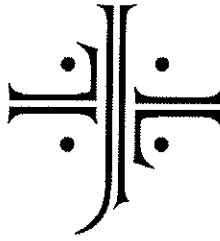


AKCINĖ BENDROVĖ
"LIETUVOS JŪRŲ LAIVININKYSTĖ"



PUBLIC COMPANY
"LITHUANIAN SHIPPING COMPANY"

To: Lithuanian Securities commission
Konstitucijos pr.23,
LT-08105 Vilnius,
Lithuania

2012-02-15

Nr. (01)-5-5d

Klaipėda

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Nr.

CONFIRMATION BY THE RESPONSIBLE PERSONS OF PUBLIC COMPANY
"LITHUANIAN SHIPPING COMPANY"

Following the Rules of Preparation and Submission of Periodic and Supplemental of the Securities Commission of the Republic of Lithuania as well as the Law on Securities of the Republic of Lithuania, Item 22, we hereby confirm that, to the best of our knowledge Financial statements for the year ended 31 December 2011, drawn in accordance with the International Financial Reporting Standards, corresponds to the reality and properly reflects the assets, liabilities, financial state, profit or loss of Public Company "Lithuanian Shipping Company".

Public Company "Lithuanian Shipping Company"
General Director

Arvydas Bogočionkas

Public Company "Lithuanian Shipping Company"
Chief Accountant

Arvydas Stropus

**LITHUANIAN SHIPPING COMPANY
(PUBLIC COMPANY)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011**

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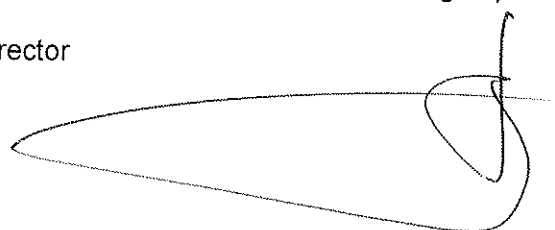
Approved by the Annual General Meeting of Shareholders
 As at _____ 2012, Minutes No. _____

STATEMENT OF FINANCIAL POSITION
31 December, 2011

	Notes No.	2011-12-31	2010-12-31
Intangible assets	1	15	39
Tangible assets	2,3	215.558	239.279
<i>Total non-current assets</i>		<u>215.573</u>	<u>239.318</u>
Inventories	4	2.437	1.307
Prepayments	4	1.453	1.319
Trade receivables	5	750	1.333
Other amounts receivable	5	4.258	3.227
Term deposits		-	-
Cash and cash equivalents	6	1.793	2.067
<i>Total current assets</i>		<u>10.691</u>	<u>9.253</u>
<i>Total assets</i>		<u>226.264</u>	<u>248.571</u>
Authorized capital	7	200.901	200.901
Legal reserve	8	-	1.283
Other reserves	8	-	-
Retained profit		<u>(55.436)</u>	<u>(39.134)</u>
<i>Total equity</i>		<u>145.465</u>	<u>163.050</u>
Payables to credit institutions	9	30.050	53.184
<i>Total non-current liabilities</i>		<u>30.50</u>	<u>53.184</u>
Payables to credit institutions	9	36.553	22.818
Trade payables	13	4.374	986
Received prepayments	13	3.266	4.536
Employment related payables	11	2.130	1.850
Income tax liabilities	10	66	67
Provisions	12	3.479	1.620
Other amounts payable	13	881	460
<i>Total current liabilities</i>		<u>50.749</u>	<u>32.337</u>
<i>Total shareholders' equity and liabilities</i>		<u>226.264</u>	<u>248.571</u>

Explanatory notes on pages 7-23 are the integral part of the financial statements

General Director



Arvydas Bogočionkas

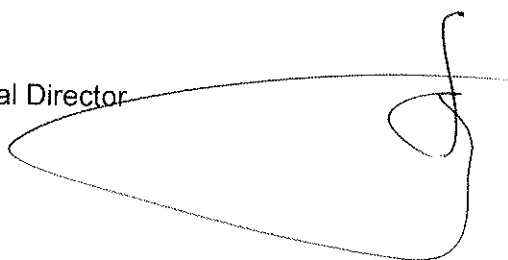
Approved by the Annual General Meeting of Shareholders
 As at _____ 2012, Minutes No. _____.

STATEMENT OF COMPREHENSIVE INCOME
31 December, 2011

	Notes No.	During the year		During the 4th quarter	
		2011	2010	2011	2010
Revenue	14	78.169	62.172	21.362	18.813
Cost of sales	15	(86.384)	(79.666)	(21.894)	(19.365)
Gross profit		(8.215)	(17.494)	(532)	(552)
Administrative expenses	16	(4.661)	(5.121)	(1.023)	(1.016)
Distribution expenses		(22)	(14)	(11)	(11)
Other operating income, net	17	140	(8.019)	67	5
Operating profit before financing cost		(12.758)	(30.648)	(1.499)	1.574
Financial income	18	5	-	(1.689)	-
Financial expenses	18	(4.766)	(8.421)	(3.218)	(2.739)
Net financial cost/income	18	(4.761)	(8.421)	(4.907)	(2.739)
Profit (loss) before tax		(17.519)	(39.069)	(6.4060)	(4.313)
Income tax		(66)	(65)	(66)	(65)
Profit (loss) for the year		(17.585)	(39.134)	(6.472)	(4.378)
Other comprehensive income		-	-	-	-
Total comprehensive income, net of income tax		(17.585)	(39.134)	(6.472)	(4.378)
Profit per share (Litas)	19	(0,09)	(0,19)	(0,03)	(0,02)

