

**Prospect-report
of Joint-Stock Company
“Klaipėdos juru krovinių kompanija”
for 2006**

**Klaipėda
2007**

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ATTACHMENTS TO THE ANNUAL PROSPECT-REPORT:

Consolidated financial reporting of JSC „Klaipėdos jūrų krovinių kompanija“ and the company for 2006 together with conclusion of independent auditor and annual statement of JSC „Klaipėdos jūrų krovinių kompanija“ for 2006

I. GENERAL STATEMENTS

1. Reporting period, for which the annual prospect-report is prepared

The annual prospect-report is prepared for the year 2006.

2. Basic data about the issuer

name of the issuer – joint-stock company “Klaipėdos juru krovinių kompanija”.

The issuer’s nominal capital – 126 704 290 LTL.

Office address – Zauerveino St. 18, LT-92122, Klaipėda.

Telephone Nr. 8 (46) 399501, 399101, fax Nr. 8 (46) 399069, 399066.

E-mail: info@klasco.lt

Internet site: <http://www.klasco.lt>

Legal organizational form (type of company): the issuer is a joint-stock company with a status of a legal person. The company is of limited liability and is responsible for its obligations only with its property. Shareholders are responsible for the company’s obligations only with the sum they must pay for prescribed shares.

Data of the emitent’s registration in the legal persons registry: the company is registered in Klaipėda municipality on May 3, 1995, registration Nr. AB 95-119, the company is re-registered on December 12, 2004, in the legal persons registry, the company’s registry code - 140346267.

3. Type of the issuer’s basic activity

Branch of economy: sea transportation services.

Types of basic rendered services: the company carries out loading and unloading works, services vessels arriving to the port of Klaipėda, reloads cargoes from different transportation means to vessels (and vice versa) on the territory and water zone of the port of Klaipėda. Apart from loading works, the company renders services of cargo storage, safeguarding and accounting, sea tractor services, performs transport forwarding operations, machinery repairs and servicing, does vessel chartering, provides them with electric energy, communication.

4. Information about where and when one may familiarize oneself with report and documents prepared on the basis of it (financial reporting, conclusions of auditors, etc.) and names of public information means

with this prospect, financial reporting and conclusions of auditors one may familiarize oneself at the company’s office at the address: Zauerveino St. 18, Klaipėda, on working days from 8⁰⁰ till 17⁰⁰ h., please address the executive director’s assistant Gitana Veitienė, telephone Nr. 8 (46) 399175.

Public information means: newspaper “Lietuvos žinios”, news agency BNS.

5. People responsible for the information presented in the report

5.1. members of the issuer’s management bodies are responsible for the report:

General director Valentinas Greiciūnas, tel. 8 (46) 399101, fax 8 (46) 399066;

Senior accountant Sarunas Krucius, tel. 8 (46) 399047, fax 8 (46) 399066.

5.2. the issuer’s consultants: -

6. Confirmation of the members of the issuer’s management bodies responsible for preparation of the report, employees and head of the administration and the issuer’s consultants, that the information presented in the report is true and there are no concealed facts that may have impact on the investor’s decisions to buy or sell the issuer’s securities, market price of such securities and their evaluation.

We, the undersigned, confirm, that the information presented in the report is true and there are no concealed facts that may have significant impact on the investors’ decisions.

JSC “Klaipėdos juru krovinių kompanija”

General director

Valentinas Greiciūnas

seal

Senior accountant

Sarunas Krucius

Date of signing: May 25, 2007

II. INFORMATION ABOUT THE ISSUER'S NOMINAL CAPITAL AND ISSUED SECURITIES

7. The issuer's nominal capital

7.1. The company's nominal capital registered in the Company registry – 126 704 290 LTL, divided into 12 670 429 ordinary registered shares, nominal value of one share - 10 LTL, total nominal value – 126 704 290 LTL.

7.2. No increase of the nominal capital by converting or changing into shares of issued debts or derivatives is planned, because the company has not issued any of such securities.

8. Shareholders

As of the day of the general shareholders meeting, i.e. April 6, 2007, total number of shareholders was 1373.

Shareholders having more than 5% of the nominal capital and votes (April 6, 2007)

| Name, address, company code | Beneficiary owned shares | | Shares belonging to jointly acting persons | | Total share of capital and votes, % |
|---|--------------------------|-------------------------------|--|-------------------------------|-------------------------------------|
| | number, pcs. | Share of capital and votes, % | number, pcs. | Share of capital and votes, % | |
| JSC CONCERN "ACHEMOS GRUPE", Jonalaukis village, Rukla Headman's Unit, Jonava District, 156673480 | 11 753 023 | 92,76 | 240 932 | 1,90 | 94,66 |

9. Basic features of fully tradable shares issued:

12 670 429 ordinary registered shares, nominal value of one share – 10 LTL, total nominal value – 126 704 290 LTL. ISIN code of the securities LT0000116154.

10. Data about shares registered and distributed for restricted trading

The company has no shares registered and distributed for restricted trading.

11. Information about depositary acquittances issued on the basis of shares

The issuer has not issued any depositary acquittance issued on the basis of shares.

12. Basic features of fully tradable debt securities issued

The issuer has not issued any fully tradable debt securities.

13. Data about debt securities registered and distributed for restricted trading

The issuer has not issued any debt securities for restricted trading.

14. Securities not participating in the nominal capital but turnover of which is regulated by the Security Trading Act, except for debt securities

The issuer has not issued any such securities.

III. DATA ABOUT SECONDARY TURNOVER OF SECURITIES ISSUED BY THE ISSUER

15. Securities included into the exchange trading lists

Ordinary registered shares of JSC “Klaipėdos juru krovinių kompanija” (VP ISIN code LT0000116154) are included into the current trade list of JSC “Vilniaus vertybinių popierių birža” (“Vilnius Stock Exchange”).

The number of ordinary registered shares of JSC “Klaipėdos juru krovinių kompanija” included into the current trade list of JSC “Vilniaus vertybinių popierių birža” (VP ISIN code LT0000116154) – 12670429 pcs., nominal value of one share – 10 LTL, total nominal value of shares – 126704290 LTL.

16. Trading the issuer’s securities at the exchanges and other organized markets

16.1. Trading at Vilnius Stock Exchange:

| ORS of JSC “Klaipėdos juru krovinių kompanija” (VP code: LT0000116154) | | | | | | | | | | |
|--|------------|------------|-------|--------------|---------------|------|--------------|--------------------------|----------------|---------|
| Period | | Price, LTL | | | Turnover, LTL | | | Date of the last session | Total turnover | |
| From | Till | Max. | Min. | Last session | Max. | Min. | Last session | | Pcs. | LTL |
| 2005-01-01 | 2005-03-31 | 12,90 | 7,29 | 12,00 | 57100 | 0 | 15848 | 2005-03-31 | 32540 | 307379 |
| 2005-04-01 | 2005-06-30 | 12,50 | 10,20 | 12,10 | 376583 | 0 | 4352 | 2005-06-30 | 43045 | 503862 |
| 2005-07-01 | 2005-09-30 | 25,09 | 11,03 | 19,55 | 84358 | 0 | 5805 | 2005-09-30 | 60392 | 1143882 |
| 2005-10-01 | 2005-12-31 | 28,45 | 19,00 | 26,50 | 269183 | 0 | 0 | 2005-12-30 | 76592 | 1801132 |
| 2006-01-01 | 2006-03-31 | 29,50 | 24,00 | 25,10 | 120612 | 0 | 0 | 2006-03-31 | 37635 | 999805 |
| 2006-04-01 | 2006-06-30 | 25,00 | 21,20 | 18,90 | 90795 | 0 | 762 | 2006-06-30 | 22378 | 445361 |
| 2006-07-01 | 2006-09-30 | 21,60 | 17,40 | 19,80 | 44428 | 0 | 199 | 2006-09-29 | 20204 | 393760 |
| 2006-10-01 | 2006-12-31 | 20,85 | 18,73 | 19,23 | 41153 | 0 | 394 | 2006-12-29 | 13175 | 259138 |

16.2. Trade at other exchanges: none.

16.3. Trading at other organized markets: none.

17. Capitalization of securities

| Date of the end of the report period | Capitalization, LTL |
|--------------------------------------|---------------------|
| 2005-03-31 | 152 045 148 |
| 2005-06-30 | 153 312 191 |
| 2005-09-30 | 247 706 887 |
| 2005-12-31 | 335 766 369 |
| 2006-03-31 | 318027768 |
| 2006-06-30 | 229841582 |
| 2006-09-30 | 251634719 |
| 2006-12-31 | 262911401 |

18. Trading the issuer’s securities beyond the exchange

| Trading ORS of JSC „Klaipėdos juru krovinių kompanija“ (VP ISIN code LT0000116154) beyond the exchange* | | | | | | | | | |
|---|-------------------|-------|-------|---------------|-----------|-----------------|--------------------------|-----------------|---------------------|
| Report period | Money settlements | | | | | | Non-monetary settlements | | Total number (pcs.) |
| | Kaina (Lt) | | | Number (pcs.) | Sum (LTL) | Number of deals | Number (pcs.) | Number of deals | |
| | Max | Min | Av. | | | | | | |
| 2006 IV quarter | 13,02 | 10,00 | 11,01 | 5848 | 64357 | 3 | 0 | 0 | 0 |
| 2006 III quarter | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2006 II quarter | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2006 I quarter | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2005 IV quarter | 16,00 | 4,59 | 12,17 | 12460 | 151609 | 8 | 650 | 2 | 13110 |
| 2005 III quarter | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2005 II quarter | 0 | 0 | 0 | 0 | 0 | 0 | 203 | 1 | 203 |
| 2005 I quarter | 5,00 | 5,00 | 5,00 | 1308 | 6540 | 1 | 0 | 0 | 1308 |

* The information is taken from <http://www.lt.omxgroup.com/vsestat/index.php?lang=lt&page=UzbSand>

19. Data about the issuer’s purchase of its own shares

Within the reporting period the issuer has not purchased its shares.

