

**Public Joint Stock Company  
Latvian Shipping Company  
and it's Subsidiaries**

## **Unaudited Condensed Consolidated Financial Statements**

**for the year ended 31 December 2005**



**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

---

**CONTENTS**

Information on parent company	3
Management report	4
Consolidated income statement	6
Consolidated balance sheet	7
Consolidated statement of changes in shareholders' equity	8
Consolidated cash flow statement	10
Notes	11

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

---

**INFORMATION ON PARENT COMPANY**

***THE SUPERVISORY COUNCIL***

<b>Chairman of the Council</b>	Uldis Pumpurs (from 11.02.2005)
<b>Deputy Chairperson of the Council</b>	Andris Linužs (from 11.02.2005) Olga Pētersone (from 11.02.2005) Ģirts Rungainis (until 11.02.2005)
<b>Members of the Council:</b>	Vladimirs Solomatins Aldis Āķis ( from 11.02.2005) Ansis Sormulis (from 11.02.2005) Laimonis Junkers (from 11.02.2005) Mamerts Vaivads (from 11.02.2005) Pēteris Putniņš (from 11.02.2005) Vladimirs Krastiņš (from 11.02.2005) Egīls Kietis (until 11.02.2005) Elena Makarova (until 11.02.2005) Harijs Ilmārs Bondars (until 11.02.2005) Oļegs Stepanovs (until 11.02.2005)

***THE MANAGEMENT BOARD***

<b>Chairman of the Management Board</b>	Imants Vikmanis
<b>Vice President</b>	Valērijs Godunovs (until 14.02.2005)
<b>Members of the Management Board</b>	Guntis Tīrmanis (from 14.02.2005) Ilva Purēna (from 14.02.2005) Solvita Deglava (from 14.02.2005) Viktors Gavriļenko (from 14.02.2005) Alvis Akmens (until 14.02.2005) Aivars Enkuzens (until 14.02.2005)

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

---

**MANAGEMENT REPORT**

**Line of Business**

The core business of JSC *Latvijas kuģniecība* (Latvian Shipping Company – LASCO) Group is transportation of cargoes by sea.

**Performance in the Reporting Period**

On 22 June 2005 the Commercial register of the Republic of Latvia registered the changes in the LASCO Supervisory Council and the Management Board adopted at the Extraordinary Shareholders Meeting held on 11 February 2005 and Supervisory Council Meeting held on 14 February 2005.

During the reporting period, LASCO Group's Strategy for 2005-2010 was updated, leaving the Company's long-term strategic goal and major tasks (including renewal and modernisation of the fleet as well as termination of the activities not related to the Company's core business) unchanged.

All LASCO shares are publicly traded and listed on the Official List of Riga Stock Exchange. In 2005, the Company's share price increased from LVL 0.47 to LVL 1.30. Compared to the beginning of the year LASCO share price has grown more than 2.5 times.

LASCO Group's unaudited Net Profit for 2005 is USD 30.4 million (LVL 18.0 million, EUR 25.6 million). The Group's Net Profit for 2004 was USD 71.4 million (LVL 42.3 million, EUR 60.2 million), of which USD 42.6 were made up by the reversal of previously recognised fleet impairment loss.

LASCO Group's unaudited ROE (Return on Equity) in 2005 is 8.5%, and unaudited EPS (Earnings per Share) – USD 0.15 (LVL 0.09, EUR 0.13).

As at the end of the period the unaudited Shareholders Equity was USD 387.3 million (LVL 229.6 million, EUR 326.8 million) or USD 1.94 (LVL 1.15, EUR 1.64) per share, which is the highest level in the history of LASCO as a private company.

**The Fleet**

During the reporting period, no changes took place in the composition of LASCO Group's fleet that comprises 40 vessels (32 product tankers, 2 LPG carriers, 5 reefer vessels and 1 Ro-Ro/general type vessel).

In 2005, all types of LASCO fleet operated with profit. The Group's total Vessel Operating Result was largely contributed by two out of four LASCO fleets. The largest contribution (82%) to the Group's total Vessel Operating Profit was made by the Tanker Fleet. The LPG Fleet generated 16% of the total result.

