



KONCERNO „ACHEMOS GRUPĖ“ NARĖ

AB „KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA“

Lietuvos Respublikos
Vertybinių popierių komisijai
Konstitucijos pr. 23
LT-08105 Vilnius

2009-03-20 Nr. _____

I _____ Nr. _____

CONFIRMATION OF RESPONSIBLE PERSONS

Following 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 Kaunas, acting general manager and Šarūnas Kručius, chief accountant of AB Klaipėdos jūrų krovinių kompanija, hereby confirm that to the best of our knowledge, provided AB Klaipėdos jūrų krovinių kompanija Consolidated and Parent company's financial statements for the 2008 Year ended 31 december 2008, are prepared according to International Financial Reporting Standards as adopted by European Union, give a true and fair view of the assets, liabilities, financial position and profit of AB Klaipėdos jūrų krovinių kompanija and the Group as well as the consolidated annual report includes a fair review of the development and performance of the business and the description of the main risks and contingencies faced thereby.

Acting General Manager

Vytautas Kaunas

Chief Accountant

Šarūnas Kručius



AB KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2008
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AB KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA

Report on the Financial Statements

We have audited the accompanying 2008 financial statements of AB Klaipėdos Jūrų Krovinių Kompanija, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), and the consolidated financial statements of AB Klaipėdos Jūrų Krovinių Kompanija and a subsidiary (hereinafter the Group), which comprise the balance sheets as of 31 December 2008, the statements of income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory notes).

Management's Responsibility for the Financial Statements

The Company's 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 misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in section *Basis for Qualified Opinion* below, we conducted our audit in accordance with International Standards on Auditing as set forth by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from 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 the auditor's 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, the auditor considers 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 policies 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 audit opinion.

Basis for Qualified Opinion

- a) International Financial Reporting Standards require presentation of property, plant and equipment on a basis of historical cost or revalued amounts (IAS 16) or deemed cost (fair value or revaluation) (IFRS 1). The Group and the Company have not applied any of those valuation principles. In accordance with resolutions of the Government of the Republic of Lithuania, the Group's and the Company's property, plant and equipment, have been revalued four times prior to 1 January 1996 (Note 6). Due to many movements and lack of separate registrations of the effect of indexations per asset, it is impossible to quantify the effect of indexations on the remaining balances of the property, plant and equipment, as of 31 December 2008 and 2007. Accordingly, we are unable to express an opinion on the part of the Group's and the Company's property, plant and equipment, equal to LTL 17,191 thousand as of 31 December 2008 in accordance with International Financial Reporting Standards.

- b) In 2008 and 2007 the Group and the Company carried out a large number of transactions with related parties, i.e. the Group shareholders and the companies controlled by them. There were no practical audit procedures that we could apply to enable us to obtain reasonable assurance regarding the value of the related party transactions and assess a possible effect of the transactions on the Group's and the Company's financial position and financial performance had the Group and the Company carried them with non-related parties.
- c) We have not audited the financial statements of the subsidiary UAB Krovinių Terminalas, which are consolidated into the Group financial statements until the date of disposal (Note 1). Accordingly, we have not obtained sufficient audit evidence with regards to the subsidiary's revenues in the amount of LTL 24,182 thousand, the net profit of the subsidiary of LTL 1,041 thousand for the period 1 January 2008 to 31 May 2008 and the result of disposal of subsidiary of LTL (973) thousand, all included within the respective captions of the consolidated financial statements of the Group.


Qualified Opinion

In our opinion, except for the effect of such adjustments, if any, as might have been determined had we been able to perform the procedures described in section *Basis for Qualified Opinion* above, the financial statements referred to above present fairly, in all material respects, the financial position of the Group and the Company as of 31 December 2008 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the accompanying Consolidated Annual Report for the year ended 31 December 2008 set out on pages 4 through 23 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2008.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335



Jonas Akelis
Auditor's licence
No. 000003
President



Asta Štreimikienė
Auditor's licence
No. 000382

The audit was completed on 20 March 2009.

JSC Klaipėda Stevedoring Company

Consolidated Annual Report for the year 2008

The Annual Report of JSC Klaipėda Stevedoring Company (hereinafter the Company) has been prepared according to the requirements of Article 25 of the Law on Financial Statements of Companies of the Republic of Lithuania, Article 9 of the Law on Consolidated Financial Statements of Companies of the Republic of Lithuania, and in compliance with the procedure set forth in Article 34 of the Law on Companies of the Republic of Lithuania. The Articles of Association of JSC Klaipėda Stevedoring Company contain no additional requirements to be complied with in the Annual Report of the Company. In pursuance of Part 3 of Article 21 of the Law on Securities of the Republic of Lithuania, and Clause 23.5 of the Trading Rules on Vilnius Stock Exchange, the Company reveals the way it adheres to the Corporate Governance Code for the Companies Listed on Vilnius Stock Exchange (hereinafter the Governance Code), and to individual provisions of the said Governance Code (Annex 1).

1. Objective review of the condition, operations and development of the Group of companies; description of the main types of risk and uncertainties faced

The business operations of JSC Klaipėda Stevedoring Company, the largest stevedoring company in the port of Klaipėda and a company under the management of UAB Concern *Achemos Grupė*, cover port stevedoring operations, cargo storage, and port towage services. In this market, the Company considers other stevedoring companies operating in Klaipėda State Seaport and the stevedoring companies operating in the ports of neighbouring countries to be its competitors. In 2008, the Company handled 9.636 million tons of cargo. It is by 0.5 % more than in 2007, when the cargo-handling turnover of the Company was 9.589 million tons. Such results could be achieved due to stable handling of Lithuanian and Belorussian fertilizers, and more intensive flows of raw sugar and ferroalloys at the Cargo – Handling Terminal. It should be mentioned that the flow of vehicle units at the International Ferry Terminal, which showed a tendency of growth in 2007, dropped by 7 % in 2008: from 194 thousand to 181 thousand units; the number of passengers stayed on the level of 2007, i.e. 209 thousand passengers.

The Company's investments into the improvement of its operations amounted to LTL 21.3 million in 2008. A new warehouse intended for storage of paper at the International Ferry Terminal was put into operation; at the same terminal, a new production accounting systems was introduced, and a new port tugboat (a ship) named KLASCO – 1 was built and commenced its operations.

In 2009, the business operations results of the Company may be adversely influenced by the continuing recession in the USA and Europe, due to which the total cargo flow via port of Klaipėda is decreasing; furthermore, the profitability of the Company may be influenced by internal factors, such as: plans to increase the price for the lease of the land of Klaipėda State Seaport, and continuous plans of JSC Lietuvos Geležinkeliai (Lithuanian Railways) to increase the prices for their services.

On 17 June 2008 the Company transferred a package of 100 % of the shares of UAB Krovinių Terminalas (Ltd.) to UAB Concern *Achemos Grupė* (Ltd.). The share sale agreement was signed on 9 June 2008.

Other companies listed in the explanatory notes to the financial statements, part of the stock capital of which is owned by the Company by proprietary right, are engaged in forwarding services and take part in marketing projects. For the purpose of meeting the needs of its clients in the cargo-carriage market, the Group of companies is prepared to offer a complete range of services covering "door-to-door" transportation of cargo.

In 2008, the audit of financial statements was carried out by UAB Ernst & Young Baltic (Ltd.). Furthermore, the staff of the Tax Department of UAB Ernst & Young Baltic (Ltd.) rendered various tax-related consulting services to the Company in 2008. For these tax-related services and consultations related to a dispute with the Tax Inspectorate, as well as for attending the meeting of the Commission for Tax-Related Disputes the Company paid LTL 127,483.

2. Analysis of the results of financial and non-financial operations of the Group of companies, and information related to environmental and personnel matters

In 2008, the integrated operations of the Group of companies included the following: cargo-handling operations, cargo warehousing in the port of Klaipėda, cargo forwarding, ship towage and other services related to cargo handling and carriage. In 2008, the income from sales of the Group of companies amounted to LTL 170,537 thousand. The annual profit before taxes of the Group amounted to LTL 18,125 thousand.

The key figures of the financial and economic operations of the Group of companies for the year 2008 (in LTL thousand):

Period of time	2008	2007	2006	2005
Sales and services	170,537	188,524	150,215	127,578
Net profit	15,236	13,253	7,836	9,189
Profitability of sales and services, in per cent	8.93 %	7.02 %	5.22 %	7.20 %

AB KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA
CONSOLIDATED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The structure of the net profit of the Group of companies (in LTL thousand):

Company	2008	Structure, %	2007	Structure, %
JSC Klaipėda Stevedoring Company	15,369	100.87 %	7,882	60 %
UAB Krovinių Terminalas (Ltd.)	68	0.45 %	4,753	36 %
UAB Euroga (Ltd.)	12	0.08 %	567	4 %
UAB Klasco Ekspedicija (Ltd.)	-128	-0.84 %	7	0 %
UAB Krantas Forwarding (Ltd.)	-88	-0.58 %	47	0 %
ZAO Baltijskaja Transportnaja-ekspeditorskaja Kompanija - 2K	0	0 %	0	0 %
OOO Proizvodstvenno-investicionnaja kompanija Promimpeks (Ltd.)	3	0 %	-3	0 %
Total:	15,236	100.00 %	13,253	100 %

The key figures of the financial and economic operations of the Company for the year 2008 (in LTL thousand):

Period of time	2008	2007	2006	2005
Sales and services	146,355	135,425	114,570	127,423
Net profit	15,369	7,882	2,641	13,551
Profitability of sales and services	10.50 %	5.82 %	2.31 %	10.63 %

During the accounting period, the number of employees of the Company was decreasing. As on 31 December 2008, the Company had 784 employees.

3. References and additional explanations concerning the data given in the consolidated financial statements

There are no additional explanations.

4. Important events after the end of the financial year

- 4.1. On 11 February 2008 the Company informed that Geraldas Statulevičius had resigned from this position of a Board member of The Company as from 10 February 2008.
- 4.2. On 21 March 2008 the Company informed that the shareholders' meeting of The Company held on 21 March 2008 had passed the following resolutions:
 - 1) To approve the conclusion of the audit company concerning the audit of the results of the Company's operations for the year 2007.
 - 2) To approve the financial statements for the year 2007.
 - 3) To approve the draft profit (loss) appropriation for the previous year: profit (loss) brought forward at the end of 2006 LTL 68,715 thousand; net profit (loss) of the accounting financial year LTL 13,514 thousand; profit (loss) to be appropriated LTL 82,229 thousand; the amount to be paid out as dividend in the course of appropriation LTL 23,000 thousand (EUR 6,661 thousand; LTL 1.815 (EUR 0.525) per share); profit (loss) brought forward; for the annual payments (share of profits) to the members of the Board, bonuses to employees and other purposes LTL 1,380 thousand; profit (loss) brought forward at the end of 2007 LTL 57,849 thousand.
 - 4) To elect and approve UAB Ernst & Young Baltic for the purpose of carrying out the audit of the Company for the year 2008, and pay the audit company for the above-mentioned services an amount not exceeding LTL 120,000.00.
 - 5) To revoke Geraldas Statulevičius, who has handed in a resignation application, from his position of a member of the Company's Board.
 - 6) To elect Juozas Benetis member of the Board of the Company.
- 4.3. On 29 May 2008 the Company informed that during the first quarter of 2008 the Company had handled 2.6 million tons of cargo, and earned LTL 41 million unaudited income and LTL 5.1 million profit before taxes.
- 4.4. On 17 June 2008 the Company informed that JSC Klaipėda Stevedoring Company had sold 100 % of the shares of its subsidiary UAB Krovinių Terminalas (Ltd.), the par value of which amounted to LTL 3 million.
- 4.5. On 1 August 2008 the Company informed that during the first half of 2008 the Company had handled 4.967 million tons of cargo, the income from sales amounted to LTL 76.36 million, and the profit before taxes amounted to LTL 11.5 million.
- 4.6. On 21 October 2008 the Company informed that the tax-related dispute between JSC Klaipėda Stevedoring Company and the State Tax Inspectorate had ended in an agreement, and an amount of LTL 4.225 million had been paid into the state budget.
- 4.7. On 28 November 2008 The Company informed that during the first nine months of 2008 the Company had earned LTL 113.7 million unaudited income and gained LTL 15.97 million profit before taxes.

5. Plans and forecasts for the operations of the Group of Companies

The forecast for the year 2008 regarding a growth of the sales of the Group of companies by not less than 5 % has not been realized, because UAB Krovinių Terminalas (Ltd.) was sold on 9 June 2008. The operations result of the sold company covering seven months have not been included into the consolidated data of the Group of companies for the year 2008.

A goal for the year 2009 is to mitigate the aftermaths of the general economic recession while maintaining optimum profitability of the Group of companies.

6. Information on research and development activities of the Group of companies

Last year's investments amounted to LTL 21.3 million a new warehouse intended for storage of paper was put into operation at the International Ferry Terminal in the autumn of 2008. This modern warehouse has undoubtedly improved the quality of services, and it will meet clients' expectations in the long run. In the autumn of 2008, the port tugboat (a ship) KLASCO – 1 was put into operation; it is the first of the two tugboat ordered for construction at Pella Shipbuilding Yard in St. Petersburg, Russia.

In view of the eventual market changes, the Company plans to invest LTL 6 million to LTL 12 million in 2009, as well as complete the construction of the second port tugboat (a ship), KLASCO – 2.

The plans include the completion of the technical design stage of a fruit terminal and a refrigerated warehouse, the installation of engineering networks and surface covers at Quay No. 144.

The plans for the development of cement handling have been abandoned due to decreased demand for cement in the markets.

7. The number and par value of the shares of the parent company owned by the Company itself, its subsidiaries or persons acting on the instructions of the companies but on their own behalf

The Company has not acquired its own shares, neither have its shares be acquired by its subsidiary; also, no shares of The Company have been acquired by any other person acting on his own behalf but on the instructions of the parent company or its subsidiary.

8. When the Group of companies uses financial measures and when it is important for the assessment of the assets, the own capital, the obligations, the financial status and the operation results of the Group of companies, the aims of financial risk management are disclosed, the measures for insuring the main groups of planned deals are used, to which the accounting of insurance deals is applied, and the scope of the price risk, credit risk, liquidity risk and cash flow risk of the group of companies

The Group of companies did not use fiscal measures in 2008.

9. Information on the branches and representative offices of the parent company

9.1. Information on the branches of the Company:

Identification code	Name	Address	Code of the main type of operations	Last year's income in LTL	Number of employees
141908570	Klasco Servisas	Naujoji Uosto g. 23, 92245 Klaipėda	78.20	612,142	219
300076093	Klasco Towage Assistance		52.22	8,837,795	45

9.2. Information on the representative offices of the Company:

Representative offices	Address	Main type of operations	Number of employees
in Belarus	Skoriny 58, Block 9-17, Minsk	Search for clients and cargoes	1

JSC Klaipėda Stevedoring Company 2008 annual report Annex 1

**JSC Klaipėda Stevedoring Company report of Corporate Governance Code
for the Companies Listed on Vilnius Stock Exchange observance**

JSC Klaipėda Stevedoring Company, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 23.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the Vilnius Stock Exchange for the companies listed on the regulated market, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLI- CABLE	COMMENTARY
Principle I: Basic Provisions		
The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing constant shareholder value		
1.1 A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	Company complies with this recommendation announcing and constantly renewing mentioned information at the Company's webpage, reporting to the Vilnius Stock Exchange, press-conference and TV broadcasting.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	Company has its short-term and long-term strategic objectives planned. Company's Management Board, Top Management make every effort to achieve their implementation
1. 3 A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Management Board Approves strategy of Company's activity, annual budget, controls conclusion of contracts and implementation of budget; analyses Company's financial statements and renders it to shareholders. Implementation of decisions is assigned to the Head of the Company and via the latter – to the functional directors. Meetings of the Management Board are convoked according to the need. Meetings are attended by the Head of the Company. He renders reports of company's activities, activity's strategy implementation and activity index administration, company's financial state and economical activity rates.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	Company's Management bodies pursue ensuring interests of all persons concerned with Company's activity. Transparent activity, periodical update of results and problems, communication with press on the part of the Management permits interested parties – creditors and customers to receive necessary information on the Company. Company aims at retaining long-lasting relations with its business partners holding that proper and timely fulfilment of contractual obligations and quality assurance of products is the priority. Additional employee's rights are being stated in collective agreement, they have opportunity to raise their qualification.

