

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

## **Unaudited Condensed Consolidated Financial Statements**

**for the year ended  
31 December 2008**



**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**for the year ended 31 December 2008**

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**INFORMATION ON PARENT COMPANY**

***THE SUPERVISORY COUNCIL***

<b>Chairman of the Council</b>	Māris Gailis (from 13.01.2009) Uldis Pumpurs (from 15.02.2008, till 12.01.2009)
<b>Deputy Chairperson of the Council</b>	Vladimirs Solomatins (from 15.02.2008) Andris Vilcmeiers (from 15.02.2008) Andris Linužs (till 10.02.2008) Olga Pētersone (till 10.02.2008)
<b>Members of the Council:</b>	Ansis Sormulis (till 10.02.2008, from 15.02.2008) Olga Pētersone (from 15.02.2008) Svens Zālītis (from 15.02.2008) Guntis Ločmelis (from 15.02.2008) Mīks Ekbaums (from 15.02.2008) Māris Gailis (from 15.02.2008) Normunds Staņevičs (from 15.02.2008) Vladimirs Koškuls (from 15.02.2008) Kārlis Boldiševics (from 15.02.2008) Aldis Āķis (till 10.02.2008) Laimonis Junkers (till 10.02.2008) Mamerts Vaivads (till 10.02.2008) Pēteris Putniņš (till 10.02.2008) Vladimirs Krastiņš (till 10.02.2008) Vladimirs Solomatins (till 10.02.2008)

***THE MANAGEMENT BOARD***

<b>Chairman of the Management Board</b>	Imants Sarmulis
<b>Member of the Management Board – 1.vice-president</b>	Andris Linužs (from 14.02.2008) Mīks Ekbaums (till 13.02.2008)
<b>Member of the Management Board – vice-president</b>	Raivis Veckāgans (from 14.02.2008) Solvita Deglava (till 13.02.2008)
<b>Members of the Management Board</b>	Guntis Tīrmanis (till 13.02.2008, from 14.02.2008) Ilva Purēna (till 13.02.2008, from 14.02.2008)

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**MANAGEMENT REPORT**

**Line of Business**

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

**Performance during the Report Period**

Throughout the year 2008 LASCO Group proceeded with the implementation of its strategic goal set – increasing the Group's value securing its place among the ten leading shipowners in the world in medium range tanker segment.

The correctly chosen strategy for fleet operations and sale of the elderly tonnage has resulted in appropriate vessel operating profit of USD 63.4 million and with excellent profit from the sale of the vessels in the amount of USD 45.2 million.

LASCO Group assets have increased by USD 293.2 million reaching USD 1 150.2 million on December 31, 2008. This is the first time in LASCO history when the Group's assets have exceeded one billion USD. The significant increase is mainly attributed to the delivery of new vessels along with the purchase of assets in alternative non-shipping related investment sectors, acquiring exclusive real estate objects, as well as shares in media and publishing companies. In accordance with the requirements of the International Financial Reporting Standards in LASCO balance sheet there is recognised asset – goodwill in the amount of USD 16.7 million and long term deferred tax liability of the same amount comprised of the 15 per cent difference between the fair value of the purchased assets and their book value.

Overall in 12 months of 2008 LASCO Group has worked with net profit in the amount of USD 58.6 million. The profit earned in 2008 is USD 8.4 million or 13 per cent lower compared to 2007 revealing general market tendencies during the report period and at the end of it in particular.

LASCO Group cost effectiveness indicator – return on equity (ROE) for the 12 months period 2008 (01.01.2008. – 31.12.2008) is 10.8 per cent, but the earnings per share comprise USD 0.29. At the end of the period shareholder's equity has reached USD 542.0 million, i.e. USD 54.4 million more than at the beginning of the year.

All the LASCO shares are being traded publically and listed in NASDAQ OMX Riga Official List. In 2008 due to particularly negative factors in global share markets the value of LASCO shares also dropped from LVL 1.30 at the beginning of the year to LVL 0.66 at the end of the year. On December 31, 2008 the LASCO share capitalisation at the Stock Exchange reached LVL 132 million. In total there have been 3 297 transactions with 8.28 million shares for the amount of LVL 8.62 million during the report period. Expressed in value it comprises 30 per cent of the total NASDAQ OMX Riga turnover of shares and more than 50 per cent of the traded shares.

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**MANAGEMENT REPORT** *(continued)*

**Fleet performance**

At the end of 2008 the fleet under LASCO commercial management consists of 34 tankers, two LPG carriers and one dry cargo vessel. During the report period LASCO has taken delivery of three tanker newbuildings “Užava”, “Salacgrīva” and “Ainaži” and continued exploitation of three tankers time chartered in from other shipowners “Green Star”, “Blue Star”, “Maria M”.