Explanatory notes on pages 7-23 are the integral part of the financial statements

General Director



Arvydas Bogočionkas

AB „Lietuvos jūrų laivininkystė“
 Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda
 Financial statements for the period ended on 31 December 2011
 (thousands of LTL if not otherwise stated)

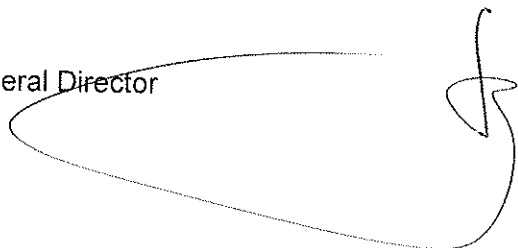
Approved by the Annual General Meeting of Shareholders
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STATEMENT OF CASH FLOWS
31 December, 2011

	Notes Nr.	31 December 2011	31 December 2010
Operating cash flows			
Net profit (loss)		(17.585)	(39.134)
Corrections due to:			
Depreciation and long-term repair	1, 2	24.198	29.610
Influence of foreign currency profit (losses)	18	938	6.171
Impairment of assets	-		-
Income from investments	17	7	8.030
Interest expenses (net)	18	2.070	2.250
Current income tax		66	65
Changes in deferred income tax and provisions	12	1.859	772
Decrease (increase) in amounts receivable	5	(582)	(3.088)
Increase (decrease) in amounts payable	11, 13	2.820	(4.997)
Decrease (increase) in inventories		(1.130)	133
Operating income			
Paid income taxes		(67)	(102)
Paid interests	18	(2.076)	2.250
Net cash flows from operating activities		10.518	(2.540)
Cash flows from investing activities			
Acquisition of non-current assets	2	(503)	(3.098)
Transfer of non-current assets	17	44	10.093
Received dividends, interests	18	5	
Cash flows from investing activities		(454)	6.995
Cash flows from financing activities			
Dividends paid to the shareholders		(1)	(2)
Returned loans	9	(10.336)	(3.628)
Cash flows from financing activities		(10.337)	(3.630)
Total net cash flows		(273)	825,0
Net cash and cash equivalents on 1 January		2.067	1.242
Net cash and cash equivalents on 31 December		1.793	2.067

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General Director



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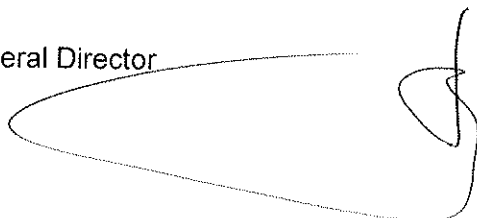
Approved by the Annual General Meeting of Shareholders
 As at _____ 2012, Minutes No. _____

STATEMENT OF CHANGES IN EQUITY
31 December 2011

	Authorized capital	Legal reserve	Other reserves	Retained profit (loss)	Total
<i>Balance as at 31 December 2007</i>	200.901	10.467	9.780	30.137	251.285
Comprehensive income for the reporting period				(19.727)	(19.727)
Dividends				(499)	(499)
Formed reserves		9.623	29.795	(39.418)	---
Used reserves		-	(9.780)	9.780	---
<i>Balance as at 31 December 2008</i>	200.901	20.090	29.795	(19.727)	231.059
Comprehensive income for the reporting period				(28.875)	(28.875)
Used reserves			(19.727)	19.727	---
<i>Balance as at 31 December 2009</i>	200.901	20.090	10.068	(28.875)	202.184
Comprehensive income for the reporting period				(39.134)	(39.134)
Used reserves		(18.807)	(10.068)	28.875	
<i>Balance as at 31 December 2010</i>	200.901	1.283		(39.134)	163.050
Comprehensive income for the reporting period				(17.585)	(17.585)
Used reserves		(1.283)			
Balance as at 31 December 2011	200.901			(55.436)	145.465

Explanatory notes on pages 7-23 are the integral part of the financial statements

General Director



Arvydas Bogočionkas

AB „Lietuvos jūrų laivininkystė“
 Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda
 Financial statements for the period ended on 31 December 2011
 (thousands of LTL if not otherwise stated)

Approved by general meeting of shareholders
 of 2012
 Minutes No.....

EXPLANATORY NOTES
General Information

AB "Lietuvos jūrų laivininkystė" (LJL) is a joint-stock company established after reorganizing AB "Lietuvos jūrų laivininkystė" (LISCO) by way of division. LJL was registered in the Registry of Legal Entities, certificate No. 027245. LJL registration date is 27 June 2001, its company code is 110865039. The address of LJL is Malūnininkų str. 3, Klaipėda. Main activities of the Company are cargo carrying by sea transport and lease of ships.

The Company's management bodies are general meeting of shareholders, supervisory board, board of directors and head of management.

On 31 December 2011 the Company had 347 employees, of which 35 in coast divisions and 312 on board.

On 31 December 2011 the Company's shareholders were:

	2011-12-31		2010-12-31	
	Number of shares	Ownership percent	Number of shares	Ownership percent
State Property Fund	-	-	9.235.145	4,6
Ministry of Transport and Communication	113.833.000	56,66	113.833.000	56,66
Swedbank AS (Estonia)	11.360.607	5,65	11.218.407	5,58
DFDS TOR LINE A/S	11.108.420	5,53	11.108.420	5,53
UAB koncernas "Achemos grupė"	-	-	10.551.330	5,25
Other small shareholders	64.599.269	32,16	44.944.794	22,38

II. Accounting policy

Compliance with the Standards

Financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations, approved by the International Accounting Standards Board (IASB) as provided by the EU Regulation EC 1606/2002 on application of International Accounting Standards

Basis for Financial Statement Preparation

In the financial statements the figures are presented in Litās, which is the official currency of the Republic of Lithuania and functional currency of the Company. Annual financial statements are prepared on the basis of historic cost and accounting records managed in accordance with the laws and regulations of the Republic of Lithuania.