20. Official publication of an offer

Withing the reporting period no official offer of a third party has been published to purchase the issuer's securities. Neither has the issuer published any official offer to purchase securities issued by other persons.

21. The issuer's payment agents

None.

22. Contracts with security full trading brokers

Name, address of security trading broker: JSC FMI "Kapitalo srautai", Konstitucijos Pr. 23-502, LT-08105 Vilnius, tel. Nr. (8-5) 2723798. Type of contract: agency contract to open and keep security accounts of JSC "Klaipėdos juru krovinių kompanija".

IV. DATA ABOUT THE ISSUER'S ACTIVITY

23. Legal basis of the issuer's activity

The company in its activity is guided by the legislation of the Republic of Lithuania, decisions of the Government and other legal enactments and the company's bylaws.

24. Affiliation with associated structures

Financial-industrial groups, concerns: control stock of JSC "Klaipėdos jūrų krovinių kompanija" (92,76%) is managed by JSC Concern "Achemos grupė". The concern "Achemos grupė" was incorporated in 2001 and at present manages more than 30 companies which work in the spheres of chemical, pharmaceutical industry and production, food industry, trade, energy, construction and renovation, logistics, transportation and cargo handling, financial operations, hotels, health and recreation, education and qualification improvement, mass media, publishing and advertisement. The concern incorporation created conditions to unite companies managed by "Achemos grupė" into a system allowing to offer management competence, to swiftly install new technologies, to use totally management achievements and quality standards. Consolidation of separate business units has created prerequisites to reduce administrative expenses, to improve accounting, to optimize investment planning. JSC "Klaipėdos jūrų krovinių kompanija" does not participate in the nominal capital of the concern.

JSC "Klaipėdos jūrų krovinių kompanija" belongs to the following associated structures and organizations: Association "International Trade Chamber - Lithuania"; Engineering Ecology Association; Klaipėda Manufacturers Association; Lithuanian Maritime Cargo Companies Association; Lithuanian Manufacturers Confederation; Klaipėda Trade, Industry and Crafts Chamber; International Loading Coordination Association (England); International Dangerous Goods and Containers Association (IDGCA); International Contact Group of Bulk Fertilizers Terminals (Holland); Russian Corn Union; International Coordination Committee for TRANS-Siberian Shipment. The company is a member of these associated organizations paying annual membership fees. The Company does not participate in the capital of enterprises belonging to the above mentioned associations. Enterprises belonging to the above mentioned associations do not participate in the Company's nominal capital, either.

25. Short description of the issuer's history

A specific purpose company of the Republic of Lithuania – The Klaipėda State Sea Trade Port was registered at the Klaipėda city municipality on September 6, 1991 (Registry Nr. VĮ 91-63).

On May 31, 1994, the company's name was changed: The Klaipėda State Sea Trade Port became a state enterprise "Klaipėdos jūrų krovinių kompanija" (Klaipėda Maritime Cargo Company).

On April 18, 1995, the state enterprise "Klaipėdos jūrų krovinių kompanija" was reorganized into a joint-stock company "Klaipėdos jūrų krovinių kompanija" (Registry Nr. AB 95-119) with 10% private capital.

Since April 1, 1996, JSC "Klaipėdos jūrų krovinių kompanija" has had a status of a special purpose joint-stock company (Registry Nr. SPAB 96-5).

On December 9, 1996, the status of a special purpose joint-stock company of SPJSC "Klaipėdos jūrų krovinių kompanija" was annulled (Registry Nr. AB 96-286).

In May, 1998, a contract was signed between PE "Valstybės turto fondas" ("State Property Fund") and JSC "Vialogas" on sale of shares owned by the state. JSC "Vialogas" had won privatization competition to purchase from the state 89,22% of the company's shares undertaking to pay for them 200 mln. LTL. On March 5, 1999, JSC "Vialogas" acquired 53,89% of JSC "Klaipėdos jūrų krovinių kompanija" shares. On the first stage of payment 120 mln. LTL, or 60% of means was paid (settled on May 28, 1999). The remaining sum of 80 mln. LTL was planned to be paid in equal shares within five years. This change of the owners structure influenced formation of new management of the company, changes in the spheres of work organization, control and management.

Fulfilling its obligations specified in the Privatization Contract JSC "Vialogas" in the end of March, 2001, paid for and managed 10 377 993 pcs. of ordinary registered shares of JSC "Klaipėdos jūrų krovinių kompanija" (which amounts to 81,91% of the company's nominal capital and votes).

Incorporation of JSC Concern "Achemos grupė" has determined the current allocation of JSC "Klaipėdos jūrų krovinių kompanija" shares at present. In April, 2006, the main company's shareholder was JSC Concern "Achemos grupė", managing a 92,76% pack of the company's shares.

26. Description of production (services)

JSC "Klaipėdos jūrų krovinių kompanija" (further KLASCO) carries out unloading and loading works, services vessels arriving to the port of Klaipėda, reloads cargos from various transportation means to vessels (and vice versa) on the territory and water zone of the port of Klaipėda. Apart from loading works, the company renders cargo storage, safeguarding and account, maritime tractors' services, performs transportation forwarding operations, machinery repairs and service, charters vessels, provides them with electric energy, communication.

KLASCO consists of Dry cargo port and International Sea Ferriage. Today KLASCO may handle "Panamax" type vessels at 20 modern cargo handling moorages.

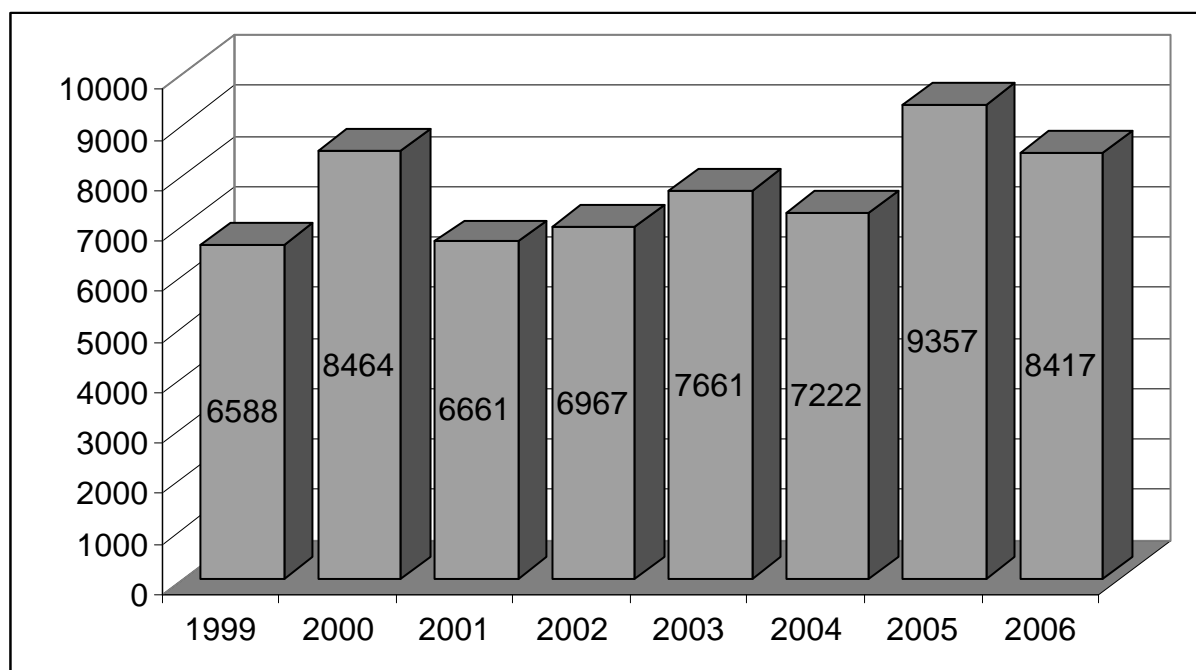
At the Dry cargo port more than 60 various types of goods, bulk cargos and dry cargos, medicines, vegetables, food products that need special storage temperature are reloaded.

International sea ferriage mostly handles regional cargo flows. Trailers, trucks and wagons are loaded and unloaded there from ferries to the shore and vice versa. Now ferries from International sea ferriage go the following routes: Klaipeda-Kiel (Germany), Klaipeda-Aarhus (Denmark) - Aabenraa (Denmark)-Klaipeda, Klaipeda-Karlshamn (Sweden), Klaipeda-Sassnitz (Germany), Klaipeda – Baltiysk (Russia). A ferry to Sassnitz may carry 103 wagons or 92 transportation means. Cargos delivered by sea ferries are unloaded by special tractors and other machinery. Each ferry may carry up to 150 passengers.

Wood, fertilizers, wool, sugar, corn are loaded to vessels at specialized moorages.

For cargo reloading bridge and automobile cranes, auto-loaders, trailers, lifts and other machinery of lifting capacity from 0,5 to 40 tons are used.