Over the 12 month period of 2008 all the fleet sectors worked with profit vessel operating profit reaching USD 63.4 million. However, caused by the external factors leading to the biggest downturn in all industry segments world wide during the final quarter of 2008 including decline of the oil price, the above mentioned result is USD 6.4 million or 9 per cent lower compared to the respective period a year before.

LASCO Tanker fleet has brought the biggest contribution to the fleet performance result, or 81 per cent of the total, impact of the LPG fleet has augmented slightly and reached 16 per cent, the share of the Reefer fleet is 2 per cent, but the revenues from the dry cargo vessel represent a little more than 1 per cent of the total LASCO Group vessel performance result.

During the report period 90 per cent of all the tankers in LASCO tanker fleet have been chartered out, whereas those operating on the voyage charter basis have been working in the Baltic, Northern European, Black Sea, Mediterranean, trans Atlantic, as well as the Middle and the Far East markets in dark and light oil product shipments. Tanker voyage charter rates have slightly increased at the beginning of the 2008 reaching their highest level in the middle of the year, but already in the first half of July the rates started to fall and experienced particularly heavy drop during the final quarter of the report period. One could observe shortage of cargoes and overall passivity in the market that is unusual for the season. Consequently, the unfavourable tendencies intensified also in time charter markets.

Both the LPG carriers of the LASCO fleet continued to operate within the “ScandiGas” pool over the twelve months period of 2008. The revenues from both the LPG carriers have been USD 2.8 million higher than the respective indicator a year before.

In 2008 the sale of the old reefer fleet tonnage has been finalized. The revenues from the transaction are foreseen for investment into four medium range tanker newbuildings.

During the report period the dry cargo vessel of the LASCO fleet continued to work in accordance with the time charter agreement signed earlier showing moderate, but stable performance result at the level of the previous year.

**Tanker Fleet Renewal Programme**

LASCO has gained new energy by implementation of its fleet modernization programme – within its framework over a three year there have been 14 vessel newbuildings received ordered from “3.Maj” shipyard in Croatia and “Hyundai Mipo Dockyard Co., Ltd” in Korea.

The accomplishment of the tanker fleet renewal programme has resulted in reduction of the average age of the LASCO fleet from 17.5 years of age at the end of 2005 to 9.7 years at the end of 2008. This is an important signal to all the business partners demonstrating focused

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***MANAGEMENT REPORT (continued)***

development and increase of the service quality standards of LASCO Group. Implementation of the above mentioned programme has brought a positive impact on the LASCO fleet total tonnage rising from 1.01 million DWT to 1.29 DWT.

In addition to the fleet renewal programme project mentioned above there are four medium range 52 000 DWT tankers being built at “Hyundai Mipo Dockyard Co., Ltd” in Korea in accordance with the tanker fleet development scenario foreseen in LASCO Operations Strategy for the period till year 2015. The optimum parameters of the tanker newbuildings ordered will provide for their comprehensive employment in oil product, chemical cargo and vegoil shipments.

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

Riga, February 26, 2009.

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***STATEMENT OF MANAGEMENT'S RESPONSIBILITIES***

Un-audited consolidated financial statements are prepared to the best on our knowledge in accordance with International Financial Reporting Standards as adopted by EU. These un-audited financial statements give a true and fair view of the state of affairs of the Group and of the results of the Group for the period ended 31 december 2008 in all material aspects. In preparing those financial statements, management:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by EU. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Riga, February \_\_\_\_, 2009

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***CONSOLIDATED INCOME STATEMENT***