When preparing the financial statements according to IFRS, approved for application in the EU, the management has to make estimates and evaluations for the assumptions, which then influence the application of accounting policy and figures related to assets, liabilities, income and expenses. Evaluations and related assumptions are based on the historic experience and other factors, which correspond to the current conditions and on the basis of the results of which the conclusion on the residual values of assets and liabilities is made and which cannot be determined based on any other sources. Actual results may differ from the estimates.

Evaluations and related assumptions are reviewed constantly. The impact of the change in the evaluation is recognized in the period of evaluation review, if it has any impact to that period, or in the evaluation review period and future periods, if the evaluation influences both - the review and the future periods.

Transactions in Foreign Currency

Transactions in foreign currency are evaluated in Litas on the basis of the official foreign currency exchange rate established by the Bank of Lithuania on the day of the respective transaction. Monetary assets and liabilities in foreign currency are evaluated in Litas regarding the foreign currency exchange rate on the day of the statement of financial position. All operations pursued in Euros were converted applying the fixed exchange rate announced by the Bank of Lithuania (1 EUR=3,4528 LTL) and the accounts in US dollars are recalculated applying the exchange rate where 1 USD=2,6694 LTL.

Differences in currency exchange rates, occurred after the operations were pursued, are recognized in the income statement. Non-monetary assets and liabilities in foreign currency and recognized at fair value are recalculated in Litas at the foreign currency exchange rate on the day of value determination.

Financial Instruments

Non-derivative Financial Instruments

Loans and amounts receivable as well as deposits are accounted in the Company on the date of their occurrence. Such financial assets are acknowledge at their actual value added the costs, directly related with the transaction in question. After the initial acknowledgment, loans and amounts receivable are estimated on the basis of their amortization cost value, applying actual interest calculation method and less the losses due to impairment.

Accounting of financial assets is terminated upon ending of contractual powers on cash flows generated by therein assets or upon transferring the right to receive the contractual cash flows related to financial assets together with all risks and benefits, related to the therein financial assets.

Non-derivative financial obligations are acknowledged on the day of transaction, when the Company becomes the party to the contract under the provisions of financial instrument transaction. Such financial obligations are acknowledged at their actual value added the costs directly related to the transaction in question. After their initial acknowledgement, financial obligations are evaluated at their amortization cost, applying actual interest calculation method

Accounting of financial obligation is terminated upon accomplishment, revoking or expiry of contractual obligations.

Derivative Financial Instruments

The Company did not apply any derivative financial instruments during the periods ended on December 31, 2011.

Statement of Financial Position

(a) Non-current Tangible Assets

In financials reports, all the economic resources as disposed by the company are acknowledged as property, if the company expects to gain profit from these resources an the latter ones have their value that can be credibly evaluated.

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The long-term property, stated in the financial reports, is evaluated by the cost price of the actual acquisition or production of the property withdrawing the accumulated depreciation and the reduction of the property value.

Depreciation is started to be calculated since the first day of the next month after the transference of the long-term property for the usage and is not calculated from the first day of the next month after its writing-off or selling, and when the whole value of the used long-term property (without the liquidation value) is transferred to the cost price of the production (works, services). The property is depreciated applying the directly proportionate method of the depreciation calculation.

Property groups	Average time of useful service (in years)
Ships	20 from acquisition
Machines and equipment	7 – 16
Transport means	6 – 10
Other equipment, devices, tools and facility	4

The authorities establish the time of the useful service of the long-term material property at the time of its acquisition, and later it is reviewed each year. The time of useful service is established following the experience of the past of similar property as well as the planned events in the future. That can have influence upon the time of useful service. It can be changed if there is enough ground to think that the service time remaining does not reflect the physical status of the property and its economic usage. The company reviews the liquidation value of the property each year.

The value of the repair works of the long-term material property that do not improve the useful qualities of the property (and the costs of the repair will not give income in the future), is included in the costs in the report period during which they are carried out.

The residual values of the long-term material property of the company are reviewed for the date of each annual financial reports seeking to establish whether there are signs showing their depreciation. If there are signs of depreciation, the dividend value of such property is calculated. The dividend value is calculated as the bigger one of the two values: the net realization or the property usage value. The loss due to the property depreciation is accounted when the residual value of the unit of the property exceeds the dividend value. The loss incurred due to depreciation is accounted in the report of general income.

The ships of the company are repaired on the regular basis according to the requirements of classification companies: every 5 years (SS) after the repair, the class of the ship is confirmed, after 3 years after the SS repair, the repair on the dock is carried out. The company capitulates and acknowledges the expenses of the repair for the confirmation of the class of the ship as expenditure during 3 years, the expenses of the repair on the dock are acknowledged as expenditure during 2 years.

(b) Non-current Intangible Assets

Computer software and other intangible assets with the limited period of use are stated at cost less the amortization and losses due to impairment. Amortization is calculated applying the direct method during the period of useful life. Non-current intangible assets are depreciated within the period of 3 years.