Cargo reloading by KLASCO, thousand tons



The amount of services in value expression by basic types of rendered services for the last 3 economic years:

| Basic types of services | Value expression, thousands LTL | | | Share in total amount of services (%) | | |
|-----------------------------|---------------------------------|---------|--------|---------------------------------------|-------|-------|
| | 2004 | 2005 | 2006 | 2004 | 2005 | 2006 |
| Cargo loading and unloading | 83 159 | 115 995 | 95600 | 86,37 | 84,65 | 82,18 |
| Port fleet services | 3 843 | 5 252 | 7789 | 3,69 | 3,59 | 6,70 |
| Mooring services | 2 839 | 3 755 | 2990 | 2,73 | 2,57 | 2,57 |
| Other services | 6 804 | 2 421 | 99956 | 7,21 | 9,17 | 8,56 |
| Total: | 96 645 | 127 423 | 116335 | 100 | 100 | 100 |

Average tariff of Dry cargo port services for the last 3 economic years:

| Services | 2004 | 2005 | 2006 |
|-----------------------------|--------------------------|--------------------------|--------------------------|
| Cargo loading and unloading | 12,09 LTL/t | 12,45 LTL/t | 11,36 LTL/t |
| Storage services | 0,36 LTL/t | 0,37 LTL/t | 0,55 LTL/t |
| Mooring services | 0,06 LTL/m ³ | 0,06 LTL/m ³ | 0,06 LTL/m ³ |
| Tractor services | 0,324 LTL/m ³ | 0,324 LTL/m ³ | 0,324 LTL/m ³ |

Tariffs depend on mutual agreement and market conditions.

As competition between the Easter Baltic ports grows stronger, in order to preserve constant cargo flows, the port is being modernized, the company's specialized cargo storehouses are being constantly reconstructed and constructed and projects of construction of new terminals are being implemented. In order to make a better use of the port territory physically and morally obsolete engineering structures of the port unable to satisfy modern needs are destroyed.

Basic parameters describing the company's activity (calculated based on financial reporting prepared in accordance with International accounting standards):

| Parameter | 2004-12-31 | 2005-12-31 | 2006-12-31 |
|-----------------------------|------------|------------|------------|
| Net cost effectiveness | 0,92% | 10,74% | 2,30% |
| Average return on assets | 0,003 | 0,03 | 0,01 |
| Loan coefficient | 0,25 | 0,40 | 0,07 |
| Loan-equity coefficient | 0,33 | 0,67 | 0,07 |
| General liquidity parameter | 1,91 | 1,48 | 2,81 |
| Equity turnover | 0,29 | 0,31 | 0,56 |
| Accounted share value | 19,38 Lt | 19,56 Lt | 19,66 Lt |
| Net profit per share | 0,07 Lt | 1,08 Lt | 0,21 Lt |

27. Realization markets

KLASCO carries out loading and reloading works, services vessels arriving to the port of Klaipeda, reloads cargos from various transportation means to vessels (and vice versa) on the territory and water zone of the port of Klaipeda. Apart from loading works, the company renders cargo storage, safeguarding and account, maritime tractors' services, performs transportation forwarding operations, machinery repairs and service, charters vessels, provides them with electric energy, communication.

The company renders all the services in Klaipeda to Lithuanian and foreign companies. A minor share of clients that are companies registered abroad and working in the port of Klaipeda use services of our company. The biggest one are: Scandlines-Euroseabridge, Paulius & Associates. Each year the company reloads 6-7 mln. tons of various cargos. We still feel impact of change of cargo situation, as Russian metal cargos were replaced by food products, fertilizers, corn, sugar raw materials, these are cargos requiring more expenses than loading of metals.

Each year the company concludes over 100 contracts for cargo reloading. Most of the contracts are long-term ones (concluded for a period of time longer than 1 year). The company's specialization is all types multi-cargo reloading. There is no dependence on the only service consumer or buyer. Most often rises and drops of cargo amounts depend on Lithuanian transportation policy and railway tariffs.

Amounts of realized products (services)

| | 2004 m. | 2005 m. | 2006 m. |
|---|---------------------|----------------------|----------------------|
| Cargos reloaded | 7 222 thousand t | 9 357 thousand t | 8 417 thousand t |
| Profit received from the basic activity | 96 645 thousand LTL | 127 423 thousand LTL | 116 335 thousand LTL |

28. Supply

KLASCO does not carry out any production process, therefore supply is oriented towards purchase of subsidiary goods necessary for loading and rendering of services connected with it. Long-term and short-term (up to one year) contracts are concluded with the main suppliers of raw materials, component parts, energy resources and services, random (single) purchases are also made.

| Raw materials, energy resources | Name of the supplier | Country | Amount of supply in 2006, thousand LTL |
|---------------------------------|--|-----------|--|
| Electric energy | Branch of JSC "Vakaru skirstomieji tinklai" "Klaipėdos elektros tinklai" | Lithuania | 2 080 |
| Heat energy | JSC "Klaipėdos energija" | Lithuania | 236 |
| Natural gas | Branch of JSC "Lietuvos dujos" "Vakaru dujos" | Lithuania | 240 |
| Drinking water | JSC "Klaipėdos vanduo" | Lithuania | 208 |

Subsidiary means used in indirect production process part of which has been accumulated from the previous years, part is purchased from various suppliers under contracts:

| Materials, component | Name of the supplier | Country |
|----------------------|----------------------|---------|
|----------------------|----------------------|---------|

| | | |
|---|---|---|
| parts, etc. | | |
| Wood products | JSC "Lorenco" | Lithuania |
| Paints, varnishes, primers | JSC "Srava" JSC "Milorija" | Lithuania |
| Workwear | JSC "Achemarida", JSC "Saugima" | Lithuania |
| Protection means | JSC "Siampex", JSC "Sabelijos prekyba", JSC "Saugima" | Lithuania |
| Vessels component parts | JSC "Garant", JSC "Jursera" | Germany, Russia, Lithuania, the Ukraine |
| Stationery | JSC "Daily service", JSC „Biuro pasaulis“ | Lithuania |
| Computer equipment | JSC "Sonex kompiuteriai" | Lithuania |
| Nails, wire | JSC "Metalo prekyba", JSC Plunges "Darna" UAB „Lytagra“ | Lithuania |
| Electric goods | JSC BA prekyba, JV JSC "Elektrobalt", JSC "Megaomas" | Lithuania |
| Steel, capron, polypropylene ropes | JSC "Anista", JSC "Garant" | Lithuania |
| Working instruments | JSC "Musu namas", JSC "Gitana", JSC "Lytagra" | Lithuania |
| Diesel fuel | A. Anuzis trade company "Gindana", JSC "Neste Lietuva", JSC „Statoil“ | Lithuania |
| Locking fitting | JSC "Swelbalt" | Lithuania |
| Grease, oils | E. Lapienas individual company | Lithuania |
| Parts of transportation equipment | JSC „Algama“, JSC „Technobalt“ | Lithuania |
| Vessel loader parts | SMB Gmbh Cimbria Videabek | Germany, Denmark |
| Laboratory equipment and chemical agents | JSC „Labochema“, JSC „Chempeksas“ | Lithuania |
| Tyres, wheels | JSC TVK BALTIJA | Lithuania |
| Electrodes, seals and other hard components | JSC Anykscų varis, JSC etalu komercijos agentūra | Lithuania |
| Measuring devices | JSC Elinta, JSC Nota Bene | Lithuania |
| Bearings, glands, inserts | JSC Dagmita, JSC Narvija, JSC Ketas | Lithuania |

29. Real estate and other capital assets

| Basic buliding and structures | Putting into operation | Depreciated book value (December 31, 2006) LTL | Status |
|--|------------------------|--|--------|
| Storehouse Nr.4, section 5, N.Uosto St., 23, Klaipeda | 1951 | 798.627 | Good |
| Administrative buliding, Zauerveino St., 18, Klaipeda | 1960 | 1.736.685 | Good |
| Office and utility facilities block, N.Uosto St., 23, Klaipeda | 1979 | 1.083.747 | Good |
| Industrial building PK-3, N.Uosto St., 23, Klaipeda | 1995 | 78.524 | Good |
| Metal storehouse Nr.3, 42m x 180m, N.Uosto St., 23, Klaipeda | 1998 | 6.685.454 | Good |
| Metal storehouse Nr.8, N.Uosto St., 23, Klaipeda | 2000 | 2.033.544 | Good |
| Metal storehouse Nr.9, N.Uosto St., 23, Klaipeda | 2001 | 1.021.918 | Good |
| Auxiliary facilities fertilizers terminal, N.Uosto St., 23, Klaipeda | 2004 | 1.141.722 | Good |
| Tank P1, N.Uosto St., 23, Klaipeda | 2000 | 591.642 | Good |
| Tank P2, N.Uosto St., 23, Klaipeda | 2000 | 362.284 | Good |
| Tank P3, N.Uosto St., 23, Klaipeda | 2001 | 515.664 | Good |
| Tank P4, N.Uosto St., 23, Klaipeda | 2001 | 536.266 | Good |
| Tank P5, N.Uosto St., 23, Klaipeda | 2001 | 375.233 | Good |
| Cupola T01, N.Uosto St., 23, Klaipeda | 2002 | 4.500.209 | Good |
| Cupola T02, N.Uosto St., 23, Klaipeda | 2002 | 4.429.572 | Good |
| Cupola T03, N.Uosto St., 23, Klaipeda | 2002 | 4.429.572 | Good |
| Wagon unloading station, N.Uosto St., 23, Klaipeda | 2002 | 2.208.019 | Good |
| Overpass plot, Rimkai | 1994 | 1.537.805 | Good |