Principle II: The corporate governance framework 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.		
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.	Yes	Company's management bodies are a general shareholders' meeting, the Board and the chief executive officer (general manager). Company doesn't have a collegial supervisory body – Supervisory Board. Its functions are assigned to the Board. Company's chief executive officer reports to the Board.
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 - Management Board is responsible for the 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	Company does not comply with this recommendation whereas it has only one collegial body and it is the Management Board.
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.	Yes	Company has one collegial management body – the Board. Principles III and IV of this Code is applicable to the Board.
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.	Yes	Management Board is comprised of 6 (six) Members, because in the Company's practise there were no cases, that a separate group of individuals was dominating. Mostly all Board decisions are adopted solidly.
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.	Not applicable	The provision is not applicable whereas Company has only collegial management body – Management Board.
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 departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision	Yes	Company complies with this recommendation whereas the President of the Management Board was not the Head of the Company.

III: The order of the formation of a collegial body to be elected by a general shareholders' meeting		
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 ¹		
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.	Yes	The mechanism of the formation of the Management Board ensures objective and impartial monitoring of Company's management bodies. Information on candidates, their activities and professional background is disclosed to the shareholders prior to election. Minority shareholders' right and ability to have their own representative in the collegial management body is not restricted.
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.	Yes	Company partially complies with the provisions enumerated in this recommendation: names and surnames of candidates offered to the Management Board are announced in advance, more information on candidates may be received along with draft resolutions of the General Meeting of Shareholders. Candidates are likewise introduced during the General Meeting of Shareholders. Information about the Members of the Management Board introduced following the item 23.10.3 of the Trading Rules of the Vilnius Stock Exchange
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.	Yes	A person nominated for member of Board informs the general shareholders meeting of his education, work experience, his functions and participation in activities of other companies. Board members constantly take various refresher courses and seminars wherein they are informed of essential legislations changes that could influence Company's activities.
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.	Yes	Members of the Management Board have a wide-ranging knowledge in the fields of Finance, Economics, Law, Investment Management as well as sufficient experience in order to have their tasks completed properly.
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.	Yes	Company partially complies with this provision: new Members of the Management Board are permitted to get familiarized with Company's internal documentation, business processes, and factors having impact on activity results. Periodical submission of analysis of activity results ensures a regular update of the news on the Company.
3.6 In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	Company doesn't comply with this recommendation because neither of Board members can not be considered as independent member according to 3.7 paragraph.

¹ Note, that in such cases when general shareholders meeting elects the Board as the collegial body, so the Board, as a management body shall ensure the management of only the sole company's chief executive officer. This note is applicable for 3.1 paragraph too.

<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: 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/EECArticle 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. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group; 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; 8) He/she has not been in the position of a member of the collegial body for over than 12 years;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>	No	<p>The independence of collegial body members elected by Company's general shareholders meeting is being judged according to collegial body member other actually occupied, elected or nominated positions in other associated companies.</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.	No	Company does not comply with this recommendation, whereas up till now determination of independence of members of the Management Board and announcement thereof has not been applied in practice.
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.	No	Company does not comply with this recommendation, whereas up till now determination of independence of members of the Management Board and announcement thereof has not been applied in practice.
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. The general shareholders' meeting should approve the amount of such remuneration.	Yes	Board members are remunerated from the Company's funds and the general shareholders' meeting approves the amount of such remuneration.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting		
The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.		
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.	Yes	The Board once a quarter of a year debriefs the report of Company's chief executive officer and general accountant, analyses their activities and evaluates their effectiveness and under the necessity issues them recommendations. The Board analyses, evaluates Company's annual financial accountability project and profit (loss) placing project and render them to general shareholders meeting. According to Board work regulation the Board can temporarily stop administration decision realisation if these could damage Company's shareholder's interests and convene uncommon shareholder meeting which could solve the dispute.
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).	Yes	There are no reasons to suspect, that Company's Board members could act contrarily to Company. Board's work regulation provides that the Board, its members can not make decisions if these conflict with the Company's activities objects, apparently exceed usual industrial-economical risk, are apparently damaging or economically useless.

4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	Company's Board members actively take part in the meetings of the Management Board and devote sufficient time for the performance of the duties of members of collegial body.
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.	Yes	Collegial body of the Company always acts fairly and impartially with regard to all shareholders of the Company. Shareholders are properly legally informed on the Company's affairs by announcing information on the Internet, newspaper articles and Central regulating information base.
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.	No	Transactions mentioned in this recommendation are not subject to approval of the collegial body, because there are not independent members of the collegial body voted for such a decision.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. 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.	No	Company's Board members are not independent of the Company's management bodies, whereas they are Company's employees or appurtenant Company's employees. The Board follows the Board Work Regulations. Board members are provided with sufficient resources to discharge their duties. Company's employees give all necessary information for Board members to properly discharge their functions and solve the questions pertaining to their competence.
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.	No	Company doesn't comply with 4.7-4.14 paragraph recommendations, but it is true to say, that the Board, doing its duties partially complies with nomination of Company's directors, determination of directors' remuneration and assessment of Company's audit recommendations mentioned in above paragraphs. Company's Board selects the Company's chief executive officer – director-general, approves other Company's Management Board candidates, constantly assesses their competence, professional capabilities and Company's strategic objectives realisation, and debriefs their reports. Company's Board selects the auditor and issues recommendations for general shareholders meeting to approve the selected auditor.

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	No	Refer to 4.7 commentary
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.	No	Refer to 4.7 commentary
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.	No	Refer to 4.7 commentary
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.	No	Refer to 4.7 commentary
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) 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; 2) 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; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. 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.	No	Refer to 4.7 commentary

<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <p>1) 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;</p> <p>2) 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> <p>3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;</p> <p>4) 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);</p> <p>5) 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> <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> <p>1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;</p> <p>2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;</p> <p>3) 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> <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>	No	Refer to 4.7 commentary
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <p>1) 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);</p> <p>2) 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;</p> <p>3) 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;</p> <p>4) 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</p>	No	Refer to 4.7 commentary

<p>resignation of the audit company or auditor and make recommendations on required actions in such situations;</p> <p>5) 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 16May 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;</p> <p>6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</p> <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 centres and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>		
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	No	Company doesn't practice the Board activity assessment.

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.

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.	Yes	This recommendation is complied with by the Management Board of the Company. The Management Board is supervised by its chairman. Pursuant to the work regulation of the Management Board, chairman convokes meetings of the Management Boards on time and in place as set forth therein. Meetings of the Management Board are chaired by the chairman of the Management Board or other member of the Management Board, elected for chairing a particular meeting.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	Meetings of the Company's collegial body – Management Board are carried out according to the schedule approved in advance at certain intervals of time. Management Board meetings are convoked not rarer than once in a quarter.
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.	Yes	Issues on the agenda of the meeting and decision projects are being arranged and issued by Company's chief executive officer, Board members or on Board decision – special groups that can be construed of specialists who are not Company's employees. Every management body member can get the documents relevant to the issues on the agenda of the meeting before the meeting day. When notifying about the meeting, the documents in questions (report thesis, decision projects) are being added in advance. Usually the agenda of the meeting is not changed unless during the meeting all members of the Company's Board are present and decide otherwise and there are enough documents to solve the issue that was not added to agenda.
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.	No	Company can not comply with this recommendation whereas it has only one collegial body – Management Board.

Principle VI: The equitable treatment of shareholders and shareholder rights		
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		
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.	Yes	Company's statutory capital consists of ordinary registered shares granting the same interest and non-interest rights to all their holders.
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.	Yes	Company gives public announcements to investors on the rights that new or previously issued shares confer.
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. 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.	Yes	Company gets the shareholders' approval before essential transactions such as capital write-off, liquidation, etc. and annual shareholders meeting approves the essential Board decisions concerning investment, assets selling, transfer, support and alley debts approve.
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.	Yes	Company complies with this recommendation. Information on the prospective General Meeting of Shareholders is announced via informational system of Vilnius stock exchange and in the newspaper indicated in Articles of Association. Meetings are usually convoked at the end of a business day in a place (in recent years in Company's residence) that all shareholders could have conditions to attend them. Material of the Meeting is available not later than 10 days till the Meeting, telephone for inquiries is given.
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. 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.	Yes	Since 2007 Company legally places shareholders meeting resolutions projects on the publicly accessible website of the Company in advance.
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	Company's shareholders can realize their right to attend General Meeting of Shareholders either personally or through a representative; if a person has a duly issued authorization or following relevant law he has a contract on the transfer of voting right concluded. Company furnishes shareholders with opportunity to vote by filling a general voting ballot as it is set forth by the Law on Companies of the Republic of Lithuania.
6.7. In order to increase the shareholders' opportunity 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.	Not applicable	Up till this date Company had no necessity in complying with this recommendation, because there are only a few foreign shareholders.

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	Company complies with these recommendations because the members of its Management Board behave according to these recommendations. Company is not aware of any cases when their personal interests contradicted Company's interests.
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	
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.	Yes	
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.	Yes	Company complies with this recommendation. Following work regulations of the Management Board, member of the Management Board is not entitled to vote when the Board meeting is taking a decision on his liability issues or personal matters relating to his work on the Board.
Principle VIII: Company's remuneration policy 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.		
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	No	Company does not prepare public statements on the policy of remuneration as set forth by the recommendations of this Code. Company legally posts on periodical reports only Company's chief executive officer's and direction's remuneration sum. Company has a policy that remuneration and its perquisites systems and also other remuneration related with labour relationships are off-the-record information and such information is ascribable to information of business secrets.
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	No	See comment to the clause 8.1.

8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	See comment to the clause 8.1.
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.	No	See comment to the clause 8.1.
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.	No	See comment to the clause 8.1.
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.	No	See comment to the clause 8.1.
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 anytime during the relevant financial year. 8.7.1. The following remuneration and/or emoluments-related information should be disclosed: 1) 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; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) 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; 4) 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; 5) 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; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following	No	Up till 2008 in its annual prospectus-report the Company used to disclose information on total amount and average amounts of remuneration inclusive of bonuses and other benefits falling on to one member of the management body or member of administration over the relevant financial year.

<p>information should be disclosed:</p> <ol style="list-style-type: none"> 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) 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; 3) 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; 4) 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> <ol style="list-style-type: none"> 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) 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>	No	Company doesn't apply schemes anticipating remuneration of directors in shares, share options or other rights to purchase shares or be remunerated on the basis of share price movements.
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ol style="list-style-type: none"> 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) 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. <p>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.</p>		
<p>8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>		

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.		
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.		
Principle IX: The role of stakeholders in corporate governance		
The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	Company's management system ensures that the rights of stakeholders are not infringed. Rights of employees are protected by labour law mentioned in employment agreement, Company's collective agreement. Employees' represents (trade union) participate in discussion of essential decision making. Clients, suppliers and creditors have signed a contract with the Company and the duly these contract realisation is one of Company's priorities. In 1992, 1994 and 1996 all Company employees had an opportunity to purchase Company's shares. Wherefore big part of Company's employees are Company's stakeholders. All essential and additional information related with Company's events is public and introduced to interest group represents concerned.
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.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
Principle X: Information disclosure		
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.		
10.1. The company should disclose information on: <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	Yes	Information about the Company and its group constitutive companies is being published in Lithuanian and English annual and interim reports, announcements about essential Company's events, financial statements. This information is published on stock exchange information revelation system. Company publishes the information related with the common amount of remuneration, bonuses and other payments paid during reporting cycle.

<p>course of the company's regular operations;</p> <ul style="list-style-type: none"> ▪ 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>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	Yes	<p>Company complies with this recommendation whereas it announces the information on the Vilnius Stock Exchange information revelation system and publishes it in Lithuanian and English languages simultaneously as it is possible. The Stock Exchange publishes the information on its website and trading system and so it ensures the simultaneous information revelation to all. Moreover, Company seeks to notice about material events before or after a trading session on the Vilnius Stock Exchange and simultaneously announces the information on all other markets which trade Company's stocks. Company seeks to comply with these recommendations.</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>	Yes	<p>Company partially complies with these recommendations: since 2007 all essential events announced to stock exchange were published on Company's website too. Information on Company's webpage is published in Lithuanian and English languages.</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>	Yes	<p>Company partially complies with these recommendations: Company places information about its essential events, annual reports on Company's webpage, but it doesn't publish periodical accounts and information about stock changes in the prices on the Stock Exchange. Company's stock price changes on the Stock Exchange are published in newspapers and local daily papers every day.</p>

Principle XI: The selection of the company's auditor		
The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.		
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.	Yes	Independent firm of auditors performs audit of annual financial statements and reports, but it does not perform Company's interim financial statements audit. This possibility shall be considered in the future.
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.	Yes	Company complies with this recommendation, whereas a candidate firm of auditors is offered to the General Meeting of Shareholders by Company's Management Board.
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.	Yes	The Company discloses information and payment for services other than audit, provided by audit company in the annual report.

Acting General Manager

Vytautas Kaunas

Balance sheets

	Notes	Group		Company	
		As of 31 December 2008	As of 31 December 2007	As of 31 December 2008	As of 31 December 2007
			(restated)		(restated)
ASSETS					
Non-current assets					
Intangible assets	5	1,446	26,437	1,446	91
Property, plant and equipment	6				
Land		11,858	11,777	11,858	11,777
Buildings and constructions		119,258	220,247	119,258	115,608
Machinery and equipment		12,907	25,391	12,907	19,168
Other property, plant and equipment		20,284	5,614	20,284	4,736
Construction in progress and prepayments		4,136	15,823	4,136	15,756
Total property, plant and equipment		168,443	278,852	168,443	167,045
Investment property	7	6,902	7,146	6,902	7,146
Non-current financial assets					
Investments in subsidiaries	8	-	-	-	28,263
Investments joint ventures and associates	8	1,407	1,611	275	278
Available-for-sale investments		50	50	50	50
Non-current receivables	9	13,752	851	13,752	851
Total non-current financial assets		15,209	2,512	14,077	29,442
Deferred income tax asset	22	250	-	250	-
Total non-current assets		192,250	314,947	191,118	203,724
Current assets					
Inventories	10	2,915	3,184	2,915	2,856
Receivables	11	31,554	23,837	31,554	23,376
Accrued income, deferred expenses and prepayments		4,769	4,487	4,769	2,798
Cash and cash equivalents	12	9,054	24,618	9,054	20,598
Total current assets		48,292	56,126	48,292	49,628
Total assets		240,542	371,073	239,410	253,352


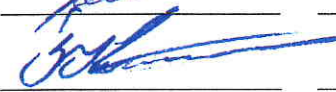
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The accompanying notes are an integral part of these financial statements.