(c) Inventories

Inventories are recognized at the lower of the acquisition cost and net realizable value. In order to determine the cost of inventories, FIFO method is applied. Net realizable value is estimated as expected selling price less the expenses related to the sale.

When inventories are purchased from other parties, their acquisition cost is their purchase price combined with all purchase-related taxes (customs duties, etc.), transportation, preparation for use and other costs directly attributable to the purchase of the inventories, less the received discounts and rebates. When the amounts of inventory transportation and preparation for use are insignificant or constant for several reporting periods, they are written off to operating expenses rather than included into the cost of purchase.

(d) Amounts receivable

On recognition amounts receivable are measured at their fair value. Thereinafter, current amounts receivable are measured taking into account their impairment in value and non-current amounts receivable are measured at a discounted value less any impairment loss in value.

(e) Cash and Cash Equivalents

Cash comprises cash on hand and in bank accounts. Cash equivalents are liquid investments readily convertible into a known amount of cash. The term of these investments is up to three months and they are a subject to insignificant risk of changes in value. The Company has no cash equivalents currently.

In the statement of cash flows, cash and cash equivalents comprise cash on hand, in bank accounts, in current accounts and deposits. Income and losses, which are not realized and occurred due to the changes in foreign currency exchange rate, are not recognized as cash flows. However, influence of changes on the cash and cash equivalents, maintained or paid in foreign currency, is presented in the statement of cash flows in order to compare the cash and cash equivalents at the beginning of the period with the cash and cash equivalents at the end of the period. The amount of influence is presented separately from the operating, investing and financing cash flows and includes the differences of currency exchange, if such are present, which were determined in the cash flows at the end of the period.

(f) Borrowings

The borrowing expenses are acknowledged as expenditure as they are incurred, or capitalized depending on the aim of the borrowing. The company capitalizes the borrowing expenses that are directly ascribed to the acquisition of the property of long preparation, the construction or production, as the part of the cost price of the property.

In the company, the borrowings are acknowledged first of all by the real value of the gained means adding the costs of the contract. Later on they are calculated by the amortized value, and the difference between the gained means and the sum that will have to be paid during the borrowing term, are included into the profit or loss of the period. The borrowings are acknowledged as long-term if the financing agreement concluded till the date of the approval of the financial report proves that the commitment for the date of the report of the financial status in its nature was long-term.

Borrowing costs are recognized as expenses when they are incurred.

At the initial recognition, borrowings are stated at the fair value of received funds. Thereinafter, they are accounted for at amortized cost, and the difference between the funds received and amount payable within the period of the loan is included into the profit or loss for the period. Borrowings are recognized as non-current if the financing agreement signed before the date of the financial statements' approval confirms the liability is long-term in substance on the day of the balance sheet date.

(g) Provisions

Provisions on obligations are recognized when and only when the Company has a legal obligation or irrevocable commitment as a result of the past events; and it is probable that an outflow of resources embodying economic benefits will be required to settle it; and the amount of obligation can be measured reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the most accurate current estimates. When the time effect on the value of money is significant, the amount of provision is equal to the current value of outflows, which are expected to be required for the settlement of obligation. When the discounting is used, an increase in provision reflecting the past period is recorded as interest expenses.

(h) Income Tax

Calculation of income tax is based on the annual profit and is made in accordance with the requirements of the tax laws of the Republic of Lithuania. Deferred income tax is calculated on the basis of temporary differences in the carrying amounts of assets and liabilities in the financial statements and their tax bases. An amount of deferred income tax depends on expected useful lives of assets and future repayments of liabilities and expected tax rates of the corresponding periods. Deferred income tax assets and liabilities are not further calculated, because according to the Income Tax Law of the Republic of Lithuania no temporary differences occur.

Following the amendment and supplement to the Income Tax Law of the Republic of Lithuania on May 3, 2007, the Lithuanian Shipping Company chose to calculate a fixed rate income tax for the tax period beginning on 2007 and subsequent tax periods. The base of the fixed rate income tax is calculated for each 100 payload capacity units (CU) of a sea-going vessel by applying a fixed daily amount and multiplying the resulting amount by the number of days in a tax period of a shipping entity.

(j) Revaluation of Currency

In the accounting records transactions in foreign currencies are stated in the national currency, Litas (LTL), in accordance with the official exchange rate of Litas and foreign currency announced by the Bank of Lithuania at the transaction date, except for accumulated income and expenses, which are stated based on the official exchange rate of Litas and foreign currency announced by the Bank of Lithuania on the last day of the reporting period.

In the balance sheet currency entries are stated in accordance with the official exchange rate of Litas and foreign currency announced by the Bank of Lithuania at the date of the financial statements. The Company's owned cash in foreign currencies as well as all amounts receivable and payable in foreign currencies are considered to be currency entries.

Changes in currency entries, which occurred due to changes in the exchange rate of Litas and foreign currency announced by the Bank of Lithuania and arisen when performing currency transactions or revaluating currency entries registered earlier, are recognized as income or expenses from financing activities of the related reporting period.

(k) Payments to the Employees

The Company considers salaries, social security fees, holiday allowances, compensations for two first days of sickness, premiums, bonuses, grants, leave allowances, holiday accumulations to be the payments to the employees and they are recognized as expenses when an employee has fulfilled his duties in exchange to the received allowance.

(I) Transactions with Related Parties

The Company considers members of the board, general director, director for chartering, technical director, director for finance, chief accountant and their family members to be the related parties. The Company is not related to any legal parties.