| | | | |
|---|------|------------|------|
| Bulk fertilizers storehouse with elevator, N. Uosto St., 23, Klaipeda | 2004 | 23.207.868 | Good |
| Wagon unloading station with elevator, N.Uosto St., 23, Klaipeda | 2004 | 7.118.503 | Good |
| Gallery 06/1 with conveyors, N. Uosto St., 23, Klaipeda | 2004 | 3.485.799 | Good |
| Gallery 06/2 with conveyors, N.Uosto St., 23, Klaipeda | 2004 | 1.839.061 | Good |
| Shore gallery with conveyors, N.Uosto St., 23, Klaipeda | 2004 | 4.851.801 | Good |
| Storehouse-refrigerator Nr.5 | 2005 | 6.587.652 | Good |
| Tank P-6 5000 m3 | 2005 | 3.785.936 | Good |
| Guest house in Giruliai | 2005 | 1.652.336 | Good |

| Basic machinery, equipment groups and production lines | Time of operation | Balance value (December 31, 2006) LTL | Country of origin |
|--|-------------------|---------------------------------------|-------------------|
| Crane "Kondor", lifting capacity 16/32/40 t | 10 years | 1.837.524 | Germany |
| Crane "Kondor", lifting capacity 16/32/40 t | 10 years | 1.995.109 | Germany |
| Crane "Kondor", lifting capacity 16/32/40 t | 10 years | 640.824 | Germany |
| Bulk cargo reloading bunker FAM | 5 years | 1.143.227 | Germany |
| Vessel loader 1 set | 5 years | 2.090.112 | Germany |
| Vessel loader | 1 year | 3.473.423 | Germany |
| Cascaded sleeve "Cleveland" | 0,5 years | 679.097 | England |

Land plot size, geographical situation, legal grounds of using the land

The area of the land plot rented by the company is **102,7949 ha**. The main land plot is in the Western part of Klaipeda, near the Baltic Sea, in the outfall of the Curonian Gulf.

The land plots used:

- From the Directorship of the Klaipeda State Sea Port :
 - Naujoji uosto St., #. 23 territory – 458011 m²; i.e. **45,8011 ha**
 - in Melnrage – 26625 m²; i.e. **2,6625 ha**
 - SFT – 476210 m²; (plus 20979 m² Botanical reserve; reviewed IT plot plan 20000 m²), i.e. **47,6210 ha**
- From Klaipeda municipality:
 - Janonio St., 27 (sport hall) – 1011 m²; i.e. **0,1011 ha**
 - Zauerveino St., 18 – 2133 m²; i.e. **0,2133 ha**
 - Vėtros 9 – 5547 m²; t.y. **0,5547 ha**
 - Pamario St., g. 3,5,7 (Giruliai) – 29806 m²; i.e. **2,9806 ha**

Beneficiary owned land plots:

- Uosto St. 32 – 6058 m²; i.e. **0,6058 ha**
- Uosto St. 20 – 18377 m²; i.e. **1,8377 ha**
- Uosto St. 34 – 3858 m²; i.e. **0,3858 ha**
- Levandru St. 4 – 313 m²; i.e. **0,0313 ha**

30. Risk factors connected with the issuer's activity

Economic risk factors. Competitive ability and realization possibilities – Baltic ports mostly service cargo flows between the Western and the Eastern countries, therefore activity of Latvian, Estonian and Russian ports influences KLASCO results. Within the last year Baltic ports have considerably improved their possibilities to load a wide range of international cargos and are further developing their port infrastructure. Therefore competition between cargo handling companies is getting stronger and shall further grow in the future. Competition force port companies not to rise the level of prices for reloaded cargos. Apart from international competition, there also is local one, where KLASCO competes with Lithuanian companies performing loading works. Recently local competition has become much stronger.

KLASCO advantages against the competitors:

- Convenient geographical position, possibility to work all the year round;
- Good technical basis – this includes bridge cranes of big lifting capacity, higher capacity moorages;

- Storehouses of considerable capacity are used – refrigerators, roofed storehouses for keeping cargos;
- Quick and high quality cargo processing.
- New modern fertilizers and corn terminals.

The level of personnel qualification is constantly raised, various qualification improvement courses are being organized at the training center. There is no problem of personnel turnover, managing personnel, engineers, technical specialists improve their qualification at courses and seminars organized in Lithuania and abroad.

There are no seasons in the company's activity, because the port of Klaipeda can work all the year round.

Concentration of trade partners of the company and enterprises connected with it is high enough. Due sums from the two basic buyers – JSC „Achema“ (associated party) and Belaruskalij – amount to 37 per cent of all the sums due from the buyers.

Political-legal risk. Institutions of political and legal system controlling organizations via the state port regime may directly influence the company's activity (land rent, vessel acceptance and service variants, territorial issues). The company's activity is determined by international agreements on favorable terms of cargo transportation and the Customs regime (as customs procedures become easier the company's activity is getting significantly better). International market conditions directly influence KLASCO activity by regulating cargo flows.

The company's activity is indirectly influenced by raising of tariffs by SPJSC “Lietuvos gelezinkeliai” (“Lithuanian railways”) for cargo transportation in the port of Klaipeda and transit through the territory of the Republic of Lithuania.

There are no special requirements or limitation of the issuer's activity set by the state, except for those determined by the normative enactments of the LR Seimas and Government and by privatization agreement of JSC “Klaipedos juru krovinu kompanija”.

Social risk factors. Salary in the company in 2006 was paid in time and without troubles.

As of December 31, 2006, 244 employees belonged to the dockers trade union, 159 – to the employees' union, 16 – to the employees' and seamen's union.

Technical – production risk factors. Equipment for the port, loading works, storehouses is in the normal operation period, is constantly renewed and modernized. In order to use the port territory in the most efficient way, old physically and morally obsolete equipment and structures are destroyed, new ones are constructed and equipped instead of them.

Rendering of the company's services and use of equipment is sometimes limited by unfavorable air conditions.

Four years ago a new accounting program was installed (AXAPTA 2.5), in 2006 it was renewed, and since 2007 AXAPTA 3.0 is used.

Ecological risk factors. There are no increased ecological risk factors in the activity of the company, except for ecologically dangerous cargos reloading which is done in accordance with all the nature protection standards. The company's terminals correspond to the international safety requirements. Possibility of emergency situation is minimal. The company's activity has not been limited or discontinued due to harm for environment. In 2002 an Environment protection management system was installed in accordance with the international standard LST EN ISO-14001. an environment protection management system ISO-14001 : 2004 renewed in 2005 had successfully functioned in 2006.

Bank credits. As of December 31, 2006, KLASCO had no bank credits.

Other risk factors. One could not state that events in Russia or its development tendencies have no influence on both Lithuania in general and the company's plans in particular. There is a direct dependence of the amount of cargos on Russia - Lithuania, Russia – European Union, Russia - USA political, economical relations, scope of trading, international agreements. Changes of world prices for fertilizers and other products may also be considered a risk factor on which the amount of cargo depends.

31. Disconnection or decrease of production that has or has had significant influence on the results of the issuer's activity within the last 2 financial (economic) years:

In the end of 2001 a decreased amount of cargos was influenced by changes of tariffs on the Russian territory. This was a result of poorly chosen transportation policy of the Republic of Lithuania which can still be felt today.

32. Patents, licenses, contracts

Contracts concluded or valid within the reporting period by their amount were similar, therefore it is difficult to mentioned any exceptional ones. It should be mentioned that land plot rent contract with the Directorship of the Klaipeda State Sea Port, work and labor contracts with a branch of JSC "Iremas" „Kelmerta“ and JSC „Sienojus“ have been prolonged,

New contracts on banking guarantees, credits, equipment and component parts supply are constantly concluded.

33. Legal and referee's court (arbitration) processes

Information about legal processes that may influence or have influenced the company's financial situation in 2006:

| Nr. | Debtor's name | Amount of debt (LTL) | Date of filing documents with the court | Results |
|-----|---------------------------------------|----------------------|---|--|
| 1. | G.Milcius firm MG | 8950,81 | August 12, 2000 | On September 11, 2000, Klaipeda City County Court drew a court order adjudging the debt in full. On January 18, 2007 the debt was exacted and transferred to the company's account by bailiff G.Jonauskas. |
| 2. | The company "SCT Kazakhstan" | 9702,37 | The disagreement was solved in the courts of the Republic of Kazakhstan in 2005 | The action was ruled out and on August 3, 2006, by a decision of the Management Nr.520-2006-32 this debt was acknowledged to be a bad debt. |
| 3. | JSC "Parida" | 5000,00 | January 10, 2006 | On January 12, 2006, Klaipeda District County Court drew a court order adjudging the debt in full. On March 20, 2006, the debt was exacted and transferred to the company's account by bailiff L.Uniokaite |
| 4. | Valdas Linionis and JSC "Tobra ir Ko" | 12242,50 | March 9, 2006 | On October 12, 2006, by a Marijampole District County Court the action was ruled out. On November 7, 2006, a petition for appeal was filed with Kaunas Regional Court. On December 27, 2006, by a decision of Kaunas Regional Court the debt was adjudged from JSC "Tobra ir Ko". On February 8, 2007, the debtor paid the debt in full. |
| 5. | JSC "Kranto ekspeditoriai" | 1488,94 | June 28, 2006 | By an order of Klaipeda City County Court of June 29, 2006, the application was satisfied and the whole sum was adjudged. On August 4, 2006, the court order was passed for execution to the bailiff L.Uniokaite. On December 11, 2006, the bailiff in her letter notified that at present the debtor had no property from which it would be possible to exact the debt. |
| 6. | JSC "Ventensis" | 3000,00 | March 27, 2007 | Since the debtor has stated no objections to the application filed with Klaipeda City County Court, under Article 436 of the Civil Procedure Code it may be stated that the said debt has been adjudged by a court order. The court order has not been received yet. |
| 7. | Mantas Lukas | 16550,09 | March 27, 2007 | The process in the court of primary jurisdiction is going on. |

34. Employees

The average number of employees in the list: in 2004 – 939, in 2005 – 925, in 2006 - 826

All the changes in the chain of employees depend on the amount of cargos. Managerial and administration jobs did not change significantly. JSC "Klaipedos juru kroviniu kompanija" has concluded a collective labor contract with employees.

