

Latvian Shipping Company & its Subsidiaries  
Unaudited Financial Report for the 1st quarter 2005

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***CONSOLIDATED INCOME STATEMENT***

**Currency Exchange rate on 31.03.2004. LVL/USD 0,543**

**Currency Exchange rate on 31.03.2005. LVL/USD 0,543**

	<b>31.03.2005 US \$'000</b>	<b>31.03.2004 US \$'000 (restated)</b>	<b>31.03.2005 LVL'000</b>	<b>31.03.2004 LVL'000 (restated)</b>
Voyage income	53 391	32 975	28 992	17 905
Voyage costs	(12 839)	(5 641)	(6 972)	(3 063)
<b>Net Voyage Results</b>	<b>40 552</b>	<b>27 334</b>	<b>22 020</b>	<b>14 842</b>
Vessel Operating costs	(16 782)	(18 986)	(9 113)	(10 309)
<b>Vessel Operating Result before Depreciation</b>	<b>23 770</b>	<b>8 348</b>	<b>12 907</b>	<b>4 533</b>
Vessel Depreciation	(6 733)	(5 495)	(3 656)	(2 984)
<b>Vessel Operating Profit</b>	<b>17 037</b>	<b>2 853</b>	<b>9 251</b>	<b>1 549</b>
Administration expenses	(2 798)	(2 952)	(1 519)	(1 603)
Gain on sale of assets	-	2 133	-	1 159
<b>Operating Profit</b>	<b>14 239</b>	<b>2 034</b>	<b>7 732</b>	<b>1 105</b>
Net Financial Items	(1 826)	(1 777)	(992)	(965)
<b>Profit before Taxation</b>	<b>12 413</b>	<b>257</b>	<b>6 740</b>	<b>140</b>
Taxation	(4)	(28)	(2)	(15)
<b>Profit after Taxation</b>	<b>12 409</b>	<b>229</b>	<b>6 738</b>	<b>125</b>
Minority interest	-	4	-	2
<b>Net Profit</b>	<b>12 409</b>	<b>233</b>	<b>6 738</b>	<b>127</b>
<b>Earnings per share</b>	<b>US \$ 0,06</b>	<b>US \$ 0,00</b>	<b>LVL 0,03</b>	<b>LVL 0,00</b>

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**CONSOLIDATED BALANCE SHEET**

<u>ASSETS</u>	31.03.2005 US \$'000	31.03.2004 US \$'000 (restated)	31.03.2005 LVL'000	31.03.2004 LVL'000 (restated)
<i>LONG TERM ASSETS</i>				
Fleet	397 014	291 008	215 579	158 017
Other fixed assets	7 402	7 914	4 019	4 297
Assets under construction	42 257	22 871	22 946	12 419
Investments	61	84	33	46
<b>TOTAL LONG TERM ASSETS</b>	<b>446 734</b>	<b>321 877</b>	<b>242 577</b>	<b>174 779</b>
<i>CURRENT ASSETS</i>				
Inventories	5 398	4 151	2 931	2 254
Accounts receivable and prepayments	30 917	28 643	16 788	15 553
Available-for-sale investments	21 829	2 236	11 853	1 214
Bank and cash balances	56 213	54 377	30 524	29 527
<b>TOTAL CURRENT ASSETS</b>	<b>114 357</b>	<b>89 407</b>	<b>62 096</b>	<b>48 548</b>
<b>TOTAL ASSETS</b>	<b>561 091</b>	<b>411 284</b>	<b>304 673</b>	<b>223 327</b>
<u>SHAREHOLDERS' EQUITY &amp; LIABILITIES</u>				
<i>SHAREHOLDERS EQUITY</i>				
Share capital	362 319	362 319	196 739	196 739
Translation reserve	(13 124)	(13 758)	(7 126)	(7 470)
Retained earnings	21 035	(62 502)	11 422	(33 939)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>370 230</b>	<b>286 059</b>	<b>201 035</b>	<b>155 330</b>
<b>MINORITY INTEREST</b>	<b>-</b>	<b>602</b>	<b>-</b>	<b>327</b>
<i>LONG TERM LIABILITIES</i>				
Long term portion of bank loans	148 625	95 000	80 703	51 585
Provision for deferred taxation	5	30	2	16
Provisions	906	489	493	266
<b>TOTAL LONG TERM LIABILITIES</b>	<b>149 536</b>	<b>95 519</b>	<b>81 198</b>	<b>51 867</b>
<i>CURRENT LIABILITIES</i>				
Current portion of bank loans	17 357	12 000	9 425	6 516
Accounts payable	23 968	17 104	13 015	9 287
<b>TOTAL CURRENT LIABILITIES</b>	<b>41 325</b>	<b>29 104</b>	<b>22 440</b>	<b>15 803</b>
<b>TOTAL LIABILITIES</b>	<b>190 861</b>	<b>124 623</b>	<b>103 638</b>	<b>67 670</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>561 091</b>	<b>411 284</b>	<b>304 673</b>	<b>223 327</b>