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

---

**MANAGEMENT REPORT**

*Continued*

Tanker freight rates fluctuated during the entire reporting period. In 2005, seasonal drop in the freight rates, typical for the tanker market, occurred not only in summer, but also during several months in the autumn. A short-term, however considerable, rise in the tanker freight rates took place in September and November and was caused by unfavourable weather conditions in the Gulf of Mexico, where 25 percent of US refineries have been damaged by several hurricanes. The rates stabilised in December. On the average, the rates in 2005 were slightly higher than in 2004.

During the first three quarters of 2005, the rates in the reefer segment (where freight rate seasonality is even more distinct) remained on the level of the previous year. However, in the fourth quarter reefer rates dropped due to sharp changes in cargo volumes, caused by a simultaneous slump both in consumer market supply (South America and Africa) and demand (Russia). In the period, most of the reefer vessels underwent scheduled repairs.

The LPG Fleet continued to be successfully employed by *ScandiGas Pool*.

**Tanker Fleet Renewal Programme**

During the reporting period, the implementation of *LASCO* Tanker Fleet Renewal Programme was continued. 14 newbuildings have been already ordered within the frames of the project: 10 tankers at *3.Maj* shipyard in Croatia and 4 tankers at *Hyundai Mipo Dockyard* in Korea.

To ensure the delivery of the vessels in accordance with the agreed schedule, steel cutting for the first three out of the ten vessels ordered at *3.Maj* commenced in 2005. The first of the Croatian vessels is scheduled for delivery in July 2006. After the end of the reporting period, the first of the tankers ordered at *3.Maj* in Croatia was launched on 25 February 2006.

The construction of the four vessels ordered at *Hyundai Mipo Dockyard* is progressing according to the schedule, and they are planned for delivery at regular intervals during 2007.

The information provided in the Management Report and the Financial Statements is subject to additions, changes and adjustments until the receipt of the Auditors' Report on the *LASCO* Group's Financial Statements for the year ended 31 December 2005.

Imants Vikmanis  
Chairman of the Management Board  
*JSC Latvijas kuģniecība*

Riga, Latvia  
27 February 2006

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

***CONSOLIDATED INCOME STATEMENT***

	<u>2005</u> <u>US \$'000</u>	<u>2004</u> <u>US \$'000</u>	<u>2005</u> <u>LVL'000</u>	<u>2004</u> <u>LVL'000</u>	<u>2005</u> <u>EUR'000</u>	<u>2004</u> <u>EUR'000</u>
Voyage income	198 688	181 097	117 823	107 390	167 646	152 803
Voyage costs	(51 468)	(45 302)	(30 521)	(26 864)	(43 427)	(38 224)
<b>Net Voyage Results</b>	<b>147 220</b>	<b>135 795</b>	<b>87 302</b>	<b>80 526</b>	<b>124 219</b>	<b>114 579</b>
Vessel Operating costs	(66 669)	(70 957)	(39 535)	(42 078)	(56 253)	(59 871)
<b>Vessel Operating Result before Depreciation</b>	<b>80 551</b>	<b>64 838</b>	<b>47 767</b>	<b>38 448</b>	<b>67 966</b>	<b>54 708</b>
Vessel Depreciation	(26 931)	(24 218)	(15 970)	(14 361)	(22 724)	(20 434)
<b>Vessel Operating Profit</b>	<b>53 620</b>	<b>40 620</b>	<b>31 797</b>	<b>24 087</b>	<b>45 242</b>	<b>34 274</b>
Vessel impairment reversal	2 453	42 641	1 455	25 286	2 070	35 979
Administration expenses	(18 165)	(13 830)	(10 772)	(8 201)	(15 327)	(11 669)
Gain/(loss) on sale of assets	(474)	8 247	(281)	4 890	(400)	6 959
<b>Operating Profit</b>	<b>37 434</b>	<b>77 678</b>	<b>22 199</b>	<b>46 062</b>	<b>31 585</b>	<b>65 543</b>
Net Financial Items	(7 059)	(6 351)	(4 186)	(3 766)	(5 956)	(5 359)
<b>Profit before Taxation</b>	<b>30 375</b>	<b>71 327</b>	<b>18 013</b>	<b>42 296</b>	<b>25 629</b>	<b>60 184</b>
Taxation	(23)	23	(14)	14	(19)	19
<b>Profit after Taxation</b>	<b>30 352</b>	<b>71 350</b>	<b>17 999</b>	<b>42 310</b>	<b>25 610</b>	<b>60 203</b>
Minority interest	-	11	-	7	-	9
<b>Net Profit</b>	<b>30 352</b>	<b>71 361</b>	<b>17 999</b>	<b>42 317</b>	<b>25 610</b>	<b>60 212</b>
<b>Earnings per share</b>	<b>US \$ 0,15</b>	<b>US \$ 0,36</b>	<b>LVL 0,09</b>	<b>LVL 0,21</b>	<b>EUR 0,13</b>	<b>EUR 0,30</b>