Employee groups:

| Employee group | Number | Average monthly | Education |
|----------------|--------|-----------------|-----------|
|----------------|--------|-----------------|-----------|

| | of employees | salary in 2006, LTL | Higher | Specialized secondary | Secondary | Incomplete secondary |
|----------------------|--------------|---------------------|--------|-----------------------|-----------|----------------------|
| Managerial personnel | 41 | 3 077 | 38 | 2 | 1 | - |
| Specialists | 166 | | 109 | 46 | 11 | - |
| Workers | 587 | | 30 | 110 | 410 | 37 |

35. Investment policy

The company's investments in affiliate, joint and associated companies are presented below:

| | 2006 | | 2005 | |
|--|-----------------|-----------------------------|-----------------|-----------------------------|
| | Nominal capital | Purchase value thousand LTL | Nominal capital | Purchase value thousand LTL |
| JSC „Kroviniu terminalas“ | 100% | 28.263 | 51% | 2.130 |
| JSC „Krantas forwarding“ | 50% | 200 | 50% | 200 |
| JSC „Klasco ekspedicija“ | 50% | 5 | 50% | 5 |
| JSC „Euroga“ | 49% | 70 | 49% | 70 |
| ZAO „Baltijskaja transportnaja-ekspeditorskaja kompanija-2K“ | 50% | - | 50% | 162 |
| | | <u>25.538</u> | | <u>2.567</u> |

Information about companies in the nominal capital of which KLASCO share amounts to more than 30 % (as of December 31, 2006)

| Data | Name | JSC “Klasco ekspedicija” | JSC “Kroviniu terminalas” | JSC “Krantas Forwarding” | JSC “Euroga” |
|--|------|------------------------------|----------------------------|--|-----------------------------|
| Company code | | 141852591 | 163391047 | 4189512 | 141874673 |
| Office address | | Zauerveino St., 18, Klaipeda | Vytauto St., 53, Gargzdai | Liepu St., 18-23, Klaipeda | Zauerveino St. 18, Klaipeda |
| Type of activity | | Vessel forwarding | Cargo handling | Cargo forwarding, examination and evaluation | Cargo forwarding |
| Nominal capital, LTL | | 10 000 | 3 000 000 | 100 000 | 10 000 |
| Type and class of shares belonging to KLASCO | | Ordinary registered shares | Ordinary registered shares | Ordinary registered shares | Ordinary registered shares |
| Number of owned shares, pcs | | 50 | 30 000 | 500 | 49 |
| Nominal value of one share, LTL | | 100 | 100 | 100 | 100 |
| Number of votes owned (managed) at the general shareholders' meetings of these companies % | | 50,00 | 100,00 | 50,00 | 49,00 |
| Net profit (loss) in 2006, LTL | | 76 496,00 | 3 436 791 | 31 757,00 | 963 735,00 |
| Ratio of short-time obligations and short-time assets | | 0,90 | 2,46 | 0,28 | 0,74 |
| Ratio of all obligations and all assets | | 0,88 | 1,03 | 0,26 | 0,74 |
| Amount of dividends received by KLASCO from this company, LTL | | 100 000,00 | - | - | - |
| Amount of credits granted to the company by KLASCO in 2006, LTL | | - | - | - | - |
| Amount of credits received by KLASCO from the company in 2006, LTL | | - | - | - | - |
| Description of the company's debt securities acquired by KLASCO and LTL | | - | - | - | - |

Purchase of investments

In 2006 the Company signed a contract to purchase 49% of JSC “Kroviniu terminalas” nominal capital (14 700 pcs. of nominal value 100 LTL). Since February 23, 2006, the company has managed 100% of JSC “Kroviniu terminalas” nominal capital.

Investment projects:

In 2000 a liquid fertilizers terminal was put into operation, the company invested 20 mln. LTL in its construction. It was financed from its internal funds. In 2001 the liquid fertilizers terminal started to be fully operated. In December, 2002, bulk fertilizers terminal was open and started to operate – 29 mln. LTL; in June – bulk cargo reloading bunker – 1 mln. LTL. In October, 2003, a reconstructed stroehouse Nr.6 was open, the first stage of Bulk Cargo Terminal was completed. In July, 2004, the second stage of the Bulk Cargo Terminal was completed. In 2005 over 11 mln. LTL were invested in cargo diversification and environment protection: a passenger waiting hall was equipped at the ferriage, ethylene glycol terminal was open, a 120 m length noise reduction wall was constructed, a refrigerator for food products was equipped in a reconstructed storehouse. In 2006 a loader Sennebogen 835M was bought for fertilizer terminal. In 2006 information technologies solutions renovation was started for accounting, manufacture accounting and administrative infomational systems.

Planned investments:

It is planned to construct at the sea ferriage terminal a roofed storehouse and to start technical renovation, to replenish the automobile fleet used at the fertilizers terminal and to introduce structure weighing technology, to complete construction of oil and chemical products terminal.

36. Competitors

East Baltic ports mostly service cargo flows between the Western and Eastern countries, therefore activity of Latvian, Estonian and Russian ports influences KLASCO results. For recent years Baltic ports have significantly improved their possibilities to load a wide range of international cargos and are further developing port infrastructure. Therefore competition among cargo handling companies is growing stronger and in the future shall grow. Competition does not allow companies to raise the level of prices for reloaded cargos. Apart from international competition, there also is local one, where KLASCO competes with Lithuanian companies performing loading works.

KLASCO competitors: in Lithuania – JSC “Smeltė”, JSC “Bega”, JSC “Klaipedos terminalo grupe”, foreign – Baltic Container Terminal (Riga, Latvia), Riga central terminal (Riga, Latvia), “Rinuzi” (Riga, Latvia), “Unipark” (Ventspilis, Latvia), “Transliepoja” (Liepaja, Latvia), “Neva” (Saint-Petersburg, Russia), 1st stividor company (Saint-Petersburg, Russia), 2nd stividor company (Saint-Petersburg, Russia), “Stives” (Tallinn, Estonia), “Rifetra” (Tallinn, Estonia), Kaliningrad trade port (Russia).

KLASCO advantages against the competitors:

- Convenient geographical position, possibility to work all the year round;
- Good technical basis – those are bridge cranes of high lifting capacity, deeper moorages;
- Storehouses of bigger capacity are used – refrigerators, roofed storehouses to keep the cargos;

Quick and quality cargo handling, new modern fertilizers terminals.

37. Dividends paid

Paid (calculated) dividends within the last 5 financial (economic) years:

| | 2004 | 2005 | 2006 |
|---|------------|------------|------------|
| Share of profit allocated to pay dividends, LTL | 11 400 000 | 19 950 000 | 23 750 000 |
| Sum of dividends per one share, LTL | 0,8997 | 1,5745 | 1,87 |
| Sum of dividends, % of nominal value | 8,997 | 15,745 | 18,70 |

V. FINANCIAL SITUATION

38. Financial reports are prepared according to International Accounting Standards

38.1. Balances (thousand LTL)

| | Group | | | Company | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2006-12-31 | 2005-12-31 | 2004-12-31 | 2006-12-31 | 2005-12-31 | 2004-12-31 |
| ASSETS | | | | | | |
| Long-term assets | | | | | | |
| Intangible assets | 26.486 | 247 | 7.223 | 35 | 239 | 557 |
| Tangible assets | | | | | | |
| Land | 11.777 | 11.777 | 7.069 | 11.777 | 11.777 | 7.069 |
| Buildings and structures | 236.984 | 146.111 | 158.530 | 125.255 | 142.481 | 152.575 |
| Machinery and equipment | 31.111 | 29.493 | 82.512 | 23.432 | 28.960 | 81.840 |
| Other tangible assets | 5.804 | 4.993 | 6.194 | 5.007 | 4.345 | 5.944 |
| Incomplete construction and advance payments | 2.480 | 109.511 | 38.185 | 2.461 | 540 | 6.800 |
| Total long-term assets | 288.156 | 301.885 | 292.490 | 167.932 | 188.103 | 254.228 |
| Investment assets | 7.349 | 1.175 | 1.372 | 7.349 | 1.175 | 1.372 |
| Long-term financial assets | | | | | | |
| Investments in affiliated, joint and associated companies | 991 | 655 | 41 | 28.538 | 2.567 | 10.694 |
| Investments meant for sale | 50 | 3.155 | 53 | 50 | 3.155 | 53 |
| Long-term receivable sums | 905 | 1.876 | 2.002 | 905 | 110.118 | 36.280 |
| Total long-term financial assets | 1.946 | 5.686 | 2.096 | 29.493 | 115.840 | 47.027 |
| Total long-term assets | 324.602 | 308.993 | 303.181 | 204.809 | 305.357 | 303.184 |
| Short-term assets | | | | | | |
| Backlog | 3.423 | 2.901 | 6.082 | 3.191 | 2.818 | 6.019 |
| Receivable sums and advance payments | 18.840 | 87.716 | 15.043 | 15.919 | 87.379 | 12.712 |
| Money and money equivalents | 31.771 | 19.104 | 6.106 | 25.287 | 18.362 | 4.072 |
| Total short-term assets | 54.034 | 109.721 | 27.231 | 44.397 | 108.559 | 22.803 |
| TOTAL ASSETS | 378.636 | 418.714 | 330.412 | 249.206 | 413.916 | 325.987 |