STATEMENT OF COMPREHENSIVE INCOME

(a) Segments

Accountable segments are actively operating segments, which meet the stated criteria. The Company receives individual financial information on these segments and the management regularly reviews this information and makes decisions on evaluation of operating results on the basis of such information. Operating segments have separate segment liabilities, segment assets, particular income and expense item evaluations, gross profit (loss) and they are all corresponding to the financial statements of the Company. The Company operates in one market sector and therefore the operating segments are not distinguished.

(b) Income Recognition

The moment of rendering services is recognized as the moment of income earning. Transaction of service provision is completed when the buyer pays for the services at once or takes on an obligation to pay for them later without any significant additional conditions (when both parties sign a corresponding document: invoice, delivery note, etc.). Cash received as prepayment is recorded in the accounts as an increase in the Company's liabilities to trade partners. In this case, income is recognized when the services are rendered.

(c) Recognition of Expenses

The cost of rendered services is always connected with the services rendered during the reporting period. It comprises a portion of expenses incurred during the reporting period in order to render the services. When it is impossible to directly relate the expenses of the reporting period with the earning of the particular income and they are also not going to generate income in the future periods, they are recognized as income of the period when they are incurred.

GENERAL NOTES ON THE FINANCIAL STATEMENTS

(a) Use of Estimates in Preparation of Financial Statements

When preparing the financial statements, the management has to make certain assumptions and estimates, which influence the presented amounts of assets, liabilities, income and expenses and disclosures of contingencies. Significant accounts of these financial statements, which are influenced by the estimates, include depreciation, evaluations of impairment and provisions. Future events may influence the assumptions used to make the estimates. The results of such changes in estimates will be presented in the financial statements when they are determined.

(b) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed, except for the cases when it is hardly probable that the resources providing economic benefits will be lost.

Contingent assets are not recognized in the financial statements. They are disclosed in the financial statements when it is probable that income or economic benefit will be received.

(c) Events after the date of the conclusion of financial reports

Events that provide additional information about the position of the company on the day of the conclusion of the financial reports (the correcting events) are reflected in the financial reports. Other events after the date of the financial reports that are not correcting events, are described in the remarks if it is important.

(d) Factors of Financial Risk

Market insecurities

The long-running worldwide liquidity crisis resulted in lower liquidity levels in the economy, lower level of capital market funding and lower liquidity. Furthermore, the economy in Lithuania and the European Union experienced the slowdown, which influenced and might still influence the activities of the companies operating in shipping business. The financial statements provide management evaluations concerning the influence of worldwide and Lithuanian business environment on the activities and financial position of the Company. Further development in the business environment might differ from the evaluations by the management.

Losses of Impairment in Non-current Assets

The Company reviews the residual values of non-current assets at each date of the statement of financial position (balance sheet) to determine whether there are indications of impairment. If such indications are observed, the recoverable amounts of the assets are calculated. With the purpose to test the impairment in asset value, assets, which earn cash in the process of non-interrupted usage and generally do not depend on the net cash inflows generated by other assets or asset groups (units generating net cash), are grouped together into the smallest possible groups.

A recoverable amount is the higher of the net realizable value and the value in use. Asset value in use is calculated by discounting the future cash flows to the current value applying the pre-tax discount rate, which reflects the objective market assumptions on cash value in time and the risk related to the asset. The recoverable value of an asset, which does not generate cash inflows independently, is determined in line with the recoverable value of the unit, which generates the cash and to which the asset is attributable.

Losses of Impairment in Amounts Receivable

The Company reviews the amounts receivable at least once in a quarter of the year. In order to determine whether the impairment in value should be recognized in the income statement, the Company evaluates the existence or non-existence of the evidence, which prove the sufficient decrease in the future cash flows, related to the portfolio of amounts receivable, until the decrease of the particular amounts receivable in the portfolio is determined. Evidence might comprise information providing for the negative change in debt repayment status, economic conditions in the country or region, which influence the amounts receivable.

Following the historic experience on the losses, related to the amounts receivable and similar credit risk, the management evaluates probable cash inflows from the debtors. Methods and assumptions, applied when evaluating the amounts and the duration of future cash flows, are regularly reviewed in order to decrease differences between the calculated and actual amounts of losses.

Capital Management

In order to maintain the trust of the investors, creditors and other market participants, to support the future development of activities and correspond to the external capital requirements, the policy of the Company requires maintaining a significant amount of equity capital when compared to the borrowed funds. The capital comprises equity capital belonging to the owners.

The management also seeks to maintain the balance between the higher return, which could be acquired through the higher level of borrowed funds, and the security provided by the higher level of equity capital.

The Company manages the capital structure and corrects it regarding the changes in economic circumstances and the nature of operating risk. In order to maintain or correct the capital structure, the Company might correct dividend pay out to the shareholders, return the capital to the shareholders or issue new shares.

III. Explanatory Notes to Accounts

1. Non-current Intangible Assets

	Computer software
Acquisition cost	
31 December 2009	361
Acquisitions	27
Write-offs	-
31 December 2010	387
31 December 2011	387
Accumulated amortisation	
31 December 2009	326
Calculated during the period	22
31 December 2010	348
Calculated during the period	24
31 December 2011	372
Carrying amount	
31 December 2009	35
31 December 2010	39
31 December 2011	15

Non-current intangible assets are depreciated within the period of 3 years.