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***CONSOLIDATED STATEMENT OF CHANGES IN  
SHAREHOLDERS' EQUITY***

	<b>Share Capital US \$ 000</b>	<b>Translation Reserve US \$ 000</b>	<b>Retained Earnings US \$ 000</b>	<b>Total US \$ 000</b>
Balance at 1st January 2004 (restated)	362 319	(13 557)	(62 735)	286 027
Net Profit for the year	-	-	71 361	71 361
Currency translation differences	-	795	-	795
Balance at 31st December 2004	<u>362 319</u>	<u>(12 762)</u>	<u>8 626</u>	<u>358 183</u>
Net Profit for the period	-	-	12 409	12 409
Currency translation differences	-	(362)	-	(362)
Balance at 31st March 2005	<u>362 319</u>	<u>(13 124)</u>	<u>21 035</u>	<u>370 230</u>

	<b>Share Capital LVL 000</b>	<b>Translation Reserve LVL 000</b>	<b>Retained Earnings LVL 000</b>	<b>Total LVL 000</b>
Balance at 1st January 2004 (restated)	196 739	(7 361)	(34 066)	155 312
Net Profit for the year	-	-	38 750	38 750
Currency translation differences	-	431	-	431
Balance at 31st December 2004	<u>196 739</u>	<u>(6 930)</u>	<u>4 684</u>	<u>194 493</u>
Net Profit for the period	-	-	6 738	6 738
Currency translation differences	-	(196)	-	(196)
Balance at 31st March 2005	<u>196 739</u>	<u>(7 126)</u>	<u>11 422</u>	<u>201 035</u>

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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE 2005 YEAR 31ST MARCH**

	<b>31.03.2005</b> <b>US \$'000</b>	<b>31.03.2004</b> <b>US \$'000</b> <b>(restated)</b>	<b>31.03.2005</b> <b>LVL'000</b>	<b>31.03.2004</b> <b>LVL'000</b> <b>(restated)</b>
<b>Profit</b>	<b>12 409</b>	<b>233</b>	<b>6 738</b>	<b>127</b>
Adjustments for:				
Depreciation	6 905	5 692	3 749	3 091
Profit on sale of fixed assets	-	(2 133)	-	(1 158)
Other adjustments	2 177	2 468	1 182	1 340
	<b>21 491</b>	<b>6 260</b>	<b>11 669</b>	<b>3 400</b>
Movements in net working capital:				
Inventories	777	238	422	129
Accounts receivable	(1 985)	(5 805)	(1 078)	(3 153)
Accounts payable	6 082	2 260	3 303	1 227
<b>Cash flow from Operating Activities</b>	<b>26 365</b>	<b>2 953</b>	<b>14 316</b>	<b>1 603</b>
Net Cash flow from Investing Activities	(23 258)	(21 845)	(12 629)	(11 862)
<b>Cash flow before Financing Activities</b>	<b>3 107</b>	<b>(18 892)</b>	<b>1 687</b>	<b>(10 259)</b>
Net Cash flow from Financing Activities	(3 339)	(5 279)	(1 813)	(2 866)
<b>Decrease in Cash and Cash Equivalents</b>	<b>(232)</b>	<b>(24 171)</b>	<b>(126)</b>	<b>(13 125)</b>
<b>Cash and Cash Equivalents at 31st January</b>	<b>56 445</b>	<b>78 548</b>	<b>30 650</b>	<b>42 652</b>
<b>Cash and Cash Equivalents at 31st March</b>	<b>56 213</b>	<b>54 377</b>	<b>30 524</b>	<b>29 527</b>