Balances (thousand LTL), continued

| | Group | | | Company | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2006-12-31 | 2005-12-31 | 2004-12-31 | 2006-12-31 | 2005-12-31 | 2004-12-31 |
| EQUITY CAPITAL AND LIABILITIES | | | | | | |
| Equity capital | | | | | | |
| Allocated for the company's shareholders | | | | | | |
| Share capital | 126.704 | 126.704 | 126.704 | 126.704 | 126.704 | 126.704 |
| Required reserve | 12.899 | 12.899 | 12.906 | 12.899 | 12.899 | 12.899 |
| Undistributed profit | 88.359 | 100.473 | 102.547 | 92.465 | 108.169 | 105.888 |
| | 227.962 | 240.076 | 242.157 | 232.068 | 247.772 | 245.491 |
| Minority share | - | - | 1.099 | - | - | - |
| Total equity capital | 227.962 | 240.076 | 243.256 | 232.068 | 247.772 | 245.491 |
| Liabilities | | | | | | |
| Long-term liabilities | | | | | | |
| Long-term credits | 107.498 | 88.786 | 62.109 | - | 88.786 | 62.109 |
| Leasing (financial rent) | 897 | | | 897 | - | - |
| Deferred profit tax liabilities | 456 | 1.970 | 3.798 | 456 | 2.991 | 3.798 |
| Other liabilities payable in one year | 1.557 | 1.026 | 2.431 | - | 1.026 | 2.639 |
| Total long-term liabilities | 110.408 | 91.782 | 68.338 | 1.353 | 92.803 | 68.546 |
| Short-term liabilities | | | | | | |
| Long-term credits' part of the current year and short-term credits | 15.000 | 47.367 | - | - | 47.367 | - |
| Part of leasing (financial rent) of the current year | 210 | - | - | 210 | - | - |
| Part of long-term trade credits of the current year | 239 | - | - | - | - | - |
| Trade credits | 4.264 | 8.318 | 13.298 | 4.264 | 8.318 | 8.022 |
| Payable profit tax | 1.411 | 1.948 | 38 | 1.411 | 1.948 | - |
| Received advance payments | 4.787 | - | - | 3 | - | - |
| Other payable sums | 14.355 | 29.223 | 5.482 | 9.897 | 15.708 | 3.928 |
| Total short-term liabilities | 40.266 | 86.856 | 18.818 | 15.785 | 73.341 | 11.950 |
| TOTAL EQUITY CAPITAL AND LIABILITIES | 378.636 | 418.714 | 330.412 | 249.206 | 413.916 | 325.987 |

38.2. Profit (loss) reports (thousand LTL)

| | Group | | | Company | | |
|---|---------------|-----------------|----------------|---------------|-----------------|----------------|
| | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 |
| Sale profit | 150.215 | 127.578 | 98.317 | 114.570 | 127.423 | 94.209 |
| Cost of sales | (93.831) | (99.816) | (71.130) | (74.601) | (99.653) | (69.092) |
| TOTAL PROFIT | 56.384 | 27.762 | 27.187 | 39.969 | 27.770 | 25.117 |
| Activity expenditures | (44.899) | (46.751) | (32.741) | (37.502) | (43.071) | (28.950) |
| TYPICAL ACTIVITY (LOSS) | 11.485 | (18.989) | (5.554) | 2.467 | (15.301) | (3.833) |
| Other activity income (expenditures), net result | 763 | 31.712 | 5.365 | 798 | 30.944 | 5.884 |
| Income (expenditures) of financial and investment activity, Net result | (4.953) | (3.580) | 597 | 570 | (821) | (505) |
| ORDINARY ACTIVITY PROFIT | 7.295 | 9.143 | 408 | 3.835 | 14.822 | 1.546 |
| Share of profit (loss) of associated and joint companies | 486 | 296 | - | - | - | - |
| PROFIT BEFORE TAXES | 7.781 | 9.439 | 408 | 3.835 | 14.822 | 1.546 |
| Profit tax | (1.550) | (120) | (713) | (1.194) | (1.141) | (675) |
| NET PROFIT (LOSS) | 6.231 | 9.319 | (305) | 2.641 | 13.681 | 871 |
| Allocated: | | | | | | |
| To the company's shareholders | 6.231 | 9.319 | 342 | 2.641 | 13.681 | 871 |
| To the minority | - | - | (647) | - | - | - |
| | 6.231 | 9.319 | (305) | 2.641 | 13.681 | 871 |
| Profit and conditional profit per share (litas) | 0,49 | 0,74 | 0,03 | 0,21 | 1,08 | 0,07 |

38.3. Money flows report (thousands LTL)

| | Group | | | Company | | |
|--|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
| | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 |
| Money flows of main activity | | | | | | |
| Net profit | 6.231 | 9.319 | 342 | 2.641 | 13.681 | 871 |
| Restoration of non-monetary expenditures (income): | | | | | | |
| Wear and tear | 27.664 | 38.563 | 20.340 | 22.247 | 38.053 | 19.734 |
| Amortization | 205 | 370 | 813 | 204 | 370 | 349 |
| Result of joint and associated companies | (486) | (296) | - | - | - | - |
| Negative prestige recognized at the time of purchase | - | (111) | - | - | - | - |
| Minority share | - | - | (188) | - | - | - |
| Interest expenditures | 5.410 | 4.032 | 1.938 | 3.844 | 4.032 | 1.400 |
| Interest income | (386) | (176) | (656) | (4.430) | (2.972) | (645) |
| Income from dividends | - | (8) | - | (150) | (108) | (150) |
| Profit tax expenditures | - | 120 | 713 | 1.194 | 1.141 | 675 |
| Currency reevaluation reserve | - | - | 5 | - | - | - |
| Change of accumulated income and deferred expenditures | 5.307 | (6.278) | 371 | 7.507 | (7.701) | 521 |
| Discounting of granted credits | - | 171 | - | - | 171 | - |
| Decrease of long-term assets value | (710) | 4.380 | 24 | (710) | 4.380 | 511 |
| Change of decrease of value of doubtful sums and their writing off | - | 146 | (4) | - | 146 | (4) |
| Change of decrease of backlog value and its writing off | - | 1.440 | 943 | - | 1.440 | 919 |
| Profit from sale of long-term assets | (114) | (23.525) | (2.705) | (114) | (22.765) | (3.203) |
| Writing off of tangible and other assets | 1.550 | 2.382 | 637 | - | 2.078 | - |
| Change of decrease of investment value | - | - | - | 162 | - | - |
| | 44.671 | 30.529 | 22.573 | 32.395 | 31.946 | 20.978 |
| Turnover capital changes: | | | | | | |
| Backlog decrease (increase) | (522) | 1.690 | (217) | (373) | 1.761 | (188) |
| Decrease (increase) of receivable sums and advance payments | 64.678 | (2.386) | 1.946 | 65.062 | (184) | 214 |
| Increase (decrease) of payable sums | (3.284) | (3.581) | (744) | (5.080) | 4.344 | (821) |
| (Paid) profit tax | (2.661) | - | (146) | (2.661) | - | - |
| Increase (decrease) of other short-term liabilities | (10.979) | 26.560 | (1.938) | (5.186) | 9.517 | (1.400) |
| Net money flows of the main activity | 91.903 | 52.812 | 21.474 | 84.157 | 47.384 | 18.783 |
| Money flows of investment activity | | | | | | |
| (Purchase) of long-term assets | (20.639) | (99.383) | (79.234) | (8.776) | (20.488) | (45.955) |
| (Purchase) of intangible assets | (311) | (18) | (11.392) | - | (10) | (13) |
| Transfer of long-term tangible assets | 63.679 | 1.398 | 7.609 | 63.675 | 1.398 | 3.539 |
| (Purchase) of associated companies and other investments | (26.133) | (977) | (3) | (26.133) | (977) | (3) |
| (Purchase) of affiliated companies | - | - | - | - | - | (13.693) |
| Sale of associated companies and other investments | 3.105 | 3 | (24) | 3.105 | 3 | 5.501 |
| (Granting) credits | (161) | (23) | - | (161) | (74.479) | (33.785) |
| Return of credits | 43 | 57 | - | 108.285 | 53 | - |
| Received dividends | 150 | 108 | - | 150 | 108 | 150 |
| Received interest | 366 | 176 | 656 | 4.410 | 2.146 | 645 |
| Net money flows of investment activity | 20.099 | (98.659) | (82.388) | 144.555 | (92.246) | (83.614) |
| Money flows of financial activity | | | | | | |
| (Payment) of dividends | (19.879) | (11.351) | - | (19.879) | (11.351) | - |
| Receipt of credits | 129.998 | 74.242 | 70.656 | - | 74.242 | 70.656 |
| (Return) of credits | (143.653) | - | (13.057) | (136.153) | - | (10.359) |
| (Paid) interest | (4.583) | (3.739) | - | (4.537) | (3.739) | - |
| Financial rent fee | (271) | - | - | (271) | - | - |
| Net money flows of financial activity | (38.388) | 59.152 | 57.599 | (160.840) | 59.152 | 60.297 |
| Net increase) decrease) of money flows | (2.059) | 13.305 | (3.315) | (6.075) | 14.290 | (4.534) |
| Change due to non-consolidation | - | (307) | - | - | - | - |
| Money and money equivalents at the beginning of the period | 19.104 | 6.106 | 9.421 | 18.362 | 4.072 | 8.606 |
| Money and money equivalents at the end of the period | 17.045 | 19.104 | 6.106 | 12.287 | 18.362 | 4.072 |

