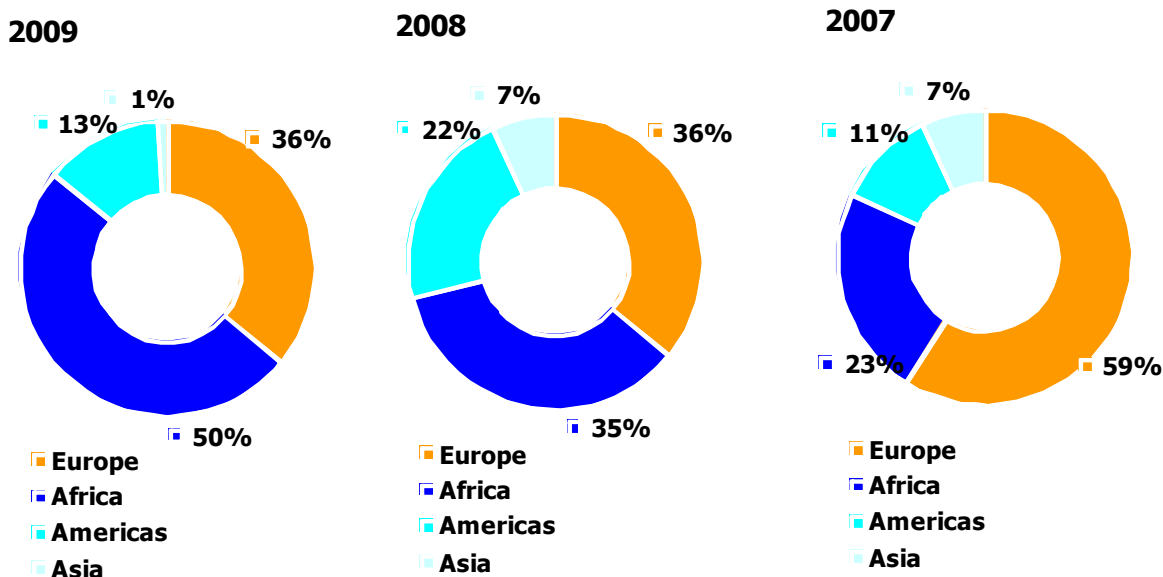
The Company sold m/v Vega (built 1982) in December 2009.

During the year 2009 Limarko laivininkystės kompanija AB transported a total of 874 thousand tons of cargo, whereof 43% accounted for frozen, chilled and perishable food products, and the remaining 57% accounted for dry cargo:



The total amount of cargo transported during the year 2009 increased by 22%, when compared to the year 2008. Due to varying length of transportation routes and cargo structure, revenue of the Company is not directly related to the quantity of cargo transported.

The main operation regions of the Company vessels were the continents of Africa and Europe, which respectively accounted for 50 and 36 percent of all transported cargoes. Transportations in the region of Americas constituted 13 percent and 1 percent in Asia:



Risk

Factors related to the Issuer's activity:

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

Global economic slowdown had an impact on the Company's activities. However, global transportation by reefer vessels market is less sensitive to economic fluctuations. When compared to other shipping sectors,

Company's competitive environment is more favourable, as the number of reefer vessels is limited and the demand for temperature controlled cargo transportation does not decline.

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

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

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

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

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

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

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

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

Interest rate risk. The Company's borrowings are subject to variable interest rates, related to LIBOR and varying from LIBOR+0.8% to LIBOR+1.35%. The average effective interest rate in 2009 was 2.0% (2008 – 4.24%).

If the average annual interest rate applicable on the Company's liabilities with the variable interest rate had increased (or decreased) by 1%, the interest costs for the year ended 31 December 2009 and the profit for the year would have decreased (or increased) by approximately 1,813 thousand Litas (2008 – 1,384 thousand Litas).