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

***CONSOLIDATED BALANCE SHEET***

<b><u>ASSETS</u></b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>US \$'000</b>	<b>US \$'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
<b><i>NON-CURRENT ASSETS</i></b>						
Fleet	375 168	400 908	222 475	237 738	316 555	338 273
Other fixed assets	2 922	7 859	1 733	4 660	2 465	6 631
Assets under construction	59 763	30 683	35 438	18 196	50 427	25 890
Investments	57	64	34	38	48	54
Other financial assets	4 689	1 029	2 781	610	3 956	868
<b><i>TOTAL NON-CURRENT ASSETS</i></b>	<b>442 599</b>	<b>440 543</b>	<b>262 461</b>	<b>261 242</b>	<b>373 451</b>	<b>371 716</b>
<b><i>CURRENT ASSETS</i></b>						
Inventories	6 920	6 175	4 104	3 662	5 839	5 210
Accounts receivable and prepayments	24 017	25 768	14 242	15 280	20 265	21 743
Available-for-sale investments	18 476	16 884	10 956	10 012	15 589	14 246
Bank and cash balances	70 796	56 445	41 982	33 472	59 735	47 626
<b><i>TOTAL CURRENT ASSETS</i></b>	<b>120 209</b>	<b>105 272</b>	<b>71 284</b>	<b>62 426</b>	<b>101 428</b>	<b>88 825</b>
<b>TOTAL ASSETS</b>	<b>562 808</b>	<b>545 815</b>	<b>333 745</b>	<b>323 668</b>	<b>474 879</b>	<b>460 541</b>
<b><i>SHAREHOLDERS' EQUITY &amp; LIABILITIES</i></b>						
<b><i>SHAREHOLDERS EQUITY</i></b>						
Share capital	362 319	362 319	200 000	200 000	284 576	284 576
Translation reserve	(14 041)	(12 762)	6 529	7 288	9 290	10 369
Retained earnings	38 978	8 626	23 114	5 115	32 888	7 278
<b><i>TOTAL SHAREHOLDERS' EQUITY</i></b>	<b>387 256</b>	<b>358 183</b>	<b>229 643</b>	<b>212 403</b>	<b>326 754</b>	<b>302 223</b>
<b><i>NON-CURRENT LIABILITIES</i></b>						
Non-current portion of bank loans	134 607	151 964	79 822	90 115	113 577	128 222
Deferred income tax liabilities	14	5	8	3	12	4
<b><i>TOTAL NON-CURRENT LIABILITIES</i></b>	<b>134 621</b>	<b>151 969</b>	<b>79 830</b>	<b>90 118</b>	<b>113 589</b>	<b>128 226</b>
<b><i>CURRENT LIABILITIES</i></b>						
Current portion of bank loans	17 357	17 357	10 293	10 293	14 645	14 645
Accounts payable	23 574	18 306	13 979	10 854	19 891	15 447
<b><i>TOTAL CURRENT LIABILITIES</i></b>	<b>40 931</b>	<b>35 663</b>	<b>24 272</b>	<b>21 147</b>	<b>34 536</b>	<b>30 092</b>
<b><i>TOTAL LIABILITIES</i></b>	<b>175 552</b>	<b>187 632</b>	<b>104 102</b>	<b>111 265</b>	<b>148 125</b>	<b>158 318</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>562 808</b>	<b>545 815</b>	<b>333 745</b>	<b>323 668</b>	<b>474 879</b>	<b>460 541</b>