38.4. Change of equity capital report (thousand LTL)

| <u>Group</u> | <i>Allocated for the Company's shareholders</i> | | | | | |
|---|---|------------------|----------------------|----------------|----------------|----------------|
| | Share capital | Required reserve | Undistributed profit | Total | Minority share | Total |
| Balance as of December 31, 2004 | 126.704 | 12.906 | 102.547 | 242.157 | 1.099 | 243.256 |
| Correction of deferred profit tax | - | - | 1.735 | 1.735 | | 1.735 |
| Balance as of December 31, 2004 (reviewed) | 126.704 | 12.906 | 104.282 | 243.892 | 1.099 | 244.991 |
| Announced dividends | - | - | (11.400) | (11.400) | - | (11.400) |
| Transferred from reserve | - | (7) | 7 | - | - | - |
| Change due to non-consolidation | - | - | - | - | (1.099) | (1.099) |
| Net annual profit | - | - | 9.189 | 9.189 | - | 9.189 |
| Balance as of December 31, 2005 | 126.704 | 12.899 | 102.078 | 241.681 | - | 241.681 |
| Announced dividends | - | - | (19.950) | (19.950) | - | (19.950) |
| Net annual profit | - | - | 6.231 | 6.231 | - | 6.231 |
| Balance as of December 31, 2006 | 126.704 | 12.899 | 88.359 | 227.962 | - | 227.962 |
| | | | | | | |
| <u>Company</u> | Share capital | Required reserve | Undistributed profit | Total | | |
| Balance as of December 31, 2004 | 126.704 | 12.899 | 105.888 | 245.491 | | |
| Correction of deferred profit tax | - | - | 1.735 | 1.735 | | |
| Balance as of December 31, 2004 (reviewed) | 126.704 | 12.899 | 107.623 | 247.226 | | |
| Announced dividends | - | - | (11.400) | (11.400) | | |
| Net annual profit | - | - | 13.551 | 13.551 | | |
| Balance as of December 31, 2005 | 126.704 | 12.899 | 109.774 | 249.377 | | |
| Announced dividends | | | (19.950) | (19.950) | | |
| Net annual profit | | | 2.641 | 2.641 | | |
| Balance as of December 31, 2006 | 126.704 | 12.899 | 92.456 | 232.068 | | |

39. Commentary to financial reports

39.1. Explanatory notes about the annual reports for the last financial (economic) year enclosed as an attachment to the prospect-report of this year.

39.2. consolidation principles used

consolidate financial reporting consists of financial reporting of JSC „Klaipėdos juru krovinių kompanija“ and the companies controlled by it. Usually a company is controlled when the Group directly or indirectly owns more than 50 per cent of share capital granting a right to vote and (or) when it may control financial and ordinary activity and thus receive benefit from this company's activity. Share of assets and net profit belonging to minority of shareholders is correspondingly singled out in a separate entry in consolidated balances and consolidated profit (loss) reports.

Financial reports of affiliated companies is controlled from the moment when the Company adopts their management control and is not consolidated from the moment when the Company loses such control. In the process of consolidation all the Group's mutual settlements, balances and unrealized mutual deals profit and loss were eliminated.

To account acquired companies the purchase method was used. The companies purchased or sold within the year are included into consolidated financial reporting from the date of purchase or until the date of sale.

Investments in associated companies on which JSC „Klaipėdos juru krovinių kompanija“ has significant influence are accounted in consolidated financial reporting using the ownership method. Investments in associated companies are evaluated when there appear signs of decrease of value or when decrease of value recognized in the previous year does not exist any more.

All the other investments are accounted in accordance with TAS 39 „Financial means: recognition and evaluation“.

Consolidated financial reporting is prepared using uniform accounting principles for similar deals and other events under similar circumstances.

In a separate financial reporting of the parent company investments into affiliated companies and associated companies are accounted at the purchase value. Investments value is decreased by recognizing decrease of investment value. Such value decrease is evaluated and used for each investment separately.

Losses falling at the minority in a consolidated affiliated company and exceeding minority's share in the equity capital of the company and any other losses falling at the minority are allocated to the majority share, except for the cases when minority share has a required liability and may refund losses. If an affiliate company further earns profit, all the profit is allocated to the majority share, until the losses of the minority share earlier refunded by the majority share are restored.

The Group has invested into the jointly controlled companies (further „joint companies“). A joint company is an agreement of two or more parties to carry out jointly controlled economic activity and includes incorporation of separate companies where each party has a share. The Group accounts the share of a joint company belonging to it by the ownership method. Financial reporting of a joint company is prepared for the same reporting year as that of the Parent company using uniform accounting principles. Any possible differences of accounting principles are corrected.

As the Group tenders or sells assets to a joint company, any share of the deal profit or loss is recognized in accordance with the essence of the deal. As the Group purchases assets from a joint company, the Group does not recognize its share of profit arising from the deal in the joint company until such assets are resold to an independent party.

As of December 31, 2006, the Group consisted of the Company and its affiliated company (further „the Group“):

| Company | Office address | Part of shares managed by the Group (per cent) | Year of incorporation / purchase | Main activity |
|---------------------------|----------------|--|----------------------------------|------------------|
| JSC „Krovinių terminalas“ | Lithuania | 100 | 1999 | Loading services |

On December 22, 2005, the Company signed 3 purchase and sale contracts with three physical persons for purchase of 14,700 ordinary registered shares of JSC „Krovinių terminalas“, the nominal value of each 100 litas (49 per cent of share capital). Under these contracts and further amendments the purchase price is 22,133 thousand litas. Under the contracts ownership right for the shares is transferred after final settlement for the shares. Final settlement for the shares was made on February 23, 2006.

In 2005 the Company sold 40,68 per cent of JSC „Klaipėdos keleiviu ir krovinių terminalas“ (“Klaipėda passenger and cargo terminal”) (previous name JSC „Transfosa“). Also in 2005 the Company had no control in the affiliate companies JSC „Klasco ekspedicija“ and JSC „Krantas forwarding“, therefore these affiliate companies were not included into the Group's consolidated financial reporting of December 31, 2005.

39.3. Description of the most important changes and their reasons is enclosed as an attachment to this year's prospect-report

40. The issuer's annual statement is enclosed as an attachment to this year's prospect-report

41. Information about audit

Audit of balances and consolidated balances of the company and its affiliated companies of December 31, 2006, and connected 2006 profit (loss), equity capital changes and money flow reports of JSC „Klaipėdos juru krovinių kompanija“ was performed by JSC „ERNST & YOUNG BALTIC“. JSC „ERNST & YOUNG BALTIC“ also performed audit of JSC „Klaipėdos juru krovinių kompanija“ activity report for 2006. The audit was completed on March 22, 2007.

The audit was done by: Jonas Akelis, auditor's certificate Nr. 000003;
Asta Streimikienė, auditor's certificate Nr. 000382.

Information about the audit company:

JSC „ERNST & YOUNG BALTIC“, Subaciaus St. 7, Vilnius;
tel. (8-5) 274 22 00, fax (8-5) 274 23 33;
company code 110878442;
audit company certificate Nr. 000514.

In the opinion of the auditors, except for certain corrections and influence on the financial reporting discussed in the auditor's conclusion, the financial reporting in every significant aspect correctly reflects the Company's and the Group's financial situation as of December 31, 2006, results of their activity in 2006 and money flows in accordance with the International financial reporting standards accepted for use in the European Union.

Consolidated JSC „Klaipėdos juru krovinių kompanija“ and the company's financial reporting for the year 2006 together with conclusion of independent auditors is enclosed as an attachment to the annual prospect-report.