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

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

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

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

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

7. Analysis of financial and non-financial activity results

The revenue of Limarko laivininkystes kompanija AB for the year 2009 amounted to LTL 130.0 million and decreased by 14% when compared to the revenue of LTL 151.4 million for the year 2008.

During the year 2009 the Company achieved the EBITDA of LTL 18.5 million and the EBITDA margin was 14.3%. The EBITDA for the year 2008 was LTL 27.1 million and the EBITDA margin was 17.9%.

The result of the Company for the year 2009 was a loss of LTL 12.4 million. The result of the Company for the year 2008 was a loss of LTL 13.0 million. However, in the long term the Company foresees a positive effect of the strengthening United States Dollar for the results of main activity and cash flows of the Company.

The main financial results of Limarko laivininkystes kompanija AB:

In thousand of Litas	2009	2008	2007
Income	129 977	151 363	136 705
EBITDA	18 536	27 127	31 372
<i>EBITDA margin</i>	<i>14,3%</i>	<i>17,9%</i>	<i>22,9%</i>
Gross profit	(4 602)	9 556	18 918
<i>Gross profit margin</i>	<i>-3,5%</i>	<i>6,3%</i>	<i>13,8%</i>
EBIT	(11 593)	1 850	10 162
<i>EBIT margin</i>	<i>-8,9%</i>	<i>1,2%</i>	<i>7,4%</i>
Net profit (loss)	(12 425)	(12 961)	20 962
<i>Net profit (loss) margin</i>	<i>-9,6%</i>	<i>-8,6%</i>	<i>15,3%</i>
Equity	116 723	129 148	131 347
Financial debts	161 459	189 560	110 510
Total assets	312 972	341 342	260 269
Efficiency indicators:			
Return of assets, ROA	-4,0%	-3,8%	8,1%
Return on equity, ROE	-10,6%	-10,0%	16,0%
Return of capital employed, ROCE	-4,5%	-4,1%	8,7%
Liquidity indicators:			
Current ratio	0,34	0,33	0,58
Quick ratio	0,18	0,15	0,31
Cash ratio	0,09	0,01	0,05
Market indicators:			
P/E	(5,4)	(5,9)	9,8
Profit (loss) per share	(0,10 Lt)	(0,11 Lt)	0,19 Lt

Explanation:

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

EBIT = Earnings excluding other income + interest + taxes

ROA = Net profit / Total assets at the end of the reporting period

ROE = Net profit / Total equity at the end of the reporting period

ROCE = Net profit / (Total equity at the end of the reporting period + financial liabilities)

P/E = share's market price / Profit (loss) per share

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

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

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

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

10. Information on material direct and indirect share holdings

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

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

On 17 March the Board member Sigitas Baltuška submitted an application for retirement from the Board. At present, the Company is negotiating with the banks regarding extension of loan maturities. It is planned that supplements to the loan agreements will be signed by the end of the first half of 2010. This will allow the Company to improve its liquidity ratios and strengthen its working capital.

12. The Issuer's Authorized Capital Structure

On 31 December 2009 the Enterprise's authorized capital consisted of 120,212,429 ordinary registered shares at the par value of 1 LTL each.

The company shareholders have the following property rights:

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

The company shareholders have the following non-property rights:

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

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

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

All shares of Limarko laivininkystės kompanija AB are paid-up.

Changes in the authorized capital during the last 3 years:

	2009 12 31	2008 12 31	2007 12 31
The authorized capital (Ordinary registered shares, units)	120 212 429	109 450 664	109 450 664
The authorized capital (Nominal value, in Litas)	120 212 429	109 450 664	109 450 664

13. Information on paid dividends

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

14. Restrictions on assignment of securities

N/A.

15. Shareholders

The total number of shareholders of Limarko laivininkystes kompanija AB on 31 December 2009 was 713.