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

***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>
<b>Balance at 1st January 2004 (restated)</b>	<b>362 319</b>	<b>(13 557)</b>	<b>(62 735)</b>	<b>286 027</b>
Net Profit for the period	-	-	71 361	71 361
Currency translation differences	-	795	-	795
<b>Balance at 31st December 2004</b>	<b>362 319</b>	<b>(12 762)</b>	<b>8 626</b>	<b>358 183</b>
Net Profit for the period	-	-	30 352	30 352
Currency translation differences	-	(1 279)	-	(1 279)
<b>Balance at 31st December 2005</b>	<b>362 319</b>	<b>(14 041)</b>	<b>38 978</b>	<b>387 256</b>

	<b>Share Capital LVL 000</b>	<b>Translation Reserve LVL 000</b>	<b>Retained Earnings LVL 000</b>	<b>Total LVL 000</b>
<b>Balance at 1st January 2004 (restated)</b>	<b>200 000</b>	<b>6 816</b>	<b>(37 202)</b>	<b>169 614</b>
Net Profit for the period	-	-	42 317	42 317
Currency translation differences	-	472	-	472
<b>Balance at 31st December 2004</b>	<b>200 000</b>	<b>7 288</b>	<b>5 115</b>	<b>212 403</b>
Net Profit for the period	-	-	17 999	17 999
Currency translation differences	-	(759)	-	(759)
<b>Balance at 31st December 2005</b>	<b>200 000</b>	<b>6 529</b>	<b>23 114</b>	<b>229 643</b>



**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

---

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

	<b>Share Capital EUR 000</b>	<b>Translation Reserve EUR 000</b>	<b>Retained Earnings EUR 000</b>	<b>Total EUR 000</b>
<b>Balance at 1st January 2004 (restated)</b>	<b>284 576</b>	<b>9 698</b>	<b>(52 934)</b>	<b>241 340</b>
Net Profit for the period	-	-	60 212	60 212
Currency translation differences	-	671	-	671
<b>Balance at 31st December 2004</b>	<b>284 576</b>	<b>10 369</b>	<b>7 278</b>	<b>302 223</b>
Net Profit for the period	-	-	25 610	25 610
Currency translation differences	-	(1 079)	-	(1 079)
<b>Balance at 31st December 2005</b>	<b>284 576</b>	<b>9 290</b>	<b>32 888</b>	<b>326 754</b>

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

***CONSOLIDATED CASH FLOW STATEMENT***

	2005 US \$'000	2004 US \$'000	2005 LVL'000	2004 LVL'000	2005 EUR'000	2004 EUR'000
<b>Profit before taxation</b>	<b>30 375</b>	<b>71 327</b>	<b>18 013</b>	<b>42 296</b>	<b>25 629</b>	<b>60 184</b>
<b>Adjustments for:</b>						
Depreciation	27 553	24 983	16 339	14 815	23 248	21 080
Vessel impairment reversal	(2 453)	(42 641)	(1 455)	(25 286)	(2 070)	(35 979)
Profit on sale of fixed assets	474	(8 247)	281	(4 890)	400	(6 959)
Other adjustments	6 124	8 287	3 631	4 915	5 169	6 991
	<b>62 073</b>	<b>53 709</b>	<b>36 809</b>	<b>31 850</b>	<b>52 376</b>	<b>45 317</b>
<b>Movements in net working capital:</b>						
Inventories	(745)	(1 786)	(442)	(1 059)	(629)	(1 507)
Accounts receivable	1 751	(3 214)	1 038	(1 906)	1 477	(2 712)
Accounts payable	4 455	2 470	2 643	1 465	3 759	2 084
<b>Cash flow from Operating Activities</b>	<b>67 534</b>	<b>51 179</b>	<b>40 048</b>	<b>30 350</b>	<b>56 983</b>	<b>43 182</b>
Net Cash flow from Investing Activities	(35 826)	(130 323)	(21 245)	(77 282)	(30 229)	(109 961)
<b>Cash flow before Financing Activities</b>	<b>31 708</b>	<b>(79 144)</b>	<b>18 803</b>	<b>(46 932)</b>	<b>26 754</b>	<b>(66 779)</b>
Net Cash flow from Financing Activities	(17 357)	57 041	(10 293)	33 825	(14 645)	48 129
<b>Increase/(decrease) in Cash and Cash Equivalents</b>	<b>14 351</b>	<b>(22 103)</b>	<b>8 510</b>	<b>(13 107)</b>	<b>12 109</b>	<b>(18 650)</b>
<b>Cash and Cash Equivalents at the beginning of the reporting period</b>	<b>56 445</b>	<b>78 548</b>	<b>33 472</b>	<b>46 579</b>	<b>47 626</b>	<b>66 276</b>
<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>70 796</b>	<b>56 445</b>	<b>41 982</b>	<b>33 472</b>	<b>59 735</b>	<b>47 626</b>