Balance sheets (cont'd)

	Notes	Group		Company	
		As of 31 December 2008	As of 31 December 2007	As of 31 December 2008	As of 31 December 2007
			(restated)		(restated)
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	1	126,704	126,704	126,704	126,704
Legal reserve	13	12,899	12,899	12,899	12,899
Retained earnings		72,193	81,860	71,061	80,595
		211,796	221,463	210,664	220,198
Minority interest		-	-	-	-
Total equity		211,796	221,463	210,664	220,198
Liabilities					
Non-current liabilities					
Non-current borrowings	14	10,738	95,270	10,738	5,772
Finance lease	17	520	849	520	769
Deferred income tax liability	22	-	699	-	515
Non-current trade payables		-	1,317	-	-
Total non-current liabilities		11,258	98,135	11,258	7,056
Current liabilities					
Current portion of non-current borrowings	14	-	16,632	-	-
Current portion of finance lease	17	249	255	249	235
Current portion of non-current trade payables		-	240	-	-
Trade payables	15	5,592	6,221	5,592	6,583
Income tax payable	22	805	4,681	805	4,681
Advances received		520	5,369	520	362
Other payables	15	10,322	18,077	10,322	14,237
Total current liabilities		17,488	51,475	17,488	26,098
Total equity and liabilities		240,542	371,073	239,410	253,352



The accompanying notes are an integral part of these financial statements.

Acting General Manager	Vytautas Kaunas		20 March 2009
Chief Accountant	Šarūnas Kručius		20 March 2009

Income statements

	Notes	Group		Company	
		2008	2007 (restated)	2008	2007 (restated)
Sales		170,537	188,524	146,355	135,425
Cost of sales	18	(116,821)	(124,165)	(100,894)	(92,891)
Gross profit		53,716	64,359	45,461	42,534
Operating expenses	19	(37,410)	(41,351)	(32,961)	(31,308)
Other operating income	20	5,471	4,170	5,554	4,324
Other operating expenses	20	(1,894)	(1,682)	(1,891)	(1,671)
Profit from operations		19,883	25,496	16,163	13,879
Income from financial and investment activities	21	1,965	1,450	2,438	1,485
Expenses from financial and investment activities	21	(4,036)	(7,160)	(542)	(886)
Profit from ordinary activities		17,812	19,786	18,059	14,478
Share of profit from joint ventures and associates	8	313	912	-	-
Profit before tax		18,125	20,698	18,059	14,478
Income tax	22	(2,889)	(7,445)	(2,690)	(6,596)
Net profit		15,236	13,253	15,369	7,882
Basic and diluted earnings per share (LTL)	23	1.20	1.05		

The accompanying notes are an integral part of these financial statements.


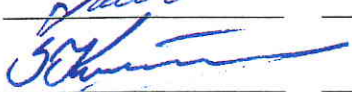
Acting General Manager	Vytautas Kaunas		20 March 2009
Chief Accountant	Šarūnas Kručius		20 March 2009

Statements of changes in equity

Group	Notes	Attributable to equity holders of the parent			
		Share capital	Legal reserve	Retained earnings	Total
Balance as of 1 January 2007 (restated)	4	126,704	12,899	92,357	231,960
Net profit for the year (restated)	4	-	-	13,253	13,253
Dividends declared and authorised for payment	24	-	-	(23,750)	(23,750)
Balance as of 31 December 2007 (restated)	4	126,704	12,899	81,860	221,463
Discounting effect of non-current receivable from the Parent company	9	-	-	(2,238)	(2,238)
Deferred tax effect on the notional interest of a long-term receivable	22	-	-	335	335
Net income and expense for the year recognised directly in equity		-	-	(1,903)	(1,903)
Net profit for the year		-	-	15,236	15,236
Total income and expense for the year		-	-	13,333	13,333
Dividends declared and authorised for payment	24	-	-	(23,000)	(23,000)
Balance as of 31 December 2008		126,704	12,899	72,193	211,796

Company	Notes	Share capital	Legal reserve	Retained earnings	Total
Balance as of 1 January 2007 (restated)	4	126,704	12,899	96,463	236,066
Net profit for the year (restated)	4	-	-	7,882	7,882
Dividends declared and authorised for payment	24	-	-	(23,750)	(23,750)
Balance as of 31 December 2007 (restated)	4	126,704	12,899	80,595	220,198
Discounting effect of non-current receivable from the Parent company	9	-	-	(2,238)	(2,238)
Deferred tax effect on the notional interest of a long-term receivable	22	-	-	335	335
Net income and expense for the year recognised directly in equity		-	-	(1,903)	(1,903)
Net profit for the year		-	-	15,369	15,369
Total income and expense for the year		-	-	13,466	13,466
Dividends declared and authorised for payment	24	-	-	(23,000)	(23,000)
Balance as of 31 December 2008		126,704	12,899	71,061	210,664

The accompanying notes are an integral part of these financial statements.

Acting General Manager	Vytautas Kaunas		20 March 2009
Chief Accountant	Šarūnas Kručius		20 March 2009

Cash flow statements

		Group		Company	
	Notes	2008	2007	2008	2007
		(restated)		(restated)	
Cash flows from operating activities					
Net profit		15,236	13,253	15,369	7,882
Adjustments for non-cash items:					
Depreciation	6, 7	22,938	32,480	18,771	22,586
Amortisation	5	210	130	166	25
Result from joint ventures and associates		(313)	(912)	-	-
Interest expenses	21	3,008	6,383	491	173
Interest (income)	21	(1,789)	(1,230)	(1,749)	(971)
Dividend (income)	21	-	-	(517)	(295)
Income tax expenses	22	2,889	7,445	2,690	6,596
Change in accrued income, deferred expenses and prepayments		(2,506)	(711)	(1,971)	(1,293)
Change in impairment loss of property, plant and equipment	6	-	275	-	275
Change in allowance for doubtful receivables	11, 19	(251)	251	(251)	251
(Gain) on property, plant and equipment sales	20	(767)	(103)	(767)	(103)
Write-off of property, plant and equipment	6	7	23	7	23
Net loss (gain) on sale of investments	21	865	-	(105)	-
		39,527	57,284	32,134	35,149
Changes in working capital:					
(Increase) decrease in inventories		(65)	239	(59)	335
Decrease in receivables		12,104	5,814	12,694	3,899
Increase in trade payables		6,903	1,718	4,505	2,319
Income tax (paid)		(6,996)	(4,012)	(6,996)	(4,012)
(Decrease) increase in other payables		(9,150)	5,734	(3,320)	4,609
Net cash flows from operating activities		42,323	66,777	38,958	42,299


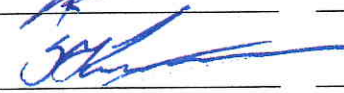
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The accompanying notes are an integral part of these financial statements.

Cash flow statements (cont'd)

		Group		Company	
		2008	2007	2008	2007
		(restated)		(restated)	
Cash flows (to) investing activities					
(Acquisition) of property, plant and equipment	6	(21,851)	(18,383)	(21,541)	(17,298)
(Acquisition) of intangible assets	5	(9)	(81)	(9)	(81)
Proceeds from sale of property, plant and equipment		402	202	402	486
(Establishment) of associate	8	-	(3)	-	(3)
Proceeds from sales of associate and other investments	21	108	-	108	-
Proceeds from sales of subsidiary, net of cash sold	8	(3,954)	-	-	-
Loans (granted)	11	(12,000)	(100)	(12,000)	(100)
Loans recovered	11	227	68	227	68
Dividends received	21	517	295	517	295
Interest received		1,031	1,204	991	945
Net cash flows (to) investing activities		(35,529)	(16,798)	(31,305)	(15,688)
Cash flows (to) financing activities					
Dividends (paid)		(22,947)	(23,660)	(22,947)	(23,660)
Proceeds from loans		4,966	5,772	4,966	5,772
(Repayment) of loans		-	(18,000)	-	-
Interest (paid)		(4,134)	(6,271)	(981)	(173)
Finance lease (payments)		(243)	(247)	(235)	(239)
Net cash flows (to) financial activities		(22,358)	(42,406)	(19,197)	(18,300)
Net (decrease) increase in cash and cash equivalents		(15,564)	7,573	(11,544)	8,311
Cash and cash equivalents at the beginning of the year		24,618	17,045	20,598	12,287
Cash and cash equivalents at the end of the year		9,054	24,618	9,054	20,598

The accompanying notes are an integral part of these financial statements.

Acting General Manager	Vytautas Kaunas		20 March 2009
Chief Accountant	Šarūnas Kručius		20 March 2009

Notes to the financial statements

1 General information

AB Klaipėdos Jūrų Krovinių Kompanija (hereinafter the Company) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows:

J. Zauerveino Str. 18,
Klaipėda,
Lithuania.

The Company is engaged in provision of stevedoring and related services in the seaport of Klaipėda. The Company started its activities in September 1994. Until 31 May 1994 the Company's name was SPĮ Klaipėdos Valstybinis Jūrų Prekybos Uostas. On 3 May 1995 the Company was registered as a public limited liability company. The Company's shares are included in the Baltic Secondary List of NASDAQ OMX Vilnius Stock Exchange.

As of 31 December 2008 and 2007 the shareholders of the Company were:

	Number of shares held	Percentage
UAB Koncernas Achemos Grupė	11,753,023	92.76 %
Other minor shareholders	917,406	7.24 %
Total	12,670,429	100.00 %

All the shares of the Company are ordinary shares with the par value of LTL 10 each and were fully paid as of 31 December 2008 and 2007. The share capital did not change in 2008 and 2007. Subsidiaries, joint ventures and associated companies did not hold any shares of the Company as of 31 December 2008 and 2007. The Company did not hold its own shares either.

As of 31 December 2007 and until 9 June 2008 the Group consisted of the Company and the subsidiary (hereinafter the Group):

Company	Registration address	Shares held by the Group (%)	Year of establishment / acquisition	Main activities
UAB Krovinių Terminalas	Lithuania	100	1999	Cargo terminal services

On 9 June 2008 the Company sold 100 % of shares of UAB Krovinių Terminalas to its Parent company UAB Koncernas Achemos Grupė for the price equal to cost value of LTL 28,263 thousand.

The Company jointly controls UAB Klasco Ekspedicija, UAB Krantas Forwarding and ZAO Baltijskaja Transportnaja-ekspeditorskaja Kompanija - 2K, in which the Company and other shareholder each hold 50 % of the share capital, therefore these companies were not included in the Group's consolidated financial statements as of 31 December 2008 and 2007 and accounted as investments in joint ventures.

As of 31 December 2008 the number of employees of the Company was 784 (779 as of 31 December 2007). As of 31 December 2007 the number of employees of the Group was 838.

The Company's management approved these financial statements on 20 March 2009. The shareholders of the Company have a statutory right not to approve the financial statements and require a new set of financial statements to be presented by management.

2 Form and contents of the financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU), except for the accounting for property, plant and equipment, acquired before 1 January 1996, as disclosed in the accounting policies hereafter.

2.1. Basis of accounting

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year:

- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*;
- IFRIC 11 IFRS 2 – *Group and Treasury Share Transactions*.

The principal effects of these changes are as follows:

Amendments to IAS 39 and IFRS 7 – Reclassification of Financial Assets

Through these amendments the IASB implemented additional options for reclassification of certain financial instruments categorised as held-for-trading or available-for-sale under specified circumstances. Related disclosures were added to IFRS 7. The Group did not have financial instruments caught by these amendments.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

The interpretation provides guidance on classification of transactions as equity-settled or as cash-settled and also gives guidance on how to account for share-based payment arrangements that involve two or more entities within the same group in the individual financial statements of each group entity. The Group has not issued instruments caught by this interpretation.

Standards issued but not yet effective

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements* (effective for financial years beginning on or after 1 January 2009).

The amendment to IFRS 1 allows an entity to determine the “cost” of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statements. The new requirements affect only the parent's separate financial statements and do not have an impact on the consolidated financial statements.

Besides, a new version of IFRS 1 was issued in November 2008. It retains the substance of the previous version, but within a changed structure and replaces the previous version of IFRS 1 (effective for financial years beginning on or after 1 July 2009 once adopted by the EU).

Amendment to IFRS 2 *Share-based Payment* (effective for financial years beginning on or after 1 January 2009).

The amendment clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. The amendment will have no impact on the financial position or performance of the Group, as the Group does not have share-based payments.

Amendments to IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements* (effective for financial years beginning on or after 1 July 2009 once adopted by the EU).

Revised IFRS 3 (IFRS 3R) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investment in Associates* and IAS 31 *Interests in Joint Ventures*. In accordance with the transitional requirements of these amendments, the Group will adopt them as a prospective change. Accordingly, assets and liabilities arising from business combinations prior to the date of application of the revised standards will not be restated.

2 Form and contents of the financial statements (cont'd)

2.1. Basis of accounting (cont'd)

Amendments to IFRS 7 *Financial Instruments: Disclosures* (effective for financial years beginning on or after 1 January 2009 once adopted by the EU).

The amendments improve disclosure requirements about fair value measurement and enhance existing principles for disclosures about liquidity risk associated with financial instruments. The amendments will have no impact on the financial position or performance of the Group. The Group is still evaluating whether additional disclosures will be needed.

IFRS 8 *Operating Segments* (effective for financial years beginning on or after 1 January 2009).

The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. IFRS 8 replaces IAS 14 *Segment Reporting*. The Group expects that the operating segments determined in accordance with IFRS 8 will not materially differ from the business segments previously identified under IAS 14.

Amendment to IAS 1 *Presentation of Financial Statements* (effective for financial years beginning on or after 1 January 2009).

This amendment introduces a number of changes, including introduction of a new terminology, revised presentation of equity transactions and introduction of a new statement of comprehensive income as well as amended requirements related to the presentation of the financial statements when they are restated retrospectively. The Group is still evaluating whether it will present all items of recognised income and expense in one single statement or in two linked statements.

Amendment to IAS 23 *Borrowing Costs* (effective for annual periods beginning on or after 1 January 2009).

The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for financial years beginning on or after 1 January 2009).

The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features. The amendments to the standards will have no impact on the financial position or performance of the Group, as the Group has not issued such instruments.

Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* – Eligible Hedged Items (effective for financial years beginning on or after 1 July 2009).

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

Improvements to IFRSs

In May 2008 IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard; most of the changes are effective for financial years beginning on or after 1 January 2009. The Group anticipates that these amendments to standards will have no material effect on the financial statements.

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*. Clarification that all of a subsidiary's assets and liabilities are classified as held for sale, even when the entity will retain a non-controlling interest in the subsidiary after the sale.
- *IFRS 7 Financial Instruments: Disclosures*. Removal of the reference to 'total interest income' as a component of finance costs.
- *IAS 1 Presentation of Financial Statements*. Assets and liabilities classified as held for trading in accordance with IAS 39 are not automatically classified as current in the balance sheet.
- *IAS 8 Accounting Policies, Change in Accounting Estimates and Errors*. Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.
- *IAS 10 Events after the Reporting Period*. Clarification that dividends declared after the end of the reporting period are not obligations.

2 Form and contents of the financial statements (cont'd)

2.1. Basis of accounting (cont'd)

Improvements to IFRSs (cont'd)

- *IAS 16 Property, Plant and Equipment.* Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Also, replaced the term "net selling price" with "fair value less costs to sell".
- *IAS 18 Revenue.* Replacement of the term 'direct costs' with 'transaction costs' as defined in IAS 39.
- *IAS 19 Employee Benefits.* Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment.
- *IAS 20 Accounting for Government Grants and Disclosures of Government Assistance.* Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.
- *IAS 23 Borrowing Costs.* The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.
- *IAS 27 Consolidated and Separate Financial Statements.* When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- *IAS 28 Investment in Associates.* If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. In addition, an investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment is not separately allocated to the goodwill included in the investment balance.
- *IAS 29 Financial Reporting in Hyperinflationary Economies.* Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.
- *IAS 31 Interest in Joint ventures.* If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.
- *IAS 34 Interim Financial Reporting.* Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.
- *IAS 36 Impairment of Assets.* When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.
- *IAS 38 Intangible Assets.* Expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or has received the service. The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed.
- *IAS 39 Financial Instruments: Recognition and Measurement.* Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.
- *IAS 40 Investment Property.* Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.
- *IAS 41 Agriculture.* Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced the term 'point-of-sale costs' with 'costs to sell'.

Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* – Embedded derivatives (effective for financial years ending on or after 30 June 2009 once adopted by the EU).

The amendments clarify the accounting treatment of embedded derivatives for entities that make use of the reclassification amendment to IAS 39 and IFRS 7 issued in October 2008. The Group did not have financial instruments caught by these amendments.

2 Form and contents of the financial statements (cont'd)

2.1. Basis of accounting (cont'd)

IFRIC 12 *Service Concession Arrangements* (effective once adopted by the EU).

This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has no impact on the Group.

IFRIC 13 *Customer Loyalty Programmes* (effective for financial years beginning on or after 1 July 2008).

This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credit and deferred over the period that the award credit is fulfilled. The Group does not maintain customer loyalty programmes; therefore, this interpretation will have no impact on the financial position or performance of the Group.

IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for financial years beginning on or after 1 January 2009).

This interpretation specifies the conditions for recognising a net asset for a defined benefit pension plan. The Group does not have defined benefit plans; therefore, the interpretation will have no impact on the financial position or performance of the Group.

IFRIC 15 *Agreement for the Construction of Real Estate* (effective for financial years beginning on or after 1 January 2009 once adopted by the EU).

The interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. The Group does not conduct such activity; therefore, this interpretation will not have an impact on the consolidated financial statements.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (effective for financial years beginning on or after 1 October 2008 once adopted by the EU).

The interpretation provides guidance on the accounting for a hedge of a net investment in a foreign operation. IFRIC 16 will not have an impact on the consolidated financial statements because the Group does not have hedges of net investments.

IFRIC 17 *Distributions of Non-cash Assets to Owners* (effective for financial years beginning on or after 1 July 2009 once adopted by the EU).

The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. IFRIC 17 will not have an impact on the consolidated financial statements because the Group does not distribute non-cash assets to owners.

IFRIC 18 *Transfers of Assets from Customers* (effective for transfers of assets received on or after 1 July 2009 once adopted by the EU).

The Interpretation provides guidance on accounting for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). IFRIC 18 will not have an impact on the consolidated financial statements because the Group does not have such agreements.

The Company expects that the adoption of the pronouncements listed above will have no significant impact on the Company's financial statements in the period of initial application, except for IAS 23 Borrowing costs and IAS 1 Presentation of Financial Statements – Revised.

2.2. Functional currency

The Group's and the Company's functional currency is local currency, Litas (LTL). The amounts shown in these financial statements are also presented in the local currency, Litas. Starting from 2 February 2002, Lithuanian Litas is pegged to EUR at the rate of 3.4528 LTL for 1 EUR, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

3 Accounting principles

The principal accounting policies adopted in preparing the Group's and the Company's financial statements for 2008 are as follows:

3.1. Consolidation

The consolidated financial statements of the Group include AB Klaipėdos Jūrų Krovinių Kompanija and the companies that it controls. The control is normally evidenced when the Group owns, either directly or indirectly, more than 50 % of the voting rights of a company's share capital and/or is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the consolidated balance sheet and consolidated income statement, respectively.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated.

The purchase method of accounting is used for acquired businesses. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. The acquisition of minority interest of the subsidiary is accounted using the Parent entity extension method by recognising the difference between the cost and proportional share of the net assets of investee as goodwill.

Investments in associated companies where significant influence is exercised by AB Klaipėdos Jūrų Krovinių Kompanija in the consolidated financial statements are accounted for using the equity method. An assessment of recoverable amount of investment in associates is performed when there is an indication that the asset has been impaired or the impairment losses recognised in prior years no longer exist.

All other investments are accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Consolidated financial statements are prepared by using uniform accounting policies for like transactions and other events in similar circumstances.

The losses applicable to the minority in a consolidated subsidiary exceeding the minority interest in the equity of the subsidiary and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recovered.

3.2. Investments in subsidiaries and associates

In the Parent's separate financial statements investments in subsidiaries and associates are carried at cost. The carrying value of investments is reduced to recognise an impairment loss of the value of the investments, such reduction being determined and made for each investment individually.

3.3. Interest in a joint venture

The Group has an interest in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest. The Group recognises its interests in the joint ventures applying the equity method. The financial statements of the joint ventures are prepared for the same reporting year as the Parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

3.4. Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

3 Accounting principles (cont'd)

3.4. Goodwill (cont'd)

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.5. Other intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of an asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the best estimate of their useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Licenses

Amounts paid for licences are capitalised and then amortised over a period of 6 years.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period of 3 years.

Costs incurred in order to restore or maintain the future economic benefits that the Company expects from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

3.6. Property, plant and equipment

The Group's and the Company's property, plant and equipment, acquired before 1 January 1996, are stated at indexed cost less indexed accumulated depreciation and impairment losses (Note 6). Property, plant and equipment other than acquired before 1 January 1996, are stated at cost less accumulated depreciation and impairment losses.

The accounting policy applied for property, plant and equipment represents a departure from International Financial Reporting Standards (IAS 16 and IAS 29), which require the use of either historical cost as adjusted for hyperinflation through a general price index, or a valuation supported by independent, professionally qualified valuers. The Group and the Company is unable to quantify the impact of non-compliance with IAS 29 on these financial statements. The above indexation was not performed in accordance with the provisions of IAS 16 since the revaluation method did not assure the indexed amount of buildings to be approximate to their fair value as at the date of indexation.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Expenditures incurred after the property, plant and equipment have been put into operations, such as repair and maintenance costs, are normally charged to income statement in the period the costs are incurred. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The Group and the Company capitalises property, plant and equipment purchases with an estimated useful life exceeding one year.

3 Accounting principles (cont'd)

3.6. Property, plant and equipment (cont'd)

The Group and the Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Depreciation is computed on a straight-line basis over the following ranges of estimated useful lives:

Buildings and constructions	10 - 70 years
Machinery and equipment	5 - 33 years
Vehicles	4 - 10 years
Other non-current assets	3 - 30 years

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

Construction in progress is stated at cost less impairment losses. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and put into operation.

3.7. Investment property

Investment property, comprising buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over 10-70 years.

3.8. Investments and other financial assets

According to IAS 39 Financial Instruments: Recognition and Measurement financial assets (except for investments into subsidiaries, associates and joint ventures) are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, 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 investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss

The category "financial assets at fair value through profit or loss" includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in income.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

3 Accounting principles (cont'd)

3.9. Inventories

Inventories are valued at the lower of cost or net realisable value, after impairment evaluation for obsolete and slow-moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by the first-in, first-out (FIFO) method. Unrealisable inventory has been fully written-off.

3.10. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

3.11. Financial liabilities

Interest bearing borrowings

Borrowings are initially recognised at fair value of proceeds received, less the costs of transaction. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings. Borrowing costs are expensed as incurred.

Financial guarantee liabilities

Financial guarantee liabilities issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issue of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the balance sheet date and the amount initially recognised.

Trade liabilities

Trade liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such liabilities are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the trade liabilities are derecognised, as well as through the amortisation process.

3.12. Finance and operating leases

Finance lease

The Group and the Company as the lessee

The Group and the Company recognise finance leases as assets and liabilities in the balance sheet at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the interest rate of finance lease payment, when it is possible to determine it, in other cases, Group's and Company's composite interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for finance lease assets and it also gives rise to financial expenses in the Group's and the Company's income statements for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets can not be depreciated over a period longer than the lease term, unless the Group or the Company, under the terms of the lease contract, acquire ownership after the lease term is over.

If the result of sales and lease back transactions is finance lease, any profit from sales exceeding the book value is not recognised as income immediately. It is postponed and amortised over the lease term.

3 Accounting principles (cont'd)

3.12. Finance and operating leases (cont'd)

Finance lease (cont'd)

The Group and the Company as the lessor

The Group and the Company recognise lease receivables at an amount equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance lease income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the lease receivables.

Operating leases

The Group and the Company as the lessee

Leases where the lessor retains all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

The gains from discounts provided by the lessor are recognised as a decrease in lease expenses over the period of the lease using the straight-line method.

If the result of sales and lease back transactions is operating lease and it is obvious that the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any profit or loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future, it is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

The Group and the Company as the lessor

Buildings leased out under operating leases are included in investment property and other assets – in property, plant and equipment in the balance sheet. Rental income is recognised on a straight-line basis over the lease term.

3.13. Income tax

Income tax charge is based on profit for the year calculated based on the Lithuanian tax legislation and considers deferred taxation.

On 1 January 2006 the Provisional Social Tax Law came into effect in the Republic of Lithuania, which stipulates that along with the corporate income tax, for one financial year beginning on 1 January 2006, companies have to pay an additional 4 % tax calculated based on the income tax principles, and for the following year a 3 % tax starting from 1 January 2007. For the year 2008 the income tax applied to the companies in the Republic of Lithuania was 15 %. Starting 1 January 2009 new income tax rate of 20 % will be applied.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax asset has been recognised in the balance sheet to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognized in the financial statements.

3 Accounting principles (cont'd)

3.14. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts. Revenue for stevedoring and related services is recognised when the cargo is loaded to ships / unloaded from ships.

3.15. Expense recognition

Expenses are recognised on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due, excluding VAT. In the cases when a long period of payment is established and the interest is not distinguished, the amount of expenses shall be estimated by discounting the amount of payment using the market interest rate.

3.16. Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the balance sheet date are recognized in the income statement. Such balances are translated at period-end exchange rates.

3.17. Segment information

In these financial statements a business segment means a constituent part of the Group or the Company participating in production of an individual product or provision of a service or a group of related products or services, the risk and returns whereof are different from other business segments.

In these financial statements a geographical segment means a constituent part of the Group or the Company participating in production of individual products or provision of services within certain economic environment the risk and returns whereof are different from other constituent parts operating in other economic environments.

For management purposes the activities of the Group are organised as one major segment – provision of cargo services. Other services such as forwarding, towage, document handling, weighting and moorage are supporting the main business and are not treated as separate segments. Further, all the Group's operations are in Lithuania. Therefore, the Group does not present business and geographical segments information.

3.18. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each balance sheet date.

For financial assets carried at amortised cost, whenever it is probable that the Group and the Company will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in the income statement. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the income statement. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group and the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

3 Accounting principles (cont'd)

3.18. Impairment of assets (cont'd)

Other assets

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

3.19. Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of these financial statements relate to amortisation (Notes 3.5 and 5), depreciation (Notes 3.6 and 6), impairment evaluation (Notes 3.6 and 6) and estimation of net realisable value of inventories (Notes 3.9 and 10) and receivables (Note 11). Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

3.20. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3.21. Subsequent events

Post-balance sheet events that provide additional information about the Group's and the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

3.22. Offsetting and comparative figures

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when certain IFRS specifically require or allow such set-off.

Where necessary, comparative figures have been adjusted to correspond to the presentation of the current year. In 2008 the Group and the Company started attributing security expenses to cost of sales, and accordingly has reclassified security expenses of LTL 3,295 thousand from operating expenses to cost of sales in the Group's and the Company's income statements for the year 2007.

4 Correction of errors

Correction of income tax, VAT and overdue interest for 2007

In 2007 the State Tax Inspectorate (hereinafter STI) under the Ministry of Finance of the Republic of Lithuania performed an inspection of correctness of calculation and payment of the Company's taxes for the period from 1 January 2003 to 31 December 2005 and from 1 April 2006 to 30 April 2006 and in their report dated 9 January 2008 stated additional value added tax of LTL 4,531 thousand, related overdue interest of LTL 721 thousand and fines of LTL 2,230 thousand and additional income tax of LTL 3,326 thousand, related overdue interest of LTL 566 thousand and fines of LTL 1,650 thousand, mainly related to the sales of container's terminal transaction in 2005. The management of the Company disagreed with the amount of additional taxes, overdue interest and fines and presented a complaint to the STI and applied for the negotiation procedure. The Company's management strongly believed that the final payment would be significantly lower when the negotiation and appealing procedures had come to the end, but the amount could not be reasonably estimated while preparing financial statements for 2007. Due to the above reasons no adjustments have been made in the financial statements for 2007 related to this uncertainty.

On 9 October 2008 the Company and STI signed an agreement on additional VAT, income tax, related fines and overdue interest in the amount of LTL 4,277 thousand to be paid and additionally corrected income tax for prior years in the amount of LTL 420 thousand and on 10 October 2008 has paid all amounts due. Based on this fact, the Company has corrected comparative financial statements for 2007 by correcting Operating expenses, Finance expenses and Income tax in the income statement for the year 2007 as well as the related balance sheet amounts. The effect of the corrections on the net result for 2007 and retained earnings as of 31 December 2007 is presented in the table below.

Correction of depreciation charge

In 2005 the Company's management changed the estimate of the useful life of the group of machinery (in particular gantry cranes) by reducing their useful lives. In 2008 the management of the Company concluded that the reduction was overstated and decided to reverse the reduction. As the overstated depreciation expenses were recognised as tax deductible, deferred tax liability from these depreciation expenses was recognised.