Shareholders who on 31 December 2009 owned more than 5% of the Company's authorized capital:

Shareholder's name, surname (enterprise name, form, office address, enterprise register code)	Number (units) of shares belonging to shareholders by the right of ownership	Owned portion of the authorized capital	Portion of votes granted by shares belonging by the right of ownership	Portion of votes belonging to a shareholder jointly with associated persons
Limarko UAB (Naujoji uosto str. 8, Klaipėda, enterprise code 140765379)	104 814 920	87,2%	87,2%	87,2%

16. Shareholders having special control rights & description of such rights

N/A.

17. All restrictions on voting rights

N/A.

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

N/A.

19. Employees

	2009 12 31	2008 12 31	2007 12 31
Average number of employees:	500	492	459
Managing personnel	6	6	6
On-shore employees	30	34	36
Seafarers	464	452	417
Education:			
Higher	143	129	99
Special secondary (advanced vocational)	161	178	180
Secondary	196	185	180
Average gross salary:			
Managing personnel	11 875 Lt	16 333 Lt	14 750 Lt
On-shore employees	4 621 Lt	4 700 Lt	4 247 Lt
Seafarers (with daily allowance)	4 730 Lt	4 868 Lt	4 358 Lt

On 31 December 2009 the Company employed 504 employees, whereof 469 worked in the fleet and 35 in the administration.

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

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

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

21. Issuer's bodies

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

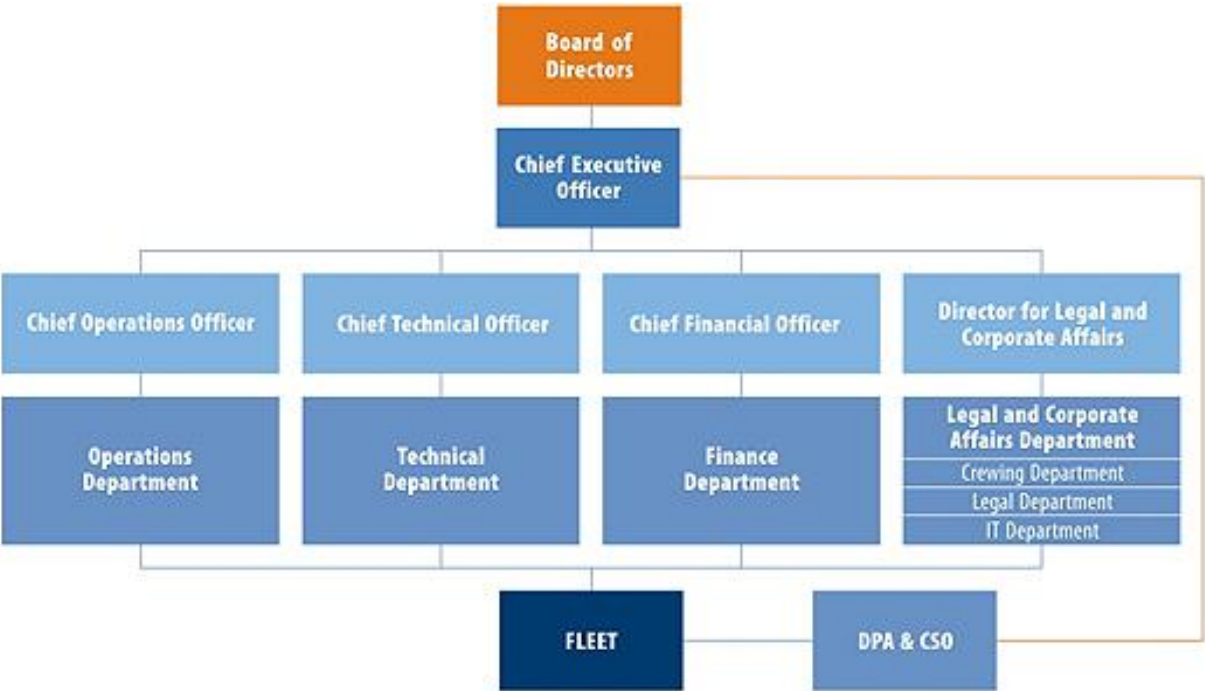
The Articles of Association state that the competence of the General Meeting is established by the Law on Companies.