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2005**

---

**NOTES**

**1. Accounting policies**

These unaudited condensed consolidated financial statements are prepared in accordance with and comply with accounting policies applied in preparation of the consolidated financial statements of Latvian Shipping Company & its Subsidiaries for the year ended 31 December 2004, which were prepared in accordance with International Financial Reporting Standards.

During preparation of the 2004 annual report, management came to the conclusion that the accounting policy with respect to reversal of previously recognised impairment loss of the fleet was not correctly applied during the previous reporting period. The opening balance for 2004 was restated to reflect the corrections made. As a result the fleet net book value as at 1 January 2004 increased by USD 16 076 thousands (LVL 9 533 thousands or EUR 13 564 thousands).

The functional currency of Latvian Shipping Company Group is USD. These condensed consolidated financial statements are prepared in US dollars and translated into the Latvian Lats or Euros using the rate of exchange stated by the Bank of Latvia as of 31 December 2005 US\$ 1.00 = LVL 0.593, EUR 1.00 = LVL 0.7028

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements for the year ended 31 December 2005**

**NOTES**

**2. SEGMENT INFORMATION**

	Tankers		Reefers		LPG		Dry Cargo		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000
<b>Voyage income</b>	<b>161 708</b>	<b>148 569</b>	<b>18 455</b>	<b>15 685</b>	<b>16 259</b>	<b>11 927</b>	<b>2 266</b>	<b>4 916</b>	<b>198 688</b>	<b>181 097</b>
<b>Vessel Operating profit/(Loss)</b>	<b>44 092</b>	<b>32 605</b>	<b>618</b>	<b>2 030</b>	<b>8 798</b>	<b>6 604</b>	<b>112</b>	<b>(619)</b>	<b>53 620</b>	<b>40 620</b>
Vessel impairment reversal	-	15 913	2 453	2 814	-	23 914	-	-	2 453	42 641
Gain on sale of assets	-	8 247	-	-	-	-	-	-	-	8 247
Unallocated loss on sale of assets	-	-	-	-	-	-	-	-	(474)	(12)
<b>Segment result</b>	<b>44 092</b>	<b>56 765</b>	<b>3 071</b>	<b>4 844</b>	<b>8 798</b>	<b>30 518</b>	<b>112</b>	<b>(619)</b>	<b>55 559</b>	<b>91 508</b>
Unallocated administration expenses									(18 165)	(13 830)
<b>Operating profit</b>									<b>37 434</b>	<b>77 678</b>
Net Financial Items									(7 059)	(6 351)
<b>Profit before Taxation</b>									<b>30 375</b>	<b>71 327</b>
Taxation									(23)	23
<b>Profit after Taxation</b>									<b>30 352</b>	<b>71 350</b>
Minority interest									-	11
<b>Net Profit</b>									<b>30 352</b>	<b>71 361</b>

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements for the year ended 31 December 2005**