VI. INFORMATION ABOUT THE ISSUER'S MANAGEMENT BODIES

42. Members of management bodies

42.1. information about members of management bodies:

| Position | Name, surname, personal code | Number of owned company's shares, pcs. | Share of nominal capital % | Share of votes % |
|--|-------------------------------------|--|----------------------------|------------------|
| Management | | | | |
| Chairman | Bronislovas Lubys, 33810080016 | 240 932 ORS | 1,90 | 1,90 |
| Member | Arunas Laurinaitis, 36112120292 | - | - | - |
| Member | Geraldas Statulevičius, 34606100272 | - | - | - |
| Member | Benediktas Petrauskas, 35503020046 | 1 868 PVA | 0,015 | 0,015 |
| Member | Valentinas Greiciunas, 33902120077 | - | - | - |
| Member | Audrius Darinskas, 36710110293 | - | - | - |
| Head of the administration, senior financial expert | | | | |
| General director | Valentinas Greiciunas, 33902120077 | - | - | - |
| Sen. accountant | Sarunas Krucius, 37311210250 | - | - | - |

42.2. additional information about the head of administration and the senior financial expert:

Head of the management - Bronislovas Lubys: higher education, engineer, from 1994 the president of JSC "Achema", from 1999 till 2002 the president of JSC "Klaipėdos juru krovinių kompanija", at present he is the president of JSC Concern "Achemos grupė", executive director of JSC "Achema", the president of Lithuanian Manufacturers Confederation.

General director – Valentinas Greiciunas: higher education, director of construction of Klaipėda meat factory until 1965, from 1967 till 1989 vice chairman of Klaipėda city executive committee board, from 1992 till 1999

director of Klaipeda State Sea Port, 2000 – 2004 member of the LR Seimas, from February 14, 2005, the general director of JSC “KLASCO”.

The company’s senior accountant Sarunas Krucius: higher education, in 1994-1998 – accountant of JSC-PN “Edelveisas”, in 1998-1999 production and financial analyst of JSC “Kraft Jacobs Suchard Lietuva”, since September 1, 1999, - deputy senior accountant of JSC “Klaipedos juru kroviniu kompanija”, since August, 2005, – the company’s senior accountant.

42.3. information about participation in activity and capital of other companies, institution and organizations:

| Name, surname | Name of company, institution, position | Owned bigger than 5% share of other companies capital and votes |
|------------------------|--|---|
| Bronislovas Lubys | The President of Lithuanian Manufacturers Confederation; The President of JSC Concern “Achemos grupe”; Executive director of JSC “Achema”; Chairman of management board: JSC Concern “Achemos grupe”, JSC “Achema”, JSC “Achemos mokymo centras”, JSC “Achemapak”, JSC “Agrochema”, JSC “Amit” | JSC Concern “Achemos grupe” 1224 ORS, 51% |
| Benediktas Petrauskas | General director of JSC “Klaipedos keleiviu ir kroviniu terminalas”; Klaipeda University, Social Science Faculty 0,25 wage teacher; Lithuanian Maritime College 0,25 wage teacher; Chairman of youth encouragement society “Liubekas-Klaipeda” President of Klaipeda Trade and Crafts Chamber; Member of Klaipeda city Board, Catholic science academy– full member; Member of Rotary club Klaipeda | - |
| Arunas Laurinaitis | Member of management board of JSC Concern “Achemos grupe” vice president; Member of management board of JSC “Achema”; Chairman of the management board of JSC “Iremas”; Chairman of the management board of JSC “Juros vartai”; Member of management board of JSC “Klaipedos laivu remontas”; Chairman of management board of JSC “Inkontas”; Chairman of management board of JSC “Metoil”. | - |
| Geraldas Statulevicius | Member of management board of JSC Concern “Achemos grupe”, director for logistics and commerce; Member of management board of JSC “Achema”; Chairman of management board of JSC “Achemarida”; pirmininkas; Member of management board of JSC “Kroviniu terminalas”; Chairman of management board of JSC “Transachema” | JSC Concern “Achemos grupe” 120 ORS, 5% |
| Valentinas Greiciunas | General director of JSC “Klaipedos juru kroviniu kompanija” Member of management board of JSC “Krantas Forwarding” Member of Klaipeda city Board | - |
| Sarunas Krucius | Sen. accountant of JSC “Klaipedos juru kroviniu kompanija”; Member of management board of JSC „Kroviniu terminalas“; Member of management board of JSC „Europa“. | - |
| Audrius Darinskas | Vice Head of the branch of JSC „Klaipedos juru kroviniu kompanija“ Sea Ferriage Terminal, does not participate in activity of other companies. | - |

42.4. information about unoverturned conviction of members of management bodies for criminal offence against property, economical order, finances: no criminal record.

42.5. information about the beginning and end of cadence of each member of management bodies:

| Position | Name, surname | Beginning of cadence | End of cadence |
|------------------|------------------------|----------------------|----------------|
| Management board | | | |
| Chairman | Bronislovas Lubys | April 06, 2006 | 2010 |
| Member | Arunas Laurinaitis | April 06, 2006 | 2010 |
| Member | Geraldas Statulevicius | April 06, 2006 | 2010 |

| | | | |
|--------|-----------------------|----------------|------|
| Member | Benediktas Petrauskas | April 06, 2006 | 2010 |
| Member | Valentinas Greiciunas | April 06, 2006 | 2010 |
| Member | Audrius Darinskas | April 06, 2006 | 2010 |

43. Information about payments and debts to members of management bodies

43.1. information about average amounts of salaries, shares of profits and other payments paid by the issuer within the report period from profit, per one person (in accordance with the above mentioned categories of persons):

For 2006 1 250 000 thousand LTL was allocated by the company to pay shares of profit, average 208 thousand LTL per person.

During the year of 2006 the sums connected with the labor relations calculated for the heads of the company amounted to 2 309 782 LTL.

43.2. salaries, shares of profit and other fees paid to the members of the issuer's management board and administration from the sum of profit within the report period (for each of the above mentioned category of persons) received from companies where the issuer's share in the nominal capital exceeds 20 per cent: none.

43.3. credits, granted guarantees and warranties to the members of management bodies within the report period to guarantee fulfillment of their obligations: none.

44. Deals with parties of interest

Parties are considered to be the parties of interest when one of the parties has a possibility to control the other or may have significant influence on the other party as it makes financial and business decisions. The company's connected parties are its shareholders and other companies controlled by the company's shareholders.

The Company's deals with connected parties are presented in note 28 of the explanatory note to the financial reporting for the year 2006.

VII. THE NEWEST AND ESSENTIAL EVENTS IN THE ISSUER'S ACTIVITY, ITS PERSPECTIVES

45. The newest events in the issuer's activity

On April 06, 2007, an ordinary annual shareholders' meeting of JSC "Klaipėdos jūrų krovinių kompanija" was held, where the Company's shareholders decided:

- 1) To confirm the conclusion of audit company on the performed audit of the Company's activity results for the year 2006.
- 2) To confirm financial reporting for the year 2006.
- 3) To confirm the project of the last year profit (loss) distribution:
undistributed profit (loss) in the end of 2005 89 824 thousand LTL;
net profit (loss) of reporting financial year 2 641 thousand LTL;
distributable result 92 465 thousand LTL; share of profit allocated to pay dividends 23 750 thousand LTL; share of profit allocated for annual fees (shares of profit) for members of management board and supervisory board, bonuses for employees and other purposes 1 250 thousand LTL; undistributed profit (loss) in the end of 2006 - 67 465 thousand LTL.
- 4) To leave distributable result without forming reserves.
- 5) To elect to the management board of JSC „Klaipėdos jūrų krovinių kompanija“: B.Lubys, V.Greiciunas, A.Laurinaitis, G.Statulevicius, B.Petrauskas, A.Darinskas.
- 6) To confirm decisions of the Company's management board made during the year 2006.

There have been no other essential changes of the issuer's activity and financial situation not reflected in this reporting and the presented financial reports.

46. Essential events in the activity of the issuer in 2006

The Company purchased the remaining 49% share pack of the affiliated company JSC "Krovinių terminalas". Since February 23, 2006, the Company manages 100% of the nominal capital of JSC "Krovinių terminalas".

ON April 3, 2006, an ordinary general shareholders' meeting of JSC "Klaipėdos jūrų krovinių kompanija" was held, where the Company's shareholders decided:

1. To confirm activity report of the Company's management board for the year 2005.
2. To confirm conclusion of the audit company on the performed audit of the Company's activity result for the year 2005.
3. to confirm the financial reporting for 2005.
4. To confirm the last year profit (loss) distribution project allocating 21 000 thousand LTL: 5% allocating for profit shares and paying 19 950 thousand LTL dividends. Dividends for minor shareholders shall be paid within 1 month from the day of shareholders' meeting, for other – according to schedule.
5. To leave distributable result without forming reserves.
6. For the years 2006 and 2007 ERNST & YOUNG Baltic JSC was chosen and confirmed to do the Company's audit, each year paying to it for the said services a sum not bigger than 100 000,00 LTL (one hundred thousand litas).
7. To confirm decisions of the Company's management board made during the year 2005;

During the first quarter of 2006 the Company loaded 2,011 mln. tons of cargos, i.e. 3,9 per cent (76 thousand tons) more than last year for the same period of time. Only in March the company reloaded 684 thousand tons of various cargos.

Information about essential events is published in the newspaper "Lietuvos zinios", by news agency BNS, informational system of Vilnius Sstock Exchange and at the company's internet site <http://www.klasco.lt>.

47. Activity strategy and its planned changes in the next financial (economic) year

the beginning of 2007 is profitable for the Company. In the first quarter of this year the Company reloaded 2,028 mln. tons of cargos, i.e. 1 per cent more than in the first quarter of last year. JSC „Klaipedos juru kroviniu kompanija“ shall continue construction marathon on Smelte peninsula for several years and shall fill the niche of lacking terminals in the port of Klaipeda.

I know the content of Art. 235 of the Criminal Code of the Republic of Lithuania.

The document is translated by the translator of JSC „Multilingua“
The translation fully corresponds to the original document.

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