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

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

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

The organizational structure of the Company:



22. Members of collegial bodies, the Company's chief executive officer, the chief financial officer

Personal status	Name, surname	Number of shares owned in the Issuer	Start date	End date
Board:				
Chairman of the Board	Vytautas Lygnugaris	2 949 852	2007 04 20	2011 04 20
Board member	Igoris Uba	1 264 222	2007 04 20	2011 04 20
Board member	Sigitas Baltuška until 31-03-2010	-	2007 04 20	2011 04 20
Board member	Egidijus Bernotas	-	2007 04 20	2011 04 20
Board member	Steponas Ranonis	-	2008 08 11	2011 04 20
Head of administration:				
Chief Executive Officer	Vytautas Lygnugaris	2 949 852	2003 10 07	-

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

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

Sigitas Baltuška – member of the Board until 31 March 2010. Mr. Baltuška is the director of public relations agency GCI. He graduated from the Faculty of Economics of Vilnius University with a master in Industry Planning. He also obtained MBA degree from Vytautas Magnus University and graduated from the Baltic Management Institute with the executive MBA. From 2000 to 2004 he worked as a coordinator and representative for relations with the Government at Philip Morris Lietuva UAB. From 1994 to 2000 Mr. Baltuška worked as the commerce advisor at the Danish Embassy. The Company considered Mr. Baltuška to be an independent member of the Board.

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

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

Information about remunerations and tantiemes to the members of managing bodies during 2009:

In Litas	Remuneration	Tantiemes
Total amount for all members of Board		
On the average per member of the board*		
Total amount for all members of administration		
	905 682	
On the average per member of the administration **		
	150 947	

Notes: *The Board is composed of five members. Head of Administration and Chief Technical Officer are members of the Board. Their employment related income is calculated in the administration line. Other members of the Board did not receive employment related income from the Company.

** The administration is composed of six members.

In 2009, there were no loans, guarantees or sponsorship granted to the members of the Board or administration by the Company.

23. Information on compliance with the Corporate Governance Code

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

24. Data on published information

In accordance with the requirements of securities market regulations, the Company during the year 2009 publicly announced the following information:

- 8 January 2009 Regarding the forecast of the results for the year 2008
- 15 January 2009 Investor's calendar for 2009
- 2 February 2009 New organizational and management structure of Limarko laivininkystės kompanija AB approved
- 26 February 2009 Unaudited operational results for the year 2008 and forecast for the year 2009
- 27 March 2009 Notice on the annual General Meeting
- 17 April 2009 Draft Resolutions of the Annual General Meeting
- 29 April 2009 Operational results for the first quarter of 2009
- 29 April 2009 Resolutions of the annual General Meeting
- 29 April 2009 Audited annual information for the year 2008
- 21 May 2009 Unaudited Interim Financial Statements for the first three months of 2009
- 30 July 2009 Operational results for the first half of 2009
- 28 August 2009 Interim information for the first six months of 2009
- 3 September 2009 Notification on acquisition (disposal) of a block of shares
- 8 September 2009 Withdrawal of forecasts for 2009
- 29 October 2009 Operational results for the nine months of 2009
- 16 November 2009 Unaudited Interim Financial Statements for the first nine months of 2009

All information concerning material events publicly announced is available for familiarisation at the office of Limarko laivininkystės kompanija AB at the address: Naujoji Uosto str. 8, Klaipėda, and on the Company's website www.limarko.com.