**NOTES**

**2. SEGMENT INFORMATION (continued)**

	Tankers		Reefers		LPG		Dry Cargo		Total	
	31.12.05 US \$'000	31.12.04 US \$'000	31.12.05 US \$'000	31.12.04 US \$'000	31.12.05 US \$'000	31.12.04 US \$'000	31.12.05 US \$'000	31.12.04 US \$'000	31.12.05 US \$'000	31.12.04 US \$'000
<b><u>ASSETS</u></b>										
Segment assets	375 580	348 996	25 080	24 143	68 047	71 395	1 969	1 873	470 676	446 407
Unallocated assets									92 132	99 408
<b>Total assets</b>									<b>562 808</b>	<b>545 815</b>
<b><u>LIABILITIES</u></b>										
Segment liabilities	146 277	157 105	600	1 336	22 281	27 680	172	176	169 330	186 297
Unallocated liabilities									6 222	1 335
<b>Total liabilities</b>									<b>175 552</b>	<b>187 632</b>
<b>Other segment information</b>										
Investments in vessels	32 462	37 559	599	379	376	-	-	453	33 437	38 391
Depreciation	20 602	19 440	2 331	2 080	3 688	2 388	310	310	26 931	24 218
Drydocking deferred expenditure depreciation	5 818	7 196	260	500	61	342	178	139	6 317	8 177

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements for the year ended 31 December 2005**

**NOTES**

**2. SEGMENT INFORMATION** (continued)

	Tankers		Reefers		LPG		Dry Cargo		Total	
	2005 LVL' 000	2004 LVL' 000	2005 LVL' 000	2004 LVL' 000	2005 LVL' 000	2004 LVL' 000	2005 LVL' 000	2004 LVL' 000	2005 LVL'000	2004 LVL' 000
<b>Voyage income</b>	<b>95 893</b>	<b>88 101</b>	<b>10 944</b>	<b>9 301</b>	<b>9 642</b>	<b>7 073</b>	<b>1 344</b>	<b>2 915</b>	<b>117 823</b>	<b>107 390</b>
<b>Vessel Operating profit/(Loss)</b>	<b>26 147</b>	<b>19 334</b>	<b>366</b>	<b>1 204</b>	<b>5 217</b>	<b>3 916</b>	<b>67</b>	<b>(367)</b>	<b>31 797</b>	<b>24 087</b>
Vessel impairment reversal	-	9 436	1 455	1 669	-	14 181	-	-	1 455	25 286
Gain on sale of assets	-	4 890	-	-	-	-	-	-	-	4 890
Unallocated loss on sale of assets	-	-	-	-	-	-	-	-	(281)	(7)
<b>Segment result</b>	<b>26 147</b>	<b>33 660</b>	<b>1 821</b>	<b>2 873</b>	<b>5 217</b>	<b>18 097</b>	<b>67</b>	<b>(367)</b>	<b>32 971</b>	<b>54 263</b>
Unallocated administration expenses									(10 772)	(8 201)
<b>Operating profit</b>									<b>22 199</b>	<b>46 062</b>
Net Financial Items									(4 186)	(3 766)
<b>Profit before Taxation</b>									<b>18 013</b>	<b>42 296</b>
Taxation									(14)	14
<b>Profit after Taxation</b>									<b>17 999</b>	<b>42 310</b>
Minority interest									-	7
<b>Net Profit</b>									<b>17 999</b>	<b>42 317</b>

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements for the year ended 31 December 2005**

**NOTES**

**2. SEGMENT INFORMATION (continued)**

	Tankers		Reefers		LPG		Dry Cargo		Total	
	31.12.05 LVL'000	31.12.04 LVL'000	31.12.05 LVL'000	31.12.04 LVL'000	31.12.05 LVL'000	31.12.04 LVL'000	31.12.05 LVL'000	31.12.04 LVL'000	31.12.05 LVL'000	31.12.04 LVL'000
<b><u>ASSETS</u></b>										
Segment assets	222 719	206 954	14 872	14 317	40 352	42 337	1 168	1 111	279 111	264 719
Unallocated assets									54 634	58 949
<b>Total assets</b>									<b>333 745</b>	<b>323 668</b>
<b><u>LIABILITIES</u></b>										
Segment liabilities	86 741	93 163	356	792	13 213	16 414	102	104	100 412	110 473
Unallocated liabilities									3 690	792
<b>Total liabilities</b>									<b>104 102</b>	<b>111 265</b>
<b>Other segment information</b>										
Investments in vessels	19 250	22 272	355	225	223	-	-	269	19 828	22 766
Depreciation	12 217	11 528	1 382	1 233	2 187	1 416	184	184	15 970	14 361
Drydocking deferred expenditure depreciation	3 450	4 267	154	297	36	203	106	82	3 746	4 849