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2. Non-current Tangible Assets, in thousand LTL

	Buildings and construction	Plant and machinery	Ships	Other transport means	Repairs	Other tangible assets	Total
Acquisition value							
31 December 2008	3.672	1.202	491.226	802	8.246	567	505.715
Acquired		2	1.019		2.943	38	4.003
Written-off(-)		(386)	(7.952)		(5.869)	(50)	(14.256)
31 December 2009	3.672	818	484.294	802	5.319	556	495.462
Acquired	-	21	211	60	2.766	13	3.071
Reclassifications	-	(26)	26				
Written-off(-)		(22)	(28.536)	(612)	(3.500)	(51)	(32.722)
31 December 2010	3.672	791	455.994	250	4.585	519	465.811
Acquired		34	283	165	2.173	21	2.676
Reclassifications		29	(29)				
Written – off(-)				(118)	(3.482)	(2)	(3.602)
31 December 2011	3.672	807	456.296	297	3.275	538	464.885
Reversed impairment 31 December 2008			(64.407)				(61.407)
Accumulated depression							
31 December 2008	355	939	128.096	666		341	130.398
Accounted for the period	51	106	27.349	80		62	27.647
Written –off (-)	-	(386)	(7.480)	-	-	(44)	(7.910)
31 December 2009	406	659	147.965	746		358	150.135
Accounted for the period	51	95	25.861	22		57	26.086
Reclassifications		(26)	26				
Written –off (-)		(22)	(10.436)	(612)		(25)	(11.096)
31 December 2010	457	706	163.416	156		390	165.125
Accounted for the period	51	70	22.662	28		53	22.864
Written- off (-)				(68)		(1)	(69)
Reclassifications		24	(24)				
31 December 2011	507	756	186.098	117		442	187.920
Carrying amount							
31 December 2008	3.317	263	301.723	136	8.246	227	313.911
31 December 2009	3.266	159	274.921	56	5.319	198	283.920
31 December 2010	3.215	85	231.171	94	4.585	129	239.279
31 December 2011	3.165	51	208.791	180	3.275	96	215.558

Capital tangible asset of Lithuanian Shipping Company for the financial year ended included 11 vessels, administration building, vehicles, machinery and equipment.

Ships

The vessels are mortgaged for the loans with SEB bankas (See Note 9).
 All vessels, except m/v "Alka", m/v "Venta", m/v "Voruta " (from August),m/v "Romuva " were hired under long-term time charters. M/V "Alka", m/v "Venta ", m/v "Voruta", m/v " Romuva " were hired under short-term voyage charters, since the company was operating the vessel by itself. In time charter, income is received in US dollars. In 2011, there were no cases of demurrage, except repair or emergency cases.

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RESIDUAL VALUE OF VESSELS AS OF THE DATE OF COMMISSIONING

The residual value of the vessel is an expected realization value of the vessel at the end of the period of depreciation thereof in view of types of vessels in the company. The amount of residual value for the vessels to be acquired is set from 1 LTL to 10% of purchase price and in view of prices of scrap metal as well as sales price of an equivalent type of the vessel where the vessel is over 25 years old. Residual values are as follows:

Ship	Residual value 2011-12-31	
M/v „Asta“	4.013.080 LTL	10% of the purchase price
M/v „Akvilė“	4.268.551 LTL	10% of the purchase price
M/v „Audrė“	4.264.695 LTL	9% of the purchase price
M/v „Daina“	4.387.319 LTL	9% of the purchase price
M/v „Alka“	2.256.458 LTL	10% of the purchase price
M/v „Skalva“	1.812.720 LTL	10% of the purchase price
M/v „Deltuva“	3.176.933 LTL	10% of the purchase price
M/v „Raguva“	3.159.545 LTL	10% of the purchase price
M/v „Venta“	7.631.510 LTL	10% of the purchase price
M/v „Romuva“	919.858 LTL	2% of the purchase price
M/v „Voruta“	866.959 LTL	2% of the purchase price

The residual values of MV “Romuva” and MV “Voruta” are lower in view of the technical condition of the vessels. Residual values of all vessels are validated by the certificate of commissioning of the vessel. Residual values of the vessels have not been revised as of acquisition of the vessels.

Depreciation standards for the vessels as of 01/10/2011

Directly proportional (linear) method is applied in the company to calculate the depreciation of the vessels. Depreciation standard for the vessels is set in view of the service life, which, in view of the quality of building as well as profitability, is 25-30 years. Period of depreciation was specified for all vessels as of 01/10/2011 – 20 years as of acquisition – and in this case the life from the year built to the end of depreciation will be as follows:

M/v „Akvilė“	24 years old
M/v „Asta“	25 years old
M/v „Audrė“	24 years old
M/v „Daina“	23 years old
M/v „Deltuva“	33 years old
M/v „Raguva“	32 years old
M/v „Romuva“	27 years old
M/v „Voruta“	28 years old
M/v „Venta“	33 years old
M/v „Skalva“	39 years old
M/v „Alka“	31 years old

3. Ship Repairs

Ship repairs expenses of LTL 3.275 thousand were recognized as assets. This amount will be transferred to expenses according to the table below:
 of which planned write-offs to expenses in:

2012 m.	-	LTL 2.461 thousand
2013 m.	-	LTL 710 thousand
2014 m.	-	LTL 104 thousand

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4. Inventories and Prepayments

	31-12-2011	31-12-2010
Ships bunker	1.899	690
Spare parts	374	467
Food provision on ships	164	150
Prepayments	1.452	1319
Total:	3.889	2626

On 31-12-2011 1.899 thousand LTL was paid for bunkers of the mv Alka under short term charter parties.