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

Limarko laivininkystės kompanija AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules of NASDAQ OMX Vilnius, discloses its compliance with the Governance Code, approved by NASDAQ OMX Vilnius for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<p>Principle I: Basic Provisions</p> <p>The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.</p>		
<p>1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.</p>	<p>Yes</p>	<p>The company prepares and on a yearly basis reviews its expansion strategy, the main aspects of which are disclosed in notices on material events, annual and interim reports.</p>
<p>1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.</p>	<p>Yes</p>	
<p>1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.</p>	<p>Yes</p>	
<p>1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.</p>	<p>Yes</p>	
<p>Principle II: The corporate governance framework</p> <p>The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.</p>		

2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders’ meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	The Supervisory Board is not formed in the Company.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company’s management bodies.	Yes	Collegial management body – the Board – is responsible for strategic management of the company.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company’s chief executive officer.	No	See Commentary to Recommendation 2.1. above
2.4. The collegial supervisory body to be elected by the general shareholders’ meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body. ¹	Yes	
2.5. Company’s management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies. ²	Yes	The Board is composed of 5 (five) members.

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

² Definitions ‘*executive director*’ and ‘*non-executive director*’ are used in cases when a company has only one collegial body.

<p>2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.</p>	<p>N/A</p>	<p>See Commentary to Recommendation 2.1. above</p>
<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	<p>No</p>	<p>Chief executive officer and the chairman of the board is Mr. Vytautas Lygnugaris.</p>
<p>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</p> <p>The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.³</p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	<p>Yes</p>	

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

<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	<p>Yes</p>	
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	<p>Yes</p>	
<p>3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.</p>	<p>Yes</p>	
<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>	<p>Yes</p>	

<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient⁴ number of independent⁵ members.</p>	<p>Yes</p>	<p>Board members Mr. Egidijus Bernotas and Mr. Sigita Baltuška are considered as independent members. On 18 March 2010, the Company announced about the receipt of the resignation letter from the Board Member Mr. Sigita Baltuška.</p>
--	------------	--

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

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

<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. 	<p>Yes</p>	
---	------------	--

<p>A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;</p> <p>6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p> <p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>		
---	--	--

3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	Yes	
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	Yes	
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. ⁶ . The general shareholders' meeting should approve the amount of such remuneration.	N/A	
<p>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</p> <p>The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring⁷ of the company's management bodies and protection of interests of all the company's shareholders.</p>		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance. ⁸	Yes	

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

⁷ See Footnote 3.

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

<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).</p>	<p>Yes</p>	
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half⁹ of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	<p>Yes</p>	
<p>4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.</p>	<p>Yes</p>	

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

<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	<p>Yes</p>	
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies¹⁰. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.</p>	<p>No</p>	<p>CEO of the company Mr. Vytautas Lygnugaris and Board member Mr. Igoris Uba are shareholders of Limarko UAB, the main shareholder of Limarko laivininkystes kompanija AB</p>

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

<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	<p>No</p>	<p>Establishment of nomination and remuneration committees are not foreseen in the Company. As the number of Board members is small and change in the membership of the Board is rare, we consider the committees to be unnecessary.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	<p>No</p>	<p>Nomination and remuneration committees are not foreseen in the Company.</p>
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors.</p>	<p>No</p>	<p>Regulations of the Audit Committee provide that the Committee consists of two members.</p>

<p>Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>		
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>	<p>N/A</p>	
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	<p>Yes</p>	<p>Regulations of the Audit Committee provide that Members of the Board can be invited to attend the meeting of the Committee.</p>

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

<ul style="list-style-type: none"> • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>		
--	--	--

<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p>		<p>The Audit Committee has been established in the Company and Regulations thereof (complying with legal regulations and recommendations of this Code) are in force. In accordance with the Regulations, the Board shall elect the members of the Committee.</p>
--	--	--

<p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
---	--	--

<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body’s structure, work organization and ability to act as a group, evaluation of each of the collegial body member’s and committee’s competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	<p>No</p>	<p>There is no assessment of and/or information on the activities of the Board, as this not foreseen by legislation.</p>
---	-----------	--

Principle V: The working procedure of the company’s collegial bodies

The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company’s bodies.