The effect of both corrections is presented below:

	Group		Company	
	Net profit	Shareholders' equity	Net profit	Shareholders' equity
In financial statements as of 31 December 2006 as originally reported	7,836	227,962	4,246	232,068
<i>Correction of depreciation charge:</i>				
Reversal of depreciation charge	(1,757)	4,743	(1,757)	4,743
Recognition of deferred tax liability	334	(745)	334	(745)
Restated as of 31 December 2006 after correction of the error	6,413	231,960	2,823	236,066

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4 Correction of errors (cont'd)

Group	As of 31 December 2007 (as originally reported)	Correction of taxes and overdue interest	Correction of depreciation charge	As of 31 December 2007 (restated)
ASSETS				
Non-current assets				
Intangible assets	26,437	-	-	26,437
Property, plant and equipment	275,249	-	3,603	278,852
Investment property	7,146	-	-	7,146
Non-current financial assets	2,512	-	-	2,512
Deferred income tax asset	25	-	(25)	-
Total non-current assets	311,369	-	3,578	314,947
Current assets	56,126	-	-	56,126
Total assets	367,495	-	3,578	371,073
EQUITY AND LIABILITIES				
Equity				
Share capital	126,704	-	-	126,704
Legal reserve	12,899	-	-	12,899
Retained earnings	83,494	(4,697)	3,063	81,860
Total equity	223,097	(4,697)	3,063	221,463
Liabilities				
Non-current liabilities				
Non-current borrowings	95,270	-	-	95,270
Finance lease	849	-	-	849
Deferred income tax liability	184	-	515	699
Non-current trade payables	1,317	-	-	1,317
Total non-current liabilities	97,620	-	515	98,135
Current liabilities				
Current portion of non-current borrowings	16,632	-	-	16,632
Current portion of finance lease	255	-	-	255
Current portion of non-current trade payables	240	-	-	240
Trade payables	6,221	-	-	6,221
Income tax payable	1,510	3,171	-	4,681
Advances received	5,369	-	-	5,369
Other payables	16,551	1,526	-	18,077
Total current liabilities	46,778	4,697	-	51,475
Total equity and liabilities	367,495	-	3,578	371,073

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4 Correction of errors (cont'd)

Company	As of 31 December 2007 (as originally reported)	Correction of taxes and overdue interest	Correction of depreciation charge	As of 31 December 2007 (restated)
ASSETS				
Non-current assets				
Intangible assets	91	-	-	91
Property, plant and equipment	163,442	-	3,603	167,045
Investment property	7,146	-	-	7,146
Non-current financial assets	29,442	-	-	29,442
Deferred income tax asset	25	-	(25)	-
Total non-current assets	200,146	-	3,578	203,724
Current assets	49,628	-	-	49,628
Total assets	249,774	-	3,578	253,352
EQUITY AND LIABILITIES				
Equity				
Share capital	126,704	-	-	126,704
Legal reserve	12,899	-	-	12,899
Retained earnings	82,229	(4,697)	3,063	80,595
Total equity	221,832	(4,697)	3,063	220,198
Liabilities				
Non-current liabilities				
Non-current borrowings	5,772	-	-	5,772
Finance lease	769	-	-	769
Deferred income tax liability	-	-	515	515
Total non-current liabilities	6,541	-	515	7,056
Current liabilities				
Current portion of finance lease	235	-	-	235
Trade payables	6,583	-	-	6,583
Income tax payable	1,510	3,171	-	4,681
Advances received	362	-	-	362
Other payables	12,711	1,526	-	14,237
Total current liabilities	21,401	4,697	-	26,098
Total equity and liabilities	249,774	-	3,578	253,352

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4 Correction of errors (cont'd)

Group	As of 31 December 2007 (as originally reported)	Correction of taxes and overdue interest	Correction of depreciation charge	As of 31 December 2007 (restated)
Sales	188,524	-	-	188,524
Cost of sales	(123,025)	-	(1,140)	(124,165)
Gross profit	65,499	-	(1,140)	64,359
Operating expenses	(40,315)	(1,036)	-	(41,351)
Other operating income (expenses)	2,488	-	-	2,488
Profit (loss) from operations	27,672	(1,036)	(1,140)	25,496
Income from financial and investment activities	1,450	-	-	1,450
Expenses from financial and investment activities	(6,670)	(490)	-	(7,160)
Profit from ordinary activities	22,452	(1,526)	(1,140)	19,786
Share of profit from joint ventures and associates	912	-	-	912
Profit before tax	23,364	(1,526)	(1,140)	20,698
Income tax	(4,479)	(3,171)	205	(7,445)
Net profit	18,885	(4,697)	(935)	13,253
Basic and diluted earnings per share (LTL)	1.49	(0.37)	(0.07)	1.05

Company	As of 31 December 2007 (as originally reported)	Correction of taxes and overdue interest	Correction of depreciation charge	As of 31 December 2007 (restated)
Sales	135,425	-	-	135,425
Cost of sales	(91,751)	-	(1,140)	(92,891)
Gross profit	43,674	-	(1,140)	42,534
Operating expenses	(30,272)	(1,036)	-	(31,308)
Other operating income (expenses)	2,653	-	-	2,653
Profit (loss) from operations	16,055	(1,036)	(1,140)	13,879
Income from financial and investment activities	1,485	-	-	1,485
Expenses from financial and investment activities	(396)	(490)	-	(886)
Profit before tax	17,144	(1,526)	(1,140)	14,478
Income tax	(3,630)	(3,171)	205	(6,596)
Net profit	13,514	(4,697)	(935)	7,882

5 Intangible assets

Movements in the Group's and the Company's intangible assets during 2008 and 2007 can be specified as follows:

	Group			Company
	Goodwill	Other	Total	
Cost:				
Balance as of 1 January 2007	26,133	1,967	28,100	1,648
Additions	-	81	81	81
Balance as of 31 December 2007	26,133	2,048	28,181	1,729
Additions	-	9	9	9
Transfer from construction in progress	-	1,512	1,512	1,512
Retirements	-	(195)	(195)	(195)
Disposal of subsidiary	(26,133)	(319)	(26,452)	-
Balance as of 31 December 2008	-	3,055	3,055	3,055
Accumulated amortisation:				
Balance as of 1 January 2007	-	1,614	1,614	1,613
Charge for the year	-	130	130	25
Balance as of 31 December 2007	-	1,744	1,744	1,638
Charge for the year	-	210	210	166
Retirements	-	(195)	(195)	(195)
Disposal of subsidiary	-	(150)	(150)	-
Balance as of 31 December 2008	-	1,609	1,609	1,609
Net book value as of:				
31 December 2008	-	1,446	1,446	1,446
31 December 2007	26,133	304	26,437	91
1 January 2007	26,133	353	26,486	35

Amortisation expenses of intangible assets are included within cost of sales in the income statement.

Part of the non-current intangible assets of the Group and the Company with the acquisition value of 1,454 thousand as of 31 December 2008, was fully amortised (LTL 1,596 thousand as of 31 December 2007) but was still in use.

Goodwill

As described in Note 1, on 9 June 2008 the Company sold 100 % of shares of UAB Krovinių Terminalas to its Parent company UAB Koncernas Achemos Grupė and derecognised the goodwill amounting to LTL 26,133 from acquisition of UAB Krovinių Terminalas shares.

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6 Property, plant and equipment

Movements in the Group's and the Company's property, plant and equipment during 2008 and 2007 can be specified as follows:

Group	Land	Buildings and constructions	Machinery and equipment (restated)	Other property, plant and equipment	Construction in progress and prepayments	Total (restated)
Cost, historical or indexed:						
Balance as of 1 January 2007	11,777	323,783	219,336	45,501	3,209	603,606
Additions	-	-	1,903	1,488	15,236	18,627
Disposals	-	(52)	(278)	(1,202)	-	(1,532)
Retirements	-	(558)	(474)	(1,193)	-	(2,225)
Transfers between captions	-	2,211	(545)	227	(1,893)	-
Balance as of 31 December 2007	11,777	325,384	219,942	44,821	16,552	618,476
Additions	81	3,126	148	706	17,570	21,631
Disposals	-	-	(911)	(4,009)	-	(4,920)
Retirements	-	-	(790)	(2,977)	-	(3,767)
Disposal of subsidiary	-	(117,759)	(9,214)	(1,524)	(339)	(128,836)
Transfers to intangible assets	-	-	-	-	(1,512)	(1,512)
Transfers between captions	-	11,108	100	16,198	(27,406)	-
Balance as of 31 December 2008	11,858	221,859	209,275	53,215	4,865	501,072
Accumulated depreciation:						
Balance as of 1 January 2007	-	83,495	182,299	39,697	-	305,491
Charge for the year	-	18,492	11,976	1,809	-	32,277
Disposals	-	(52)	(272)	(1,109)	-	(1,433)
Retirements	-	(540)	(472)	(1,190)	-	(2,202)
Transfers between captions	-	163	(163)	-	-	-
Balance as of 31 December 2007	-	101,558	193,368	39,207	-	334,133
Charge for the year	-	13,892	7,241	1,341	-	22,474
Disposals	-	-	(909)	(3,914)	-	(4,823)
Retirements	-	-	(788)	(2,972)	-	(3,760)
Disposal of subsidiary	-	(16,428)	(3,727)	(731)	-	(20,886)
Balance as of 31 December 2008	-	99,022	195,185	32,931	-	327,138
Impairment losses:						
Balance as of 1 January 2007	-	3,304	1,183	-	729	5,216
Charge for the year	-	275	-	-	-	275
Balance as of 31 December 2007	-	3,579	1,183	-	729	5,491
Charge for the year	-	-	-	-	-	-
Balance as of 31 December 2008	-	3,579	1,183	-	729	5,491
Net book value as of:						
31 December 2008	11,858	119,258	12,907	20,284	4,136	168,443
31 December 2007	11,777	220,247	25,391	5,614	15,823	278,852
1 January 2007	11,777	236,984	35,854	5,804	2,480	292,899

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6 Property, plant and equipment (cont'd)

Company	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Construction in progress and prepayments	Total
			(restated)			(restated)
Cost, historical or indexed:						
Balance as of 1 January 2007	11,777	206,822	210,446	44,322	3,190	476,557
Additions	-	-	1,518	1,264	14,652	17,434
Disposals	-	(52)	(278)	(1,202)	(284)	(1,816)
Retirements	-	(558)	(474)	(1,193)	-	(2,225)
Transfers between captions	-	1,413	(473)	133	(1,073)	-
Balance as of 31 December 2007	11,777	207,625	210,739	43,324	16,485	489,950
Additions	81	3,126	137	679	17,298	21,321
Disposals	-	-	(911)	(4,009)	-	(4,920)
Retirements	-	-	(790)	(2,977)	-	(3,767)
Transfers to intangible assets	-	-	-	-	(1,512)	(1,512)
Transfers between captions	-	11,108	100	16,198	(27,406)	-
Balance as of 31 December 2008	11,858	221,859	209,275	53,215	4,865	501,072
Accumulated depreciation:						
Balance as of 1 January 2007	-	78,263	181,088	39,315	-	298,666
Charge for the year	-	10,604	10,207	1,572	-	22,383
Disposals	-	(52)	(272)	(1,109)	-	(1,433)
Retirements	-	(540)	(472)	(1,190)	-	(2,202)
Transfers between captions	-	163	(163)	-	-	-
Balance as of 31 December 2007	-	88,438	190,388	38,588	-	317,414
Charge for the year	-	10,584	6,494	1,229	-	18,307
Disposals	-	-	(909)	(3,914)	-	(4,823)
Retirements	-	-	(788)	(2,972)	-	(3,760)
Balance as of 31 December 2008	-	99,022	195,185	32,931	-	327,138
Impairment losses:						
Balance as of 1 January 2007	-	3,304	1,183	-	729	5,216
Charge for the year	-	275	-	-	-	275
Balance as of 31 December 2007	-	3,579	1,183	-	729	5,491
Charge for the year	-	-	-	-	-	-
Balance as of 31 December 2008	-	3,579	1,183	-	729	5,491
Net book value as of:						
31 December 2008	11,858	119,258	12,907	20,284	4,136	168,443
31 December 2007	11,777	115,608	19,168	4,736	15,756	167,045
1 January 2007	11,777	125,255	28,175	5,007	2,461	172,675

6 Property, plant and equipment (cont'd)

The depreciation charge of the Group's and the Company's property, plant and equipment for the year 2008 amounts to LTL 22,474 thousand and LTL 18,307 thousand, respectively (LTL 32,277 thousand and LTL 22,383 thousand in 2007, respectively). The Group's and the Company's depreciation expenses amounting to LTL 20,227 thousand and LTL 17,368 thousand for the year 2008, respectively (LTL 28,294 thousand and LTL 21,464 thousand for the year 2007, respectively), have been included into cost of sales in the income statement. The remaining amounts have been included into operating expenses for the year 2008 and 2007.

Property, plant and equipment of the Group with a net book value of LTL 90,537 thousand as of 31 December 2007 and land rent rights were pledged to banks as collateral for the loans (Note 14). As of 31 December 2008 no property, plant and equipment of the Company were pledged.

Subsequent to the year end on 9 February 2009 the Company pledged the newly built towboat with the net book value of LTL 16,155 thousand as of 31 December 2008 to Nordea Bank Finland Plc Lithuania Branch for the loan received (Note 14).

Part of property, plant and equipment of the Group and the Company with the acquisition cost of LTL 212,979 thousand and LTL 212,979 thousand, respectively, was fully depreciated as of 31 December 2008 (LTL 198,203 thousand and LTL 197,773 thousand as of 31 December 2007, respectively) but was still in active use. The major part of fully depreciated assets in use is machinery and equipment.

The impairment, amounting to LTL 4,487 thousand, for structures and machinery not in use, located in a distant area from the main operations of the Company, was accounted for in 2005. As it is not possible to assess the fair (sales) value of these assets, value in use method was used for impairment calculation. The mentioned structures and machinery are not used in the operations of the Company and do not generate income for the Company and the management's plans for the future usage are unclear, therefore an impairment for a full amount was recorded in the financial statements of 2005.

As the Company plans additionally to demolish part of its structures (concrete covering) currently not in use, additional impairment of LTL 275 thousand was accounted for in 2007. No changes occurred in 2008.

On 21 May 2007 the Company signed the agreement with OAO LENINGRADSKIJ SUDOSTROITELNYJ ZAVOD PELLA (Russia) for the construction and purchase of 2 towboats for the total amount of EUR 9,360 thousand (the equivalent of LTL 32,318 thousand as of 31 December 2007). Prepayment amounting to LTL 7,272 thousand for towboats was made in 2007. In 2008 the Company received the first towboat. As of 31 December 2008 the prepayment of 5 % of purchase price for the second towboat amounting to LTL 808 thousand is made.

Four revaluations of property, plant and equipment were performed during a period of hyperinflation prior to 1 January 1996. Revaluations of property, plant and equipment were performed by indexing the cost and accumulated depreciation of property, plant and equipment, applying indexation rates set by the Lithuanian Government for different asset categories. The revalued amounts have not been specifically assessed by independent, professionally qualified valuers.

Indexation rates used for the four revaluations were as follows (depending upon the date of acquisition and category of property, plant and equipment):

Revaluation	The range of indexes for property, plant and equipment revaluation
Revaluation effective 1 July 1991	2.2 times
Revaluation effective 1 January 1992	2 - 5 times
Revaluation effective 1 April 1994	1.4 - 14 times
Revaluation effective 31 December 1995	1.6 - 1.7 times

Because of major movements and lack of separate registrations of the effect of indexations per asset, the Group and the Company cannot quantify the remaining effect of indexation on the balance of property, plant and equipment as of 31 December 2008. The net book value of indexed property, plant and equipment was LTL 17,191 thousand as of 31 December 2008 (LTL 20,987 thousand as of 31 December 2007).

7 Investment property

Movements in the Group's and the Company's investment property during 2008 and 2007 can be specified as follows:

	Buildings
Cost:	
Balance as of 1 January 2007	10,362
Balance as of 31 December 2007	10,362
Additions	220
Balance as of 31 December 2008	10,582
Accumulated depreciation:	
Balance as of 1 January 2007	3,013
Charge for the year	203
Balance as of 31 December 2007	3,216
Charge for the year	464
Balance as of 31 December 2008	3,680
Net book value as of 31 December 2008	6,902
Net book value as of 31 December 2007	7,146

Investment property includes rented warehouses and other buildings and structures. The expenses related to investment property are depreciation charge, included under the cost of sales caption in the income statement. The fair value of investment property is not presented as according to the management it is not practicable to estimate it.

8 Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associated companies of the Company as of 31 December 2008 and 2007 could be specified as follows:

	2008		2007	
	Share of capital	Cost value	Share of capital	Cost value
UAB Krovinių Terminalas	-	-	100 %	28,263
UAB Krantas Forwarding	50 %	200	50 %	200
UAB Klasco Ekspedicija	50 %	5	50 %	5
ZAO Baltijskaja Transportnaja-ekspeditorskaja Kompanija - 2K	50 %	-	50 %	-
UAB Euroga	49 %	70	49 %	70
OOO Proizvodstvenno-investicionnaja kompanija Promimpeks	-	-	32 %	3
		<u>275</u>		<u>28,541</u>

Movement in investments in subsidiaries, joint ventures and associated companies of the Company during 2008 and 2007 are presented below:

		Company	
		2008	2007
At the beginning of the year		28,541	28,538
Establishment of associate	a)	-	3
Sales of subsidiary	b)	(28,263)	-
Sales of associated company	c)	(3)	-
		<u>275</u>	<u>28,541</u>

- a) In 2007 the Company participated in the establishment of associated company OOO Proizvodstvenno-investicionnaja kompanija Promimpeks (hereinafter OOO PIK Promimpeks), which was registered on 17 April 2007 in Moscow, Russia. The Company held 32 % of share capital, equal to RUB 32 thousand (LTL 3 thousand equivalent as of 31 December 2007).
- b) As described in Note 1, on 9 June 2008 the Company sold 100 % of shares of UAB Krovinių Terminalas to its Parent company UAB Koncernas Achemos Grupė for the price equal to cost value of LTL 28,263 thousand (Note 9). None of the disposal consideration was received in cash during 2008.
- c) On 17 September 2008 the Company sold all 32 shares held (32 % of share capital) of OOO PIK Promimpeks for its acquisition price of RUB 32 thousand (LTL 3 thousand equivalent as of 17 September 2008).