## *Segment Information*

US \$'000s

	<b>Tankers</b>		<b>Reefers</b>		<b>LPG</b>		<b>Dry Cargo</b>		<b>Total</b>	
	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
<b>Voyage income</b>	<b>42 801</b>	<b>23 219</b>	<b>5 278</b>	<b>5 008</b>	<b>4 757</b>	<b>2 783</b>	<b>555</b>	<b>1 965</b>	<b>53 391</b>	<b>32 975</b>
<b>Vessel Operating Profit/(Loss)</b>	<b>12 489</b>	<b>162</b>	<b>1 367</b>	<b>1 726</b>	<b>3 031</b>	<b>1 348</b>	<b>150</b>	<b>(383)</b>	<b>17 037</b>	<b>2 853</b>
Gain on sale of assets	-	2 145	-	-	-	-	-	-	-	2 145
Unallocated sale of assets	-	-	-	-	-	-	-	-	-	(12)
<b>Segment result</b>	<b>12 489</b>	<b>2 307</b>	<b>1 367</b>	<b>1 726</b>	<b>3 031</b>	<b>1 348</b>	<b>150</b>	<b>(383)</b>	<b>17 037</b>	<b>4 986</b>
Unallocated corporate expenses									(2 798)	(2 952)
<b>Operating Profit</b>									<b>14 239</b>	<b>2 034</b>
Net Financial Items									(1 826)	(1 777)
<b>Profit before Taxation</b>									<b>12 413</b>	<b>257</b>
Taxation									(4)	(28)
<b>Profit after Taxation</b>									<b>12 409</b>	<b>229</b>
Minority interest									-	4
<b>Net Profit</b>									<b>12 409</b>	<b>233</b>

	<b>Tankers</b>		<b>Reefers</b>		<b>LPG</b>		<b>Dry Cargo</b>		<b>Total</b>	
	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
Segment assets	387 287	249 186	23 932	22 953	71 205	50 570	1 681	2 758	484 105	325 467
Unallocated assets									76 986	85 817
<b>Total assets</b>									<b>561 091</b>	<b>411 284</b>
Segment liabilities	158 679	87 949	1 940	1 027	26 297	31 967	89	746	187 005	121 689
Unallocated liabilities									3 856	2 934
<b>Total liabilities</b>									<b>190 861</b>	<b>124 623</b>
<b>Other segment items</b>										
Drydocking expenditure	4 601	1 817	-	-	-	-	-	453	4 601	2 270
Depreciation	5 151	4 301	583	520	922	597	77	77	6 733	5 495
Drydocking deferred expenditure depreciation	1 628	1 913	73	120	14	94	47	-	1 762	2 127

## *Segment Information*

LVL'000s

	<b>Tankers</b>		<b>Reefers</b>		<b>LPG</b>		<b>Dry Cargo</b>		<b>Total</b>	
	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
<b>Voyage income</b>	<b>23 241</b>	<b>12 608</b>	<b>2 866</b>	<b>2 719</b>	<b>2 583</b>	<b>1 511</b>	<b>302</b>	<b>1 067</b>	<b>28 992</b>	<b>17 905</b>
<b>Vessel Operating Profit/(Loss)</b>	<b>6 782</b>	<b>88</b>	<b>742</b>	<b>937</b>	<b>1 646</b>	<b>732</b>	<b>81</b>	<b>(208)</b>	<b>9 251</b>	<b>1 549</b>
Gain on sale of assets	-	1 165	-	-	-	-	-	-	-	1 165
Unlocated sale of assets	-	-	-	-	-	-	-	-	-	(6)
<b>Segment result</b>	<b>6 782</b>	<b>1 253</b>	<b>742</b>	<b>937</b>	<b>1 646</b>	<b>732</b>	<b>81</b>	<b>(208)</b>	<b>9 251</b>	<b>2 708</b>
Unallocated corporate expenses									(1 519)	(1 603)
<b>Operating Profit</b>									<b>7 732</b>	<b>1 105</b>
Net Financial Items									(990)	(965)
<b>Profit before Taxation</b>									<b>6 740</b>	<b>140</b>
Taxation									(2)	(15)
<b>Profit after Taxation</b>									<b>6 738</b>	<b>125</b>
Minority interest									0	2
<b>Net Profit for the Year</b>									<b>6 738</b>	<b>127</b>

	<b>Tankers</b>		<b>Reefers</b>		<b>LPG</b>		<b>Dry Cargo</b>		<b>Total</b>	
	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
Segment assets	210 297	135 308	12 995	12 463	38 664	27 460	913	1 498	262 869	176 729
Unallocated assets									41 803	46 599
<b>Total assets</b>									<b>304 672</b>	<b>223 327</b>
Segment liabilities	86 163	47 756	1 053	558	14 279	17 358	48	405	101 544	66 077
Unallocated liabilities									2 094	1 593
<b>Total liabilities</b>									<b>103 638</b>	<b>67 670</b>
<b>Other segment items</b>										
Drydocking expenditure	2 498	987	-	-	-	-	-	246	2 498	1 233
Depreciation	2 797	2 335	317	282	501	324	42	42	3 656	2 984
Drydocking deferred expenditure depreciation	884	1 039	40	65	8	51	26	-	957	1 155