5. Amounts Receivable

	31-12-2011	31-12-2010
Trade debtors	750	1333
Amounts receivable from State budget	31	15
Prepayments to ships	143	120
Other amounts receivable	4.084	3.092
Total:	5008	4560

Other amounts receivable include bad amounts receivable: 2181 thousand LTL – for emergency repair of MV "Asta" (insured event), 1113 thousand LTL – remote payment for MV "Venta" services (legal steps have been taken), 697 thousand LTL – for lawyers' services as to suspension of MV "Deltuva" (insured event), 93 thousand LTL – other amounts receivable.

6. Cash and Cash Equivalents

	31-12-2011	31-12-2010
Cash in national currency	32	136
Cash in banks in foreign currencies	1.732	1897
LJL's cash in hand in national currency	4	7
LJL's cash in hand in foreign currencies	25	27
Total:	1.793	2067

7. Capital

	Authorised capital	Share premiums	Total
31 December 2010	200901	-	200901
New emission of shares	-	-	-
Acquisition of own shares	-	-	-
31 December 2011	200901	-	200901

On 31 December 2011 the Company's authorised capital consisted of 200 901 296 ordinary registered shares. With par value of LTL 1 for each share.

8. Reserves

	31-12-2011	31-12-2010
Compulsory legal reserves	-	1.283
Total:	-	1.283

Reserves in 2011 decreased after covering the loss of 2010.

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9. Financial Liabilities (to credit institutions)

	31-12-2011	31-12-2010
Payable after one year	30.050	53.184
Payable within one year	36.553	22.818
total	66.603	76.002
Balance of loans at the beginning of the year	76.002	73.469
Loans received	-	-
Loans repaid	-10.336	-3.628
Effect of exchange rates	937	6.161
Balance of loans at 31 December 2011	66.603	76.002

All financial debts of Lithuanian Shipping Company to the bank are ensured with the asset. 11 vessels are mortgaged at the book value of 208.171 thousand LTL.

Total balance of the loan of AB SEB bankas for the year ended 31/12/2011 amounted to 66.603 thousand LTL, whereof:

- 6.940 thousand LTL (2.600 thousand USD) for acquisition of M/V "Romuva" and M/V "Voruta". Due date for redemption of the loan – 31/03/2012;
- 44.367 thousand LTL (16.621 thousand USD) for acquisition of M/V "Venta". Due date for redemption of the loan – 27/02/2015;
- 15.296 thousand LTL (5.730 thousand USD) for acquisition of M/V "Raguva" and M/V "Deltuva". Due date for redemption of the loan – 31/03/2012.

Loans are subject to flexible interest rate connected to 6 months LIBOR (USD). Under the lending agreement, signed with SEB Bank, the company must comply with financial indexes: capital index, credit repayment coefficient. Declined shipping market in the 2nd half of 2011 resulted in decreased cash flow and restructuring of credit repayment schedule. In 2011 any and all credit repayments took place as per approved schedules.

10. Income Tax Liabilities

The company pays a fixed profits tax. For the year ended 2011, fixed profits tax payable amounted to 67 thousand LTL.

11. Liabilities Related to Employment Relations

	31-12-2011	31-12-2010
Provision for annual leaves (salaries)	415	1144
Provision for annual leaves (social insurance)	1.046	355
Payable salaries	324	-
Payable social insurance contributions	344	350
Amount payable to guarantee fund	1	1
Total	2.130	1850

12. Provisions

	31-12-2011	31-12-2010
Provisions for not received invoices	3.479	1620

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For the accounting period ended the provisions included: 697 thousand LTL – for lawyers' services due to suspension of MV "Deltuva" in Puerto-Rico in May 2010, 500 thousand LTL – non-received invoices, 49 thousand LTL – audit cost, 1113 thousand LTL – remote payment for MV "Venta" services, 1091 thousand LTL – for MV "Asta" emergency accident (insured event), 29 thousand LTL – other amounts.

13. Other Amounts Payable

	31-12-2011	31-12-2010
Debts to suppliers	4.374	986
Prepayments from clients	3.266	4536
Dividends payable	96	97
Accrued expenses	115	357
Other liabilities	670	6
Total	8.521	5982

The amount of trade payables includes current liabilities for repair and technical provision, 2045 thousand LTL whereof – for fuel and oil. Other debts – 536 thousand LTL – port's cost for the vessels, hired under short-term time charter.

14. Sales

Sales revenue, LTL thousand	31-12-2011	31-12-2010	%
Income from time charter	46.713	53872	86,7
Other income from time charter	525	-	-
Income from short-term freight contracts	30.488	8146	374,2
Other income	443	154	287,7
Total:	78.169	62172	125,7

Freight income from short-term time charters increased in 2011, since motor vessels "Alka", "Romuva", "Voruta", and "Venta" were operated by the company itself, thereby collecting all income.

15. Cost of sales

	31-12-2011	31-12-2010	%
Crew expenses	17.344	17.307	100,2
Depreciation	22.706	25.904	87,6
Repair expenses	4.623	9.514	48,6
Spare parts	4.874	5.719	85,2
Ship functional expenses	6.565	3.433	191,2
Fuel	12.083	3.446	350,6
Lubricants	2.277	2.394	95,1
Insurance	3.863	3.510	110,1
Broker, address commission	2.720	2.038	133,5
Port charges and taxes	5.056	1.196	422,7
Other ships expenses	4.273	5.205	82,1
Total:	86.384	79.666	108,4

Increase in port expenses and fuel consumption in 2011 was determined by the employment of a bigger number of vessels under short-term time charters and by the fact that the company was operating the vessels on its own.