Cash flows from sale of shares of UAB Krovinių Terminalas are presented below:

	As of 31 May 2008 (unaudited)
Sale price	28,263
Cash received for the sold shares	-
Less: cash sold	<u>(3,954)</u>
Total cash flows from sales of subsidiary	<u>(3,954)</u>

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8 Investments in subsidiaries, joint ventures and associates (cont'd)

Assets and liabilities of the subsidiary UAB Krovinų Terminalas at the moment of the sale (31 May 2008) are presented in the table below:

	<u>31 May 2008</u> (unaudited)
ASSETS	
Non-current assets	
Intangible assets	169
Property, plant and equipment	<u>107,950</u>
Total non-current assets	<u>108,119</u>
Current assets	
Inventories	334
Receivables	1,051
Accrued income, deferred expenses and prepayments	2,224
Cash and cash equivalents	<u>3,954</u>
Total current assets	<u>7,563</u>
Total assets	<u>115,682</u>
EQUITY AND LIABILITIES	
Equity	
Share capital	3,000
Legal reserve	1
Retained earnings	<u>102</u>
Total equity	<u>3,103</u>
Liabilities	
Non-current liabilities	
Non-current borrowings	89,498
Finance lease	80
Deferred income tax liability	383
Non-current trade payables	<u>1,317</u>
Total non-current liabilities	<u>91,278</u>
Current liabilities	
Current portion of non-current borrowings	15,000
Current portion of finance lease	12
Current portion of non-current trade payables	179
Trade payables	2,097
Advances received	2,143
Other payables	<u>1,870</u>
Total current liabilities	<u>21,301</u>
Total equity and liabilities	<u>115,682</u>

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8 Investments in subsidiaries, joint ventures and associates (cont'd)

The following tables illustrate summarised information of the Group's investment in joint ventures and associated companies as of 31 December 2008 and 2007.

	2008				Total
	UAB Klasco Ekspedicija	UAB Krantas Forwarding	UAB Euroga	ZAO Baltijskaja Transportnaja- Ekspeditorskaja Kompanija - 2K	
Share of the balance sheet:					
Current assets	710	63	3,235	No data	4,008
Non-current assets	13	13	53	No data	79
Current liabilities	(670)	(15)	(1,995)	No data	(2,680)
Non-current liabilities	-	-	-	No data	-
Net assets	53	61	1,293	No data	1,407
Share of the revenue, expenses and profit:					
Revenue	7,175	391	1,866	No data	9,432
Expenses	(7,253)	(404)	(1,462)	No data	(9,119)
Profit (loss)	(78)	(13)	404	No data	313
Dividends received	(50)	(75)	(392)	-	(517)
Carrying amount of the investment	53	61	1,293	-	1,407

	2007					
	OOO PIK Promimpeks*	UAB Klasco Ekspedicija	UAB Krantas Forwarding	UAB Euroga	ZAO Baltijskaja Transportnaja- Ekspeditorskaja Kompanija - 2K	Total
Share of the balance sheet:						
Current assets	48	649	170	4,966	No data	5,833
Non-current assets	1	18	16	70	No data	105
Current liabilities	(128)	(486)	(37)	(3,745)	No data	(4,396)
Non-current liabilities	-	-	-	(10)	No data	(10)
Net assets	-	181	149	1,281	No data	1,611
Share of the revenue, expenses and profit:						
Revenue	27	4,108	493	2,106	No data	6,734
Expenses	(109)	(4,051)	(446)	(1,295)	No data	(5,901)
Profit (loss)	(3)	57	47	811	No data	912
Dividends received	-	(50)	-	(245)	-	(295)
Carrying amount of the investment	-	181	149	1,281	-	1,611

* In 2007 associated company OOO PIK Promimpeks incurred losses and its equity was negative as of 31 December 2007. As the management of the Company cannot control the activities of the associated company and has no obligations to cover losses, the Company has not recognised any liabilities related to this associate and accounted for investment in this associate at zero value as of 31 December 2007 in the Group financial statements.

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9 Non-current receivables

	Group		Company	
	2008	2007	2008	2007
Non-current receivable from UAB Koncernas Achemos Grupė	12,811	-	12,811	-
Long-term receivable from UAB Klaipėdos Keleivių ir Krovinių Terminalas	545	531	545	531
Loans granted to the Company's employees	262	320	262	320
Finance lease receivables	134	-	134	-
	<u>13,752</u>	<u>851</u>	<u>13,752</u>	<u>851</u>

Non-current receivable from the Parent company UAB Koncernas Achemos Grupė represents a receivable for the sold shares of UAB Krovinių Terminalas, as described in Note 1. The shares were sold at the price equal to cost value of LTL 28,263 thousand. The receivable will be settled in equal monthly instalments of LTL 785 thousand until June 2011 and bears no interest rate. This receivable is accounted for at discounted value using 5.5 % interest rate, the discounting effect was accounted directly in equity. Current portion of receivable is accounted for under current receivable caption (Note 11).

Non-current receivable from UAB Klaipėdos Keleivių ir Krovinių Terminalas represents a receivable for the gantry crane sold. The receivable matures in 2012 and bears no interest rate. This receivable is accounted for at discounted value using 4 % interest rate.

Loans granted to the employees of the Company are non-interest bearing and mature from 2009 to 2020. These loans are accounted for at discounted value using 4 % interest rate.

Finance lease receivables are for leased towboat and are accounted for at discounted value using 5.5 % interest rate and matures in 2010.

10 Inventories

	Group		Company	
	2008	2007	2008	2007
Spare parts	3,107	3,514	3,107	3,400
Other inventory	<u>2,542</u>	<u>2,404</u>	<u>2,542</u>	<u>2,190</u>
	5,649	5,918	5,649	5,590
Less: net realisable value allowance	<u>(2,734)</u>	<u>(2,734)</u>	<u>(2,734)</u>	<u>(2,734)</u>
	<u>2,915</u>	<u>3,184</u>	<u>2,915</u>	<u>2,856</u>

The cost value of the Group's and the Company's inventories accounted for at net realisable value as of 31 December 2008 and 2007 amounted to LTL 4,133 thousand.

11 Receivables

	Group		Company	
	2008	2007	2008	2007
Short-term loan granted to AB Achema	12,000	-	12,000	-
Current portion of receivable from UAB Koncernas Achemos Grupė (Note 9)	8,462	-	8,462	-
Trade receivables	6,153	8,999	6,153	8,630
Other receivables	4,586	4,916	4,586	4,824
Current portion of lease receivables (Note 9)	328	-	328	-
Current portion of loans granted to the Company's employees (Note 9)	67	236	67	236
Deposits with a term longer than three months	-	10,000	-	10,000
	31,596	24,151	31,596	23,690
Less: allowance for doubtful trade receivables	(42)	(314)	(42)	(314)
	31,554	23,837	31,554	23,376

Short-term loan granted to AB Achema matures on 7 November 2009 and bears 7 % annual interest rate.

As of 31 December 2007 the Group's and the Company's term deposit with AB PAREX BANKAS comprises of LTL 10,000 thousand deposit with maturity at 28 March 2008 and annual interest rate of 5.44 %.

Trade receivables and other receivables are non-interest bearing and are generally on 30–90 days terms.

As of 31 December 2008 trade receivables with the nominal value of LTL 42 thousand (LTL 63 thousand as of 31 December 2007) were impaired and fully provided for.

Movements in the provision for impairment of receivables were as follows:

	Individually impaired	Total
Balance as of 31 December 2006	144	144
Charge for the year	251	251
Written-off	(81)	(81)
Balance as of 31 December 2007	314	314
Written-off	(21)	(21)
Reversed	(251)	(251)
Balance as of 31 December 2008	42	42

Changes in allowance for accounts receivable in 2008 and 2007 were included into operating expenses.

The ageing analysis of the Group's and the Company's trade receivables as of 31 December 2008 and 2007 is as follows:

	Receivables neither past due nor impaired	Receivables past due but not impaired					Total
		Less than 30 days	30–90 days	90–180 days	180–360 days	More than 360 days	
The Company							
2008	5,126	355	628	2	-	-	6,111
2007	7,999	547	21	-	-	-	8,567
The Group							
2008	5,126	355	628	2	-	-	6,111
2007	8,368	547	21	-	-	-	8,936

12 Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
Cash at bank	8,963	13,290	8,963	12,377
Cash on hand	91	20	91	20
Deposits with a term less than three months	-	11,308	-	8,201
	<u>9,054</u>	<u>24,618</u>	<u>9,054</u>	<u>20,598</u>

As of 31 December 2008 and 2007 all cash accounts in Nordea Bank Finland Plc Lithuania Branch with the balance of LTL 4,776 thousand and LTL 328 thousand, respectively, were pledged for the loan received. The Company also has a commitment to ensure that not less than 20 % of all cash turnovers are made through the bank accounts with Nordea Bank Finland Plc Lithuania Branch (Note 14).

As of 31 December 2007 the Company's term deposits with AB PAREX BANKAS comprise EUR 2,100 thousand (LTL 7,251 thousand equivalent as of 31 December 2007) deposit with a maturity at 17 March 2008 and annual interest rate of 5.40 %, also EUR 275 thousand (LTL 950 thousand equivalent as of 31 December 2007) deposit with maturity at 31 January 2008 and annual interest rate of 5.15 %.

As of 31 December 2007 the Group had additional two term deposits of UAB Krovinių Terminalas with AB PAREX BANKAS of EUR 600 thousand (LTL 2,071 thousand equivalent as of 31 December 2007) and EUR 300 thousand (LTL 1,036 thousand equivalent as of 31 December 2007) with a maturity at 10 January 2008 and 11 February 2008 and annual interest rate of 5.35 % and 4.66 %, respectively.

13 EquityLegal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 % of net profit, calculated in accordance with IFRS, are compulsory until the reserve reaches 10 % of the share capital. The legal reserve is fully formed by the Company. The legal reserve cannot be distributed as dividends but can be used to cover any future losses.

14 Borrowings

Borrowings of the Group and the Company could be specified as follows:

	Group		Company	
	2008	2007	2008	2007
Non-current borrowings				
Loans from banks	10,738	95,270	10,738	5,772
	<u>10,738</u>	<u>95,270</u>	<u>10,738</u>	<u>5,772</u>
Current portion of non-current borrowings				
Current portion of loans from banks	-	16,632	-	-
	<u>-</u>	<u>16,632</u>	<u>-</u>	<u>-</u>
	<u>10,738</u>	<u>111,902</u>	<u>10,738</u>	<u>5,772</u>

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14 Borrowings (cont'd)

Terms of repayment of non-current debts as of 31 December 2008 are as follows:

Year	Group		Company	
	2008	2007	2008	2007
2008	-	16,632	-	-
2009	-	15,000	-	-
2010	1,260	17,260	1,260	1,260
2011	2,521	19,521	2,521	2,521
2012	2,521	19,521	2,521	1,991
2013 and later	4,436	23,968	4,436	-
	<u>10,738</u>	<u>111,902</u>	<u>10,738</u>	<u>5,772</u>

All borrowings of the Company and the Group are with variable interest rate. The Group's and the Company's weighted average effective interest rates of borrowings outstanding at the year-end:

	2008	2007
Non-current borrowings	5.14 %	5.83 %

All borrowings of the Group and the Company as of 31 December 2008 and 2007 are denominated in EUR.

On 19 June 2007 the Company signed a loan agreement with Nordea Bank Finland Plc Lithuania Branch to finance the construction and purchase of two towboats. The loan amount is EUR 7,300 thousand (the equivalent of LTL 25,205 thousand) and its maturity is 30 June 2014. Interest rate for the loan is 3 months EURIBOR + 0.5 %. In 2008 the loan amount was decreased to EUR 6,364 thousand (the equivalent of LTL 21,974 thousand).

As of 31 December 2008 and 2007 all cash accounts in Nordea Bank Finland Plc Lithuania Branch with the balance of LTL 4,776 thousand and LTL 328 thousand, respectively, were pledged for the loan received. The Company also has a commitment to ensure that not less than 20 % of all cash turnovers are made through the bank accounts Nordea Bank Finland Plc Lithuania Branch (Note 12).

The Company is obliged to pledge both towboats upon the end of construction. The first towboat with the net book value of LTL 16,155 thousand as of 31 December 2008 was pledged subsequent to the year end on 9 February 2009 (Note 6). In addition, the construction company provided a guarantee of EUR 234 thousand (the equivalent of LTL 808 thousand) to Nordea Bank Finland Plc Lithuania Branch.

On 13 September 2006 the subsidiary UAB Krovinij Terminalas signed a syndicated loan agreement with AB PAREX BANKAS (Lithuania) and AS Parex Banka (Latvia) to refinance the loan received from the Company for financing of construction of oil and chemical products terminal and financing of working capital. The loan amount is EUR 37,650 thousand (the equivalent of LTL 129,998 thousand) and its maturity is 10 June 2014. Interest rate for the loan is 6 months EUR LIBOR + 1.3 % for the 73.99 % portion of the loan and 6 months EUR LIBOR + 1.0 % for the 26.01 % portion of the loan.

As of 31 December 2007 buildings and structures of the subsidiary UAB Krovinij Terminalas with the net book value of LTL 90,537 thousand and land rent rights were pledged to AB PAREX BANKAS (Lithuania) and AS Parex Banka (Latvia) (Note 6).

As of 31 December 2007 the subsidiary UAB Krovinij Terminalas has a commitment to ensure that all cash turnovers are made through the bank accounts with AB PAREX BANKAS (Lithuania) and AS Parex Banka (Latvia) and the Company and the Group has a commitment to ensure that this cash turnover is not less than LTL 75,000 thousand during half a year.

15 Trade and other payables

Other payables of the Group and the Company as of 31 December 2008 and 2007 are as follows:

	Group		Company	
	2008	2007	2008	2007
	(restated)		(restated)	
Vacation pay and social security accrual	4,180	3,823	4,180	3,488
Taxes, salaries and social security payable	3,157	4,112	3,157	3,783
Additional taxes accrual based on STI decision	-	1,526	-	1,526
Other payables and accrued expenses	2,985	8,616	2,985	5,440
	<u>10,322</u>	<u>18,077</u>	<u>10,322</u>	<u>14,237</u>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 20–45 - day terms.
- Other payables are non-interest bearing and are normally settled on 15–30 - day terms.
- Interest payable is normally settled monthly to quarterly throughout the financial year.
- For terms and conditions relating to related parties, refer to Note 27.

16 Operating leaseThe Group and the Company as the lessee

The Group and the Company concluded several contracts of operating lease of vehicles. The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements. In 2008, the lease expenses of the Group and the Company amounted to LTL 1,122 thousand (LTL 758 thousand in 2007).

Future lease payments according to the signed lease contracts are as follows:

	Group		Company	
	2008	2007	2008	2007
Within one year	993	707	993	707
From one to five years	1,127	1,871	1,127	1,871
	<u>2,120</u>	<u>2,578</u>	<u>2,120</u>	<u>2,578</u>
Denominated in:				
- EUR (equivalent in LTL)	2,120	2,578	2,120	2,578

As of 31 December 2008 the Group and the Company had land rent agreements with Klaipėda State Seaport for a total area of 960,846 and 960,846 square meters, respectively, (1,018,279 and 960,846 square meters as of 31 December 2007, respectively) with the maturity terms ending from 31 December 2021 till 14 October 2054. One square meter annual rent fee in 2008 varies from LTL 1.50 to LTL 8.14 (from LTL 1.50 to LTL 12 in 2007). Rent fee is reviewed periodically.