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements for year ended 31 December 2005**

**NOTES**

**2. SEGMENT INFORMATION** (continued)

	Tankers		Reefers		LPG		Dry Cargo		Total	
	2005 EUR' 000	2004 EUR' 000	2005 EUR' 000	2004 EUR' 000	2005 EUR' 000	2004 EUR' 000	2005 EUR' 000	2004 EUR' 000	2005 EUR' 000	2004 EUR' 000
<b>Voyage income</b>	<b>136 443</b>	<b>125 357</b>	<b>15 572</b>	<b>13 234</b>	<b>13 719</b>	<b>10 064</b>	<b>1 912</b>	<b>4 148</b>	<b>167 646</b>	<b>152 803</b>
<b>Vessel Operating profit/(Loss)</b>	<b>37 204</b>	<b>27 511</b>	<b>521</b>	<b>1 713</b>	<b>7 423</b>	<b>5 572</b>	<b>94</b>	<b>(522)</b>	<b>45 242</b>	<b>34 274</b>
Vessel impairment reversal	-	13 427	2 070	2 374	-	20 178	-	-	2 070	35 979
Gain on sale of assets	-	6 959	-	-	-	-	-	-	-	6 959
Unallocated loss on sale of assets	-	-	-	-	-	-	-	-	(400)	(10)
<b>Segment result</b>	<b>37 204</b>	<b>47 897</b>	<b>2 591</b>	<b>4 087</b>	<b>7 423</b>	<b>25 750</b>	<b>94</b>	<b>(522)</b>	<b>46 912</b>	<b>77 212</b>
Unallocated administration expenses									(15 327)	(11 669)
<b>Operating profit</b>									<b>31 585</b>	<b>65 543</b>
Net Financial Items									(5 956)	(5 359)
<b>Profit before Taxation</b>									<b>25 629</b>	<b>60 184</b>
Taxation									(19)	19
<b>Profit after Taxation</b>									<b>25 610</b>	<b>60 203</b>
Mazākuma interese									-	9
<b>Neto peļņa</b>									<b>25 610</b>	<b>60 212</b>



**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements for the year ended 31 December 2005**

**NOTES**

**2. SEGMENT INFORMATION (continued)**

	Tankers		Reefers		LPG		Dry Cargo		Total	
	31.12.05 EUR' 000	31.12.04 EUR' 000	31.12.05 EUR' 000	31.12.04 EUR' 000	31.12.05 EUR' 000	31.12.04 EUR' 000	31.12.05 EUR' 000	31.12.04 EUR' 000	31.12.05 EUR' 000	31.12.04 EUR' 000
<b>ASSETS</b>										
Segment assets	316 902	294 472	21 162	20 371	57 416	60 241	1 661	1 580	397 141	376 664
Unallocated assets									77 738	83 877
<b>Total assets</b>									<b>474 879</b>	<b>460 541</b>
<b>LIABILITIES</b>										
Segment liabilities	123 424	132 560	506	1 127	18 800	23 355	145	149	142 875	157 191
Unallocated liabilities									5 250	1 127
<b>Total liabilities</b>									<b>148 125</b>	<b>158 318</b>
<b>Other segment information</b>										
Investments in vessels	27 390	31 691	505	320	317	-	-	382	28 212	32 393
Depreciation	17 383	16 403	1 967	1 755	3 112	2 015	262	262	22 724	20 435
Drydocking deferred expenditure depreciation	4 909	6 072	219	422	51	289	150	117	5 329	6 900

**Latvian Shipping Company & its Subsidiaries Unaudited Condensed Consolidated  
Financial Statements for the year ended 31 December 2005**

---

***NOTES***

**Contact person with respect to information presented in these financial statements**

Marita Ozoliņa-Tumanovska  
Head of PR Department  
Phone: +371 7020120, 9287169  
E-mail: ozolina@lsc.riga.lv