<p>5.1. The company’s supervisory and management bodies (hereinafter in this Principle the concept ‘collegial bodies’ covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	<p>Yes</p>	
<p>5.2. It is recommended that meetings of the company’s collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company’s supervisory board should be convened at least once in a quarter, and the company’s board should meet at least once a month¹¹.</p>	<p>Yes</p>	

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

<p>5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.</p>	<p>Yes</p>	
<p>5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.</p>	<p>N/A</p>	
<p>Principle VI: The equitable treatment of shareholders and shareholder rights</p> <p>The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</p>		
<p>6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.</p>	<p>Yes</p>	
<p>6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.</p>	<p>Yes</p>	

<p>6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.¹² All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.</p>	<p>No</p>	<p>According to the Statutes of the company, decisions on the purchase, transfer, lease or mortgage of fixed assets the value whereof amounts to over 1/20 of the company's authorised capital as well as on offering guarantee, surety for the discharge of obligations of other entities, when the amount of the obligations exceeds 1/20 of the company's authorised capital are taken by the Board.</p>
<p>6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.</p>	<p>Yes</p>	
<p>6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance¹³. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>	<p>Yes</p>	

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

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

6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	No	The company is of the opinion that at present there is no need to implement the said means. In addition, the shareholders have not requested for such means.

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	

<p>7.3. Any member of the company’s supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company’s shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>	<p>Yes</p>	
<p>7.4. Any member of the company’s supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>	<p>Yes</p>	
<p>Principle VIII: Company’s remuneration policy</p> <p>Remuneration policy and procedure for approval, revision and disclosure of directors’ remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company’s remuneration policy and remuneration of directors.</p>		
<p>8.1. A company should make a public statement of the company’s remuneration policy (hereinafter the remuneration statement). This statement should be part of the company’s annual accounts. Remuneration statement should also be posted on the company’s website.</p>	<p>No</p>	<p>The company does not disclose remuneration statement. However, the company in its Annual Report discloses the total of salaries paid to the directors of the company, as well as average salaries of separate groups of employees..</p>
<p>8.2. Remuneration statement should mainly focus on directors’ remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company’s remuneration policy as compared to the previous financial year.</p>	<p>N/A</p>	
<p>8.3. Remuneration statement should leastwise include the following information:</p> <ul style="list-style-type: none"> • Explanation of the relative importance of the variable and non-variable components of directors’ remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • A description of the main characteristics of supplementary pension or early retirement schemes for directors. 	<p>N/A</p>	

<p>8.4. Remuneration statement should also summarize and explain company’s policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>	<p>N/A</p>	
<p>8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders’ annual general meeting.</p>	<p>N/A</p>	
<p>8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors’ remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders’ annual general meeting. Remuneration statement should be put for voting in shareholders’ annual general meeting. The vote may be either mandatory or advisory.</p>	<p>N/A</p>	
<p>8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> • The number of share options offered or shares granted by the company during the relevant financial year and their 	<p>N/A</p>	

<p>conditions of application;</p> <ul style="list-style-type: none"> • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
<p>8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	N/A	No schemes are applied in the company.
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ul style="list-style-type: none"> • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors. 	N/A	

<p>8.10. Should national law or company’s Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders’ approval.</p>	<p>N/A</p>	
<p>8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company’s employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders’ annual general meeting.</p>	<p>N/A</p>	
<p>8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company’s website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company’s website.</p>	<p>N/A</p>	
<p>Principle IX: The role of stakeholders in corporate governance</p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept “stakeholders” includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	

<p>9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.</p>		
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>		

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

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

<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.</p>	<p>Yes</p>	
<p>10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.</p>	<p>Yes</p>	
<p>Principle XI: The selection of the company's auditor</p> <p>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
<p>11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.</p>	<p>Yes</p>	
<p>11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.</p>	<p>Yes</p>	
<p>11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.</p>	<p>Yes</p>	