The Group's and the Company's 2008 annual Klaipėda State Seaport land rent fee is equal to LTL 4,986 thousand and LTL 4,355 thousand, respectively (LTL 6,449 thousand and LTL 5,818 thousand, respectively, in 2007).

16 Operating lease (cont'd)The Group and the Company as the lessor

The Group and the Company concluded several contracts of operating lease of buildings, vehicles and boats.

Future lease income according to the signed lease contracts are as follows:

	Group		Company	
	2008	2007	2008	2007
Within one year	1,214	803	1,214	743
From one to five years	2,627	-	2,627	-
	<u>3,841</u>	<u>803</u>	<u>3,841</u>	<u>743</u>
Denominated in:				
- LTL	3,841	803	3,841	743

17 Finance lease

The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements. In 2008, the lease expenses of the Group and the Company amounted to LTL 53 thousand and LTL 51 thousand, respectively (LTL 53 thousand and LTL 50 thousand, respectively, in 2007).

Future lease payments according to the signed lease contracts are as follows:

	Group		Company	
	2008	2007	2008	2007
Within one year	288	310	288	285
From one to five years	551	922	551	834
Total finance lease obligations	<u>839</u>	<u>1,232</u>	<u>839</u>	<u>1,119</u>
Interest	(70)	(128)	(70)	(115)
Present value of finance lease obligations	<u>769</u>	<u>1,104</u>	<u>769</u>	<u>1,004</u>
Finance lease obligations are accounted for as:				
- current	249	255	249	235
- non-current	520	849	520	769
Denominated in:				
- EUR (equivalent in LTL)	769	1,004	769	1,004
- LTL	-	100	-	-

Net book value of the assets of the Group and the Company acquired under finance lease is as follows:

	Group		Company	
	2008	2007	2008	2007
Machinery and equipment	735	995	735	995
Other property, plant and equipment	88	197	88	112
	<u>823</u>	<u>1,192</u>	<u>823</u>	<u>1,107</u>

18 Cost of sales

	Group		Company	
	2008	2007	2008	2007
	(restated)		(restated)	
Employee payroll costs	38,871	33,577	37,952	31,434
Depreciation and amortisation	20,901	28,627	17,998	21,692
Maintenance and repair	15,800	13,961	15,463	13,377
Forwarding services	12,398	22,034	751	693
Rent expenses	9,030	9,436	9,030	9,436
Security services	3,568	3,295	3,568	3,295
Other production overheads	16,253	13,235	16,132	12,964
	<u>116,821</u>	<u>124,165</u>	<u>100,894</u>	<u>92,891</u>

19 Operating expenses

	Group		Company	
	2008	2007	2008	2007
	(restated)		(restated)	
Employee payroll costs	13,457	16,297	12,482	14,422
Management fee	10,980	8,200	10,496	7,000
Depreciation	2,247	3,983	939	919
Taxes (other than income tax)	1,704	2,114	1,220	1,165
Charity and donations	1,421	1,329	1,421	1,329
Advertising	1,400	1,025	1,367	963
Maintenance and repair	1,126	772	1,113	518
Rent expenses	970	1,977	707	664
Security services	579	277	293	277
Utilities	382	393	306	250
Business trips	373	320	364	271
Insurance	296	569	66	61
Audit and related services	225	142	210	127
Employee trainings	220	229	204	158
Consultation and similar services	161	60	151	41
Bank services	154	148	152	142
Additional VAT based on STI decision	-	1,036	-	1,036
Allowance for other accounts receivable	(251)	251	(251)	251
Other	1,966	2,229	1,721	1,714
	<u>37,410</u>	<u>41,351</u>	<u>32,961</u>	<u>31,308</u>

20 Other operating income (expenses), net

	Group		Company	
	2008	2007	2008	2007
Rent income	1,019	1,167	994	1,117
Gain on disposal of property, plant and equipment	767	103	767	103
Resale of utility services	2,176	2,059	2,164	2,048
Other income	1,509	841	1,629	1,056
Total other operating income	5,471	4,170	5,554	4,324
Cost of resold utility services	(1,594)	(1,443)	(1,594)	(1,443)
Other expenses	(300)	(239)	(297)	(228)
Total other operating expenses	(1,894)	(1,682)	(1,891)	(1,671)
	3,577	2,488	3,663	2,653

21 Income (expenses) from financial and investment activities, net

	Group		Company	
	2008	2007	2008	2007
		(restated)		(restated)
Interest income	1,789	1,230	1,749	971
Gain on disposal of investments	108	-	105	-
Foreign currency exchange gain	68	135	67	134
Dividend income	-	-	517	295
Other financial income	-	85	-	85
Total income from financial and investment activities	1,965	1,450	2,438	1,485
Interest expenses	(3,008)	(6,383)	(491)	(173)
Loss on disposal of UAB Krovinių Terminalas	(973)	-	-	-
Foreign currency exchange (loss)	(52)	(202)	(48)	(194)
Overdue interest expenses based on STI decision	-	(490)	-	(490)
Other financial expenses	(3)	(85)	(3)	(29)
Total expenses from financial and investment activities	(4,036)	(7,160)	(542)	(886)
	(2,071)	(5,710)	1,896	599

- a) As disclosed in Note 8, in 2008 the Company sold all 32 shares held (32 % of share capital) of OOO PIK Promimpeks for its acquisition price of RUB 32 thousand (LTL 3 thousand equivalent as of 17 September 2008).

In addition, in 2008 the Company sold 80 shares (5.93 % of share capital) of SAO Sovmortrans, which were accounted for at zero value under available-for-sale investments caption in the balance sheet, for USD 40 thousand (equivalent of LTL 105 thousand).

22 Income tax

	Group		Company	
	2008	2007 (restated)	2008	2007 (restated)
Current income tax for the reporting year	3,120	4,111	3,120	4,111
Additional income tax calculated based on STI decision (Note 4)	-	3,171	-	3,171
Change in deferred income tax due to change in tax rate	(62)	109	(62)	109
Change in temporary differences	(169)	54	(368)	(795)
Income tax expenses recorded in income statement	<u>2,889</u>	<u>7,445</u>	<u>2,690</u>	<u>6,596</u>
Deferred income tax asset				
Tax loss carry forward	-	823	-	-
Impairment of property, plant and equipment	471	460	471	460
Allowance for inventories	894	670	894	670
Vacation pay accrual	198	261	198	250
Notional interest of a long-term receivable a)	292	-	292	-
Other temporary differences	397	366	397	366
Deferred income tax asset	<u>2,252</u>	<u>2,580</u>	<u>2,252</u>	<u>1,746</u>
Deferred income tax asset netted with liability	<u>(2,002)</u>	<u>(2,580)</u>	<u>(2,002)</u>	<u>(1,746)</u>
Deferred income tax asset, net	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
Deferred income tax liability				
Investment incentive	(1,377)	(1,711)	(1,377)	(1,400)
Depreciation rates differences	-	(808)	-	(101)
Reversal of overstated depreciation	(625)	(540)	(625)	(540)
Non-taxable income	-	(220)	-	(220)
Deferred income tax liability	<u>(2,002)</u>	<u>(3,279)</u>	<u>(2,002)</u>	<u>(2,261)</u>
Deferred income tax liability netted with asset	<u>2,002</u>	<u>2,580</u>	<u>2,002</u>	<u>1,746</u>
Deferred income tax liability, net	<u>-</u>	<u>(699)</u>	<u>-</u>	<u>(515)</u>

- a) The initial deferred tax effect of discounting of non-current receivable from the Parent company UAB Koncernas Achemos Grupė amounts to LTL 335 thousand and was accounted directly in equity. The change during 2008 amounting to LTL 43 thousand is included in change in deferred income tax and accounted in income statement for 2008.

While assessing deferred income tax asset and liability components for the year ended 31 December 2007 the Group and the Company used income tax rate of 15 %. While assessing deferred income tax asset and liability components for the year ended 31 December 2008 the Group and the Company used income tax rate of 20 %.

22 Income tax (cont'd)

The reported amount of income tax expenses attributable to the period can be reconciled to the theoretical amount of income tax expenses that would arise from applying statutory income tax rate to pre-tax income as follows:

	Group		Company	
	2008	2007	2008	2007
	(restated)		(restated)	
Profit before tax	18,125	20,698	18,059	14,478
Income tax expenses computed using the statutory tax rate (15 % in 2008 and 18 % in 2007)	2,719	3,726	2,709	2,606
Permanent differences	232	608	43	710
Change in tax rate	(62)	109	(62)	109
Effect of different tax rate	-	(169)	-	-
Additional income tax based on STI decision (Note 4)	-	3,171	-	3,171
	<u>2,889</u>	<u>7,445</u>	<u>2,690</u>	<u>6,596</u>

Effective tax rate of the Group and the Company in 2008 is equal to 16 % and 15 %, respectively (in 2007 – 36 % and 46 %, respectively).

The Group has not recognised a deferred tax liability for all taxable temporary differences associated with investments in joint ventures and associates, as it is probable that the temporary difference will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in associates and interests in joint ventures, for which deferred tax liabilities have not been recognised, amounts to LTL 1,132 thousand as of 31 December 2008 (LTL 1,333 thousand as of 31 December 2007).

23 Basic and diluted earnings per share

Basic earnings per share reflect the Group's net profit, divided by the outstanding number of shares. The Company does not have any potential shares; therefore basic and diluted earnings per share are the same. Calculation of the basic and diluted earnings per share is presented below:

	Group	
	2008	2007
	(restated)	
Net profit, attributable to the shareholders	15,236	13,253
Weighted average number of shares outstanding (in thousand items)	<u>12,670</u>	<u>12,670</u>
Basic and diluted earnings per share (in LTL)	<u>1.20</u>	<u>1.05</u>

24 Dividends per share

	Group	
	2008	2007
Dividends declared and authorised for payment	23,000	23,750
Weighted average number of shares outstanding (in thousand items)	<u>12,670</u>	<u>12,670</u>
Dividends per share (LTL)	<u>1.82</u>	<u>1.87</u>

25 Financial assets and liabilities and risk managementCredit risk

The Group and the Company have significant concentration of trading counterparties. The main three customers of the Group – AB Achema (a related company), RUP PO Belaruskaliy and AB DFDS Lisco – on 31 December 2008 account for approximately 46 % (AB Achema (a related company), AB DFDS Lisco and UAB Forlika accounted for approximately 38 % as of 31 December 2007) of the total Group's trade receivables.

The Group's and the Company's procedures are in force to ensure on a permanent basis that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit.

The Group and the Company do not guarantee obligations of other parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the balance sheet. Consequently, the Group and the Company considers that its maximum exposure is reflected by the amount of trade and other receivables, net of allowance for doubtful accounts recognised at the balance sheet date.

Interest rate risk

The major part of the Group's and the Company's borrowings are with variable rates, related to EURIBOR and EUR LIBOR, which creates an interest rate risk. There are no financial instruments designated to manage the exposure to fluctuation in interest rates outstanding as of 31 December 2008.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity, other than current year profit impact.

2008	Increase/ decrease in percentage point	Effect on the profit before the income tax
Financial instruments with variable interest rate:		
EUR	+ 0.5 %	(58)
EUR	- 0.5 %	58

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Group's liquidity (total current assets / total current liabilities) and quick ratios ((total current assets – inventories) / total current liabilities) as of 31 December 2008 were 2.76 and 2.59, respectively (1.09 and 1.03 as of 31 December 2007, respectively) and the Company's liquidity and quick ratios as of 31 December 2008 were 2.76 and 2.59, respectively (1.90 and 1.79 as of 31 December 2007, respectively).

25 Financial assets and liabilities and risk management (cont'd)Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as of 31 December 2008 and 2007 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest bearing borrowings	-	138	414	10,290	1,959	12,801
Financial lease	-	72	216	551	-	839
Trade payables	-	5,592	-	-	-	5,592
Balance as of 31 December 2008	-	5,802	630	10,841	1,959	19,232
Interest bearing borrowings	-	6,989	15,744	83,776	27,941	134,450
Financial lease	-	77	233	922	-	1,232
Trade payables	-	6,281	180	1,317	-	7,778
Balance as of 31 December 2007	-	13,347	16,157	86,015	27,941	143,460

The table below summarises the maturity profile of the Company's financial liabilities as of 31 December 2008 and 2007 based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest bearing borrowings	-	138	414	10,290	1,959	12,801
Financial lease	-	72	216	551	-	839
Trade payables	-	5,592	-	-	-	5,592
Balance as of 31 December 2008	-	5,802	630	10,841	1,959	19,232
Interest bearing borrowings	-	84	252	6,705	-	7,041
Financial lease	-	71	214	834	-	1,119
Trade payables	-	6,583	-	-	-	6,583
Balance as of 31 December 2007	-	6,738	466	7,539	-	14,743

Foreign exchange risk

The Group's and the Company's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency. The Group and the Company does not use any financial instruments to manage its exposure to foreign exchange risk other than aiming to borrow in EUR, to which LTL is pegged. Monetary assets and liabilities stated in various currencies as of 31 December 2008 were as follows (LTL equivalent):

	Group		Company	
	Assets	Liabilities	Assets	Liabilities
LTL	51,530	17,462	51,530	17,462
EUR	6,225	10,764	6,225	10,764
USD	279	-	279	-
Total	58,034	28,226	58,034	28,226

25 Financial assets and liabilities and risk management (cont'd)Foreign exchange risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in respect currency exchange rate, with all other variable held constant of the Company's profit before tax (due to change in the fair value of monetary assets and liabilities).

	Increase/ decrease in exchange rate	Effect on the profit before the income tax
2008		
USD	+ 10.00 %	28
EUR	+ 10.00 %	(454)
USD	- 10.00 %	(28)
EUR	- 10.00 %	454
2007		
USD	+ 10.00 %	44
EUR	+ 10.00 %	3,092
USD	- 10.00 %	(44)
EUR	- 10.00 %	(3,092)

Fair value of financial instruments

The Group's and the Company's principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, long-term and short-term borrowings.

Below is set out a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

	Carrying amount		Fair value	
	2008	2007	2008	2007
Financial assets				
Available for sale investments	50	50	50	50
Non-current accounts receivable	13,752	851	13,752	851
Receivables	31,398	23,031	31,398	23,031
Cash and cash equivalents	9,054	20,598	9,054	20,598
Financial liabilities				
Interest bearing borrowings:				
Floating rate borrowings	10,738	5,772	10,738	5,772
Obligations under finance lease	769	1,004	769	1,004
Trade payables	5,592	6,583	5,592	6,583

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, discounted cash flow models and option pricing models as appropriate.

25 Financial assets and liabilities and risk management (cont'd)

Fair value of financial instruments (cont'd)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- (a) The carrying amount of current trade accounts receivable, current trade accounts payable, other receivables and other payables and current borrowings approximates fair value.
- (b) The fair value of non-current debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current borrowings with variable interest rates approximates their carrying amounts.

Capital management

The Company as capital manages share capital, legal reserves and retained earnings. The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it in the light of changes in economics 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 year ended 31 December 2008.

The Company is obliged to keep its equity at no less than 50 % of its share capital, as imposed by the Law on Companies of the Republic of Lithuania.