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16. Administrative expenses

	31-12-2011	31-12-2010	%
Employee expenses	3.244	3.349	
Amortization and depreciation	181	204	
Premise maintenance	94	104	
Transport expenses	114	76	
Business maintenance expenses	148	143	
Communication services	137	100	
Bank services	140	139	
Consulting, legal services	170	45	
Asset insurance and insurance franchise	(73)	592	
Other expenses	528	369	
Total:	4.683	5.121	

17. Other operating income

	31-12-2011	31-12-2010	%
Income from sale of non current assets	57	10093	-
Remaining value of sold tangible assets	(51)	(18123)	-
Net income from sale of non current assets	6	(8030)	-
Other operating income, net	134	11	-
Total :	140	(8019)	-

18. Financing and Investing Activities

	31-12-2011	31-12-2010	%
Received interests	5	-	-
Positive effect of changes in currency exchange rates	-	-	-
Paid interests	(2.076)	(2250)	-
Negative effect of changes in currency exchange rates	(1.361)	((6.171)	-
	(1.329)	-	-
Total:	4.761	(8.421)	-

19. Profit (Earnings) per Share

Profit per share is calculated by dividing net profit (loss) of the period, belonging to the holders of shares (-17.585 LTL), by the number of ordinary shares – 200901296 – in the end of the period.

20. Cash Flow Statement

Cash for the period ended (31/12/2011) totaled 1.793 thousand LTL and as of the beginning of the year decrease by 273 thousand LTL. Decrease took place due to commencement of repairs of MV "Skaiva" at the end of the year.

21. Statement of Changes in Equity

Owner's equity for the year ended 2011 amounted to 145465 thousand LTL and, as compared to the beginning of the period, decreased by 17.585 thousand LTL due to 17.585 thousand LTL loss in the accounting period.

22. Related Party Transactions

The persons associated with the company are members of board, general director, director of chartering department, technical director, financial director, chief accountant and their family members. 455,6 thousand LT of salaries in 2010 year and 503,6 thousand LT salaries in 2011 year were calculated to the above persons.

23. Segments

The Company operates in one business segment. Geographical segments are not separated.

24. Capital management policy

To manage and maintain the capital structure the Company might sell the assets in order to reduce the debts.

Liability – equity ratio

	<u>31.12.2011</u>	<u>31.12.2010</u>
Total liabilities	80.799	85.521
Less the cash and cash equivalents	1.793	2.067
Liabilities in net amount	79.006	83.454
Total equity	145.465	163.050
Plus the subordinated debt instruments		
Less the change in fair value of assurance instruments recognized in the equity		
Adjusted equity capital	145.465	163.050
Liability – equity ratio	0,54	0,51

Liability – equity ratio increased slightly due to the decrease in the equity capital.

25. Financial means

Credit risk

Credit risk or risk of default of the partners is controlled by applying credit terms and procedure control. Residual value of financial asset reflects maximum credit risk, which as of the date of financial statement was as follows:

	31-12-2011	31-12-2010
Prepayments	1.452	1.319
Trade receivables	4.068	4.387
Accumulated income and other amounts receivable	190	173
Cash and cash equivalents	1.793	2.067
TOTAL:	7.503	7.946

Liquidity risk

The company, with a view to avoid the liquidity risk, maintains sufficient flow of cash and cash equivalents or has financing through respective credit, planning in advance as well as controlling cash flows. The company has not approved a liquidity index to aspire to; however, the management shall aim at keeping the balance between unattractiveness and flexibility of financing. Liquidity indexes of the company are exhibited in Note 26. The company does not have financial asset.

Currency rate, interest rate, and other risks

Transactions of the company take place in Euros, US dollars, and Litas, therefore, there is a risk of currency rate fluctuation and exchange.

The loans of the company are taken in US dollars with a variable interest rate. Interest rate is not high and does not have major effect on the activities of the company.

Future cash flows

Book value of the asset (vessels) currently covers any and all benefits in cash, since the asset (vessels) is prepared and continuously used to earn income (with the exception of scheduled repairs).

26. Financial indexes

	Calculation	31-12-2011	31-12-2010
Gross debt rate	$\frac{\text{Total liabilities}}{\text{total assets}}$	0,36	0,34
Gross solvency rate	$\frac{\text{Equity capital}}{\text{Total liabilities}}$	1,80	1,91
Gross profitability	$\frac{\text{Gross profit}}{\text{Sales and services}}$	-0,11	-0,28
Rate of gross current solvency (gross liquidity)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0,21	0,29
Number of times in turnover of accounts receivable	$\frac{\text{Sales and services}}{\text{Accounts receivable}}$	104,2	14,17

Maximum income risk constitutes risk of amounts receivable. The company has introduced the following income policy – the buyers shall pay in advance for shipping services.

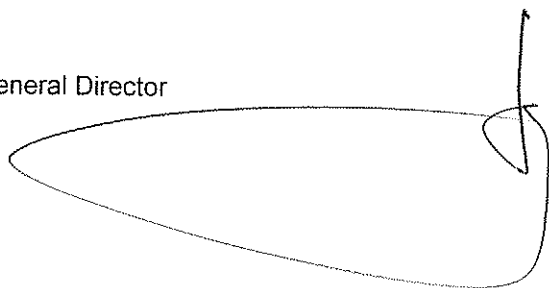
The loan of the company constitutes the loans with a variable interest rate related to 6 months USD LIBOR.

27. Unclassified assets and liabilities

The legal research of the case due to the compensation of the material and non-material loss, the sum of the claim is 411 thousand LTL. The claim was started due to the death of the captain of the company J.Smirnov in 2005.

The company has not provided guarantees and vouchers.

General Director



Arvydas Bogočionkas