Moreover the Company has externally imposed capital requirements from the banks. They require that equity / (total liabilities + equity) ratio is not less than 0.4. The management monitors that the Company is in line with the both above mentioned capital requirements. No other capital management tools are used. As of 31 December 2008 and 2007 the Company complied with this externally imposed capital requirement.

26 Commitments and contingencies

In 2005 VĮ Klaipėdos Valstybinio Jūrų Uosto Direkcija (state enterprise Klaipėda State Seaport Authority) increased the port land rent fee as it has improved the port infrastructure. However, the Company disputes the fee increase and claims that the infrastructure was not improved according to the agreement, and refused to pay the increased rent fee. On 28 February 2006 Klaipėda State Seaport Authority sued the Company for an amount of LTL 626 thousand for unpaid rent fee, later the claimed fee was increased by LTL 521 thousand. On 4 December 2006 the Klaipėda district court has satisfied the claim of Klaipėda State Seaport Authority of LTL 626 thousand; however the Company has appealed this decision. The appeal instance judged the decision taken by the Klaipėda district court and returned the claim to the court of primary instance for additional investigation. Not paid port land rent fee as of 31 December 2008 amounts to LTL 1,955 thousand (LTL 1,585 thousand as of 31 December 2007). In 2007 the management of the Company accrued additional port land fee of LTL 1,585 thousand and estimates that no additional accrual is necessary as of 31 December 2008.

27 Related party transactions

The parties are considered related when one party has the possibility to control the other one or has significant influence over the other party in making financial and operating decisions. The related parties of the Company are its shareholders and other companies that are controlled by the shareholders. Transactions and balances with related parties of the Group during 2008 and as of 31 December 2008 are presented in the table below:

2008	Purchases	Sales	Receivables	Payables
UAB Euroga	13,764	2,059	-	136
UAB Koncernas Achemos Grupė	11,223	28,334	22,833	-
UAB Iremas	9,842	565	1	884
UAB Budrus Sakalas	4,202	117	1	351
UAB Sienojus	3,873	75	3	41
AB Achema	1,028	39,555	13,822	84
UAB Achemarida	1,126	30	-	40
AB Klaipėdos Laivų Remontas	931	51	-	1
UAB Lietuvos Žinios	822	-	19	10
UAB Energetinių Projektų Centras	724	-	7	260
UADB Industrijos Garant	558	3	206	109
UAB Achemos Mokymo Centras	494	13	-	52
UAB Krantas Forwarding	192	146	4	12
UAB FMĮ Kapitalo Srautai	80	-	-	14
UAB Klaipėdos Keleivių ir Krovinių Terminalas	60	42	600	1
UAB Achempak	16	-	-	-
AB Spaustuvė Titnagas	13	-	-	-
UAB Druslita	2	-	-	-
UAB Agrochema	-	7,389	160	-
UAB Klasco Ekspedicija	-	6,947	41	-
UAB Krovinių Terminalas	-	165	31	-
UAB Transachema	-	13	3	-
	48,950	85,504	37,731	1,995

AB KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR 2008

(all amounts are in LTL thousand unless otherwise stated)

27 Related party transactions (cont'd)

Transactions and balances with related parties of the Company during 2008 and as of 31 December 2008 are presented in the table below:

2008	Purchases	Sales	Receivables	Payables
UAB Koncernas Achemos Grupė	10,623	28,334	22,833	-
UAB Iremas	9,750	565	1	884
UAB Sienojus	3,873	75	3	41
UAB Budrus Sakalas	3,857	117	1	351
UAB Euroga	1,583	2,050	-	136
UAB Achemarida	1,126	30	-	40
AB Klaipėdos Laivų Remontas	931	51	-	1
UAB Lietuvos Žinios	818	-	19	10
AB Achema	732	39,445	13,822	84
UAB Energetinių Projektų Centras	700	-	7	260
UAB Achemos Mokymo Centras	479	13	-	52
UADB Industrijos Garant	348	3	206	109
UAB Krantas Forwarding	192	146	4	12
UAB FMĮ Kapitalo Srautai	80	-	-	14
UAB Klaipėdos Keleivių ir Krovinių Terminalas	42	30	600	1
UAB Achempak	16	-	-	-
AB Spaustuvė Titnagas	13	-	-	-
UAB Druslita	2	-	-	-
UAB Agrochema	-	7,389	160	-
UAB Klasco Ekspedicija	-	6,947	41	-
UAB Krovinių Terminalas	-	303	31	-
UAB Transachema	-	13	3	-
	35,165	85,511	37,731	1,995

27 Related party transactions (cont'd)

Transactions and balances with related parties of the Group during 2007 and as of 31 December 2007 are presented in the table below:

2007	Purchases	Sales	Receivables	Payables
UAB Euroga	32,401	2,448	281	1,554
UAB Iremas	8,388	542	-	591
UAB Koncernas Achemos Grupė	8,343	3	-	158
UAB Budrus Sakalas	4,332	113	3	405
UAB Sienojus	3,438	84	5	232
UAB Achemarida	931	10	-	173
AB Achema	732	41,326	1,636	77
UADB Industrijos Garantas	732	4	851	804
UAB Achemos Mokymo Centras	506	12	1	11
UAB Lietuvos Žinios	443	-	9	18
UAB Energetinių Projektų Centras	398	-	-	137
UAB Krantas Forwarding	230	71	4	19
UAB FMĮ Kapitalo Srautai	79	-	-	17
UAB Achempak	17	-	-	6
UAB Klaipėdos Keleivių ir Krovinių Terminalas	10	14	593	1
UAB Klasco Ekspedicija	9	4,329	572	-
AB Klaipėdos Laivų Remontas	5	8	1	-
UAB Druslita	3	-	-	-
AB Spaustuvė Titnagas	1	-	-	-
AB Aušra	1	-	-	-
UAB Palangos Vėtra	1	-	-	-
UAB Agrochema	-	611	39	-
UAB Jontaura	-	167	-	-
UAB Transachema	-	13	1	-
	61,000	49,755	3,996	4,203

AB KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA
CONSOLIDATED AND PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR 2008

(all amounts are in LTL thousand unless otherwise stated)

27 Related party transactions (cont'd)

Transactions and balances with related parties of the Company during 2007 and as of 31 December 2007 are presented in the table below:

2007	Purchases	Sales	Receivables	Payables
UAB Euroga	11,756	2,436	281	-
UAB Iremas	7,874	542	-	565
UAB Koncernas Achemos Grupė	7,143	3	-	40
UAB Budrus Sakalas	3,651	113	3	338
UAB Sienojus	3,228	84	5	190
UAB Achemarida	927	10	-	170
UAB Achemos Mokymo Centras	472	12	1	6
AB Achema	454	41,326	1,636	51
UAB Lietuvos Žinios	441	-	9	18
UAB Energetinių Projektų Centras	378	-	-	113
UADB Industrijos Garantės	344	4	-	21
UAB Krantas Forwarding	230	71	4	19
UAB FMĮ Kapitalo Srautai	79	-	-	17
UAB Achempak	17	-	-	6
UAB Klaipėdos Keleivių ir Krovinių Terminalas	10	14	593	1
UAB Klasco Ekspedicija	9	4,329	572	-
AB Klaipėdos Laivų Remontas	5	8	1	-
UAB Druslita	3	-	-	-
AB Spaustuvė Titnagas	1	-	-	-
UAB Agrochema	-	611	39	-
UAB Krovinių Terminalas	-	538	362	-
UAB Jontaura	-	167	-	-
UAB Transachema	-	13	1	-
	37,022	50,281	3,507	1,555

There have been no guarantees provided or received for any related party receivables or payables. For the years ended 31 December 2008 and 2007 the Group and the Company has not made any provisions for doubtful debts relating to amounts owed by related parties.

Remuneration of the management and other payments

The Company's management remuneration amounted to LTL 1,519 thousand in 2008 (LTL 2,792 thousand in 2007). In 2008 and 2007, the management of the Company did not receive any loans, guarantees; no other payments or property transfers were made or accrued.

28 Subsequent events

As of the date of release of these financial statements the management of the Company has not yet prepared a draft of profit distribution for 2009.

Subsequent to the year end on 9 February 2009 the Company pledged the newly built towboat with the net book value of LTL 16,155 thousand as of 31 December 2008 to Nordea Bank Finland Plc Lithuania Branch for the loan received (Note 14).

JSC “KLAIPEDA STEVEDORING COMPANY”

Addendum to annual consolidated report for 2008

12.1.2. Issuer and its contact information (name, legal form, date and place of registry, company's code, address of domicile (to indicate both if address of registered domicile differs from address of actual domicile), telephone, fax numbers, e-mail address, website)

Most of information is given in p. 1 of financial reports' explanatory letter.

JSC “Klaipeda Stevedoring Company” is registered in Klaipeda Branch of State Company Register Center.

Company's code 140346267

Tel. 8 46 399 101

Fax: 8 46 399 066

www.klasco.lt

info@klasco.lt

12.1.4. Information about contracts with mediators of securities' public turnover.

JSC FMC “Kapitalo srautai”

12.3.2. all limitations of securities' transfer (e.g. limitations that are applied to packages of securities, or requirements to receive approval of company or other securities' owners)

None

12.3.3. shareholders (total number of shareholders; shareholders, in the end of reporting cycle (to indicate concrete date) having the right of ownership or managing more than 5 per cent of issuer's authorized capital (forenames, surnames of natural persons; in paper variant of annual report that is given to committee must be additionally indicated personal codes of such persons), names of companies, their legal forms, codes of companies, addresses of domiciles), number of shares that belong to shareholders by the right of ownership according to their classes, possessed part of authorized capital and votes in per cent, to indicate separately per cent of votes for shares belonging to shareholders by the right of ownership and per cent of votes that are possessed not directly).

Total number of shareholders 1368 (31-03-2009)

Having by the right of ownership or managing more than 5 per cent of issuer's authorized capital in 04-2009 were:

1. JSC concern “Achemos grupe”, company's code 156673480, address Jonlaukio vil., Rukla ward, Jonava reg. LT-55551.

Number of possessed shares 11.753.023 or 92,76%

2. Persons who are operating together possess 262 349 shares or 2,07%.

Totally concern “Achemos grupe” with persons who are operating together possess 94,83% of capital and votes.

There no more shareholders who have more than 5 per cent.

12.3.4. shareholders who have special control rights and descriptions of these rights

None

12.3.5. all limitations of voting rights (e.g. voting rights' limitations for persons who have certain per cent or amount of votes, as well as terms till which voting rights can be exercised, or systems, according to which rights granted by securities are distinguished from possessing of securities)

None

12.3.6. all mutual agreements of shareholders, about which issuer knows and due to which can be limited transfer of securities and (or) rights of voting

None

12.3.7. employees (average number of employees, changes during last financial (economical) year, reasons that determined important (more than 10 per cent) changes, grouping of employees according to education, number of management employees, specialist, workers and average monthly salary of an appropriate group of employees before tax deduction, right and duties of issuer's employees or their part that are provided in work or collective agreements

Type of employee	Average of salary	Average of employee number	Education								Over 2008	
			University	%	Comparative	%	Secondary	%	Unfinished secondary	%	Layed off	Passed
Executives	10909	42	39	92,86	2	4,76	1	2,38	-	-	3	1
Specialists	4779	159	90	56,6	58	36,48	11	6,92	-	-	23	26
Workers	3699	593	31	5,23	133	22,43	394	66,44	35	5,9	71	73
In total:	4336	794	160	-	193		406	-	35	-	97	100

12.3.8. changing order of issuer's articles;

1. General meeting of shareholders changes Company's articles by 2/3 majority of votes given by shares of company's shareholders who participate in a meeting
2. After general meeting of shareholders makes a decision to change or append Company's articles, there is written down text of all changed articles and it is signed by a person, authorized by general meeting of shareholders.

12.3.9. issuer's bodies (their authorizations, order of body members' appointment and replacement);

1. The supreme body of the Company is general meeting of shareholders. Board of watchers in the Company is not being formed.
2. Company has one collegial body – board. The board is made of six members. Company's board is elected by general meeting of shareholders every four years.]
3. Company's sole management body is company's manager – the Chief Executive. Company's manager is elected and revoked from his post by Company's board.

12.3.10. members of collegial bodies, company's manager, senior accountant (forenames, surnames; in paper variant of annual report that is given to committee must be additionally indicated personal codes of such persons), data about participation in issuer's authorized capital, beginning and end of every person's cadence, information about issuer's sums calculated during reporting cycle, other transferable property and given warranties for these persons collectively and also average values that receives every member of collegial body, company's manager, senior accountant);

Post	Forename, surname, personal code	Cadence	Number of possessed company's shares, units	Part of authorized capital %	Part of votes %
Board					
Chairman	Bronislovas Lubys	2007-2011	262 349 ORS	2,07	2,07
Member	Arunas Laurinaitis	2007-2011	-	-	-
Member	Valentinas Greiciunas	2007-2011	-	-	-
Member	Benediktas Petrauskas	2007-2011	1 868 ORS	0,015	0,015
Member	Audrius Darinskis	2007-2011	-	-	-
Member	Juozas Benetis	2008-2011	-	-	-
Head of administration, senior accountant					
The Chief Executive	Valentinas Greiciunas	2005-2009	-	-	-

Sen. Accountant	Sarunas Krucius	1999-iki šiol	-	-	-
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Most of information is given in financial reports' explanatory letter of annual consolidated announcement for 2008

12.3.11. all important agreements, party of which is issuer, that would come into force, would change or would be terminated after changing issuer's control, as well as their effect, except cases when due to nature of agreements their revealing would do big damage to issuer;

None

12.3.12. all agreements of issuer and its body members or employees that are providing compensation in case they resign or would be revealed without reasonable reason or if their work would end due to changing of issuer's control;

None

12.3.13. issuers of ownership securities have to present additional information about bigger deals of related parties – to indicate amounts of such deals, nature of related persons' relationship and other information about the deals, which is necessary in order to understand company's financial status if such deals are significant or were made under unusual market circumstances. Information about separate deals can be generalized according to their type, except the cases when in order to understand impact of the deals, made between related persons, on company's financial status, must be presented separate information. Concept "related person" has the same meaning as in accounting standards that are applied by issuer;

Information is given in financial reports' explanatory letter of annual consolidated announcement for 2008

12.5. Data about publicly announced information. In annual announcement must be also presented summary of information, which was publicly announced by issuer during 12 past months in one or several member states and third countries by executing its duties and according to legal acts that are regulating market of securities, and there must be also indicated where this information could be accessed;

Summary of information is given in annual consolidated announcement for 2008.

Public information was announced via information base, regulated by JSC "Nasdaq OMX Vilnius. Link: http://www.nasdaqomxbaltic.com/market/?issuer=KJK&market=XVSE&start_d=1&start_m=1&start_y=2008&end_d=31&end_m=12&end_y=2008&keyword=&pg=news&lang=lt7currency=0

13.1.2. companies that form group of companies and their contact information (names, legal forms, dates and places of registry, company codes, domicile addresses (to indicate both if addresses of registered domicile differ from addresses of actual domicile), telephone, fax numbers, e-mail addresses, websites));

31-12-2007 and till 09-06-2009 group was made by the Company and its branch

JSC "Kroviniu terminalas", company's code 63391047, registered on 16-09-1996, address Buriu str. 17, Klaipeda, info@terminal.lt; www.terminal.lt; 8-46-391095

13.3. If the company that is preparing annual consolidated announcement uses possibility to join its annual announcement with annual consolidated announcement that is indicated in law of companies' annual consolidated accountability, art. 9-(1) p. 3, in annual consolidated announcement must be additionally presented information about company that prepared this announcement, indicated in p. 12 of these Regulations.

Company that prepared announcement - JSC "Klaipeda Stevedoring Company".

Director general at interim

Juozas Benetis