	<u>31.12.2008</u> US \$'000	<u>31.12.2007</u> US \$'000	<u>31.12.2008</u> LVL'000	<u>31.12.2007</u> LVL'000	<u>31.12.2008</u> EUR'000	<u>31.12.2007</u> EUR'000
Voyage income	252 031	239 864	120 915	123 207	172 046	165 187
Voyage costs	<u>(32 221)</u>	<u>(30 167)</u>	<u>(15 458)</u>	<u>(15 496)</u>	<u>(21 995)</u>	<u>(20 775)</u>
<b>Net Voyage Result</b>	<b>219 810</b>	<b>209 697</b>	<b>105 457</b>	<b>107 711</b>	<b>150 051</b>	<b>144 412</b>
Vessel operating costs	<u>(126 134)</u>	<u>(114 642)</u>	<u>(60 514)</u>	<u>(58 886)</u>	<u>(86 104)</u>	<u>(78 951)</u>
<b>Vessel Operating Result before depreciation</b>	<b>93 676</b>	<b>95 055</b>	<b>44 943</b>	<b>48 825</b>	<b>63 947</b>	<b>65 461</b>
Vessel depreciation	<u>(30 319)</u>	<u>(25 291)</u>	<u>(14 546)</u>	<u>(12 991)</u>	<u>(20 697)</u>	<u>(17 417)</u>
<b>Vessel Operating Profit</b>	<b>63 357</b>	<b>69 764</b>	<b>30 397</b>	<b>35 834</b>	<b>43 250</b>	<b>48 044</b>
Administration expenses	(34 391)	(26 616)	(16 499)	(13 671)	(23 477)	(18 330)
Gain on sale of assets	<u>45 234</u>	<u>38 070</u>	<u>21 702</u>	<u>19 555</u>	<u>30 879</u>	<u>26 218</u>
<b>Operating Profit</b>	<b>74 200</b>	<b>81 218</b>	<b>35 600</b>	<b>41 718</b>	<b>50 652</b>	<b>55 932</b>
Net Financial Items	<u>(15 617)</u>	<u>(14 176)</u>	<u>(7 492)</u>	<u>(7 282)</u>	<u>(10 661)</u>	<u>(9 762)</u>
<b>Profit before Taxation</b>	<b>58 583</b>	<b>67 042</b>	<b>28 108</b>	<b>34 436</b>	<b>39 991</b>	<b>46 170</b>
Taxation	(3)	(33)	(1)	(17)	(2)	(23)
<b>Net Profit</b>	<u><b>58 580</b></u>	<u><b>67 009</b></u>	<u><b>28 107</b></u>	<u><b>34 419</b></u>	<u><b>39 989</b></u>	<u><b>46 147</b></u>
<b>Earnings per share</b>	<b>US\$ 0,29</b>	<b>US\$ 0,34</b>	<b>LVL 0,14</b>	<b>LVL 0,17</b>	<b>EUR 0,20</b>	<b>EUR 0,23</b>



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***CONSOLIDATED BALANCE SHEET***

<b><u>ASSETS</u></b>	<b><u>31.12.2008</u></b> <b><u>US \$'000</u></b>	<b><u>31.12.2007</u></b> <b><u>US \$'000</u></b>	<b><u>31.12.2008</u></b> <b><u>LVL'000</u></b>	<b><u>31.12.2007</u></b> <b><u>LVL'000</u></b>	<b><u>31.12.2008</u></b> <b><u>EUR'000</u></b>	<b><u>31.12.2007</u></b> <b><u>EUR'000</u></b>
<b><i><u>NON-CURRENT ASSETS</u></i></b>						
Fleet	693 126	636 565	343 097	308 097	473 156	438 383
Other property, plant and equipment	56 664	11 041	28 049	5 344	38 681	7 604
Goodwill	16 714	-	8 273	-	11 410	-
Investment properties	149 212	1 542	73 860	746	101 858	1 062
Assets under construction	102 426	71 446	50 701	34 580	69 920	49 203
Investments in associates accounted for using the equity method	26	27	13	13	18	18
Other financial assets	-	1 523	-	737	-	1 049
<b><i><u>TOTAL NON-CURRENT ASSETS</u></i></b>	<b><u>1 018 168</u></b>	<b><u>722 144</u></b>	<b><u>503 993</u></b>	<b><u>349 517</u></b>	<b><u>695 043</u></b>	<b><u>497 319</u></b>
<b><i><u>CURRENT ASSETS</u></i></b>						
Inventories	6 707	6 698	3 320	3 242	4 578	4 613
Trade accounts receivable	14 586	9 799	7 220	4 743	9 957	6 748
Prepayments and other receivables	8 594	10 563	4 254	5 112	5 867	7 274
Due from affiliates	193	-	96	-	132	-
Deposits with maturity more than three months	62 101	47 966	30 740	23 216	42 393	33 033
Financial assets designated at fair value through profit or loss	4 028	5 760	1 994	2 788	2 750	3 967
Cash and cash equivalents	35 849	54 097	17 745	26 183	24 472	37 255
<b><i><u>TOTAL CURRENT ASSETS</u></i></b>	<b><u>132 058</u></b>	<b><u>134 883</u></b>	<b><u>65 369</u></b>	<b><u>65 284</u></b>	<b><u>90 149</u></b>	<b><u>92 890</u></b>
<b>TOTAL ASSETS</b>	<b><u>1 150 226</u></b>	<b><u>857 027</u></b>	<b><u>569 362</u></b>	<b><u>414 801</u></b>	<b><u>785 192</u></b>	<b><u>590 209</u></b>

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**CONSOLIDATED BALANCE SHEET (continued)**

	<u>31.12.2008</u> <u>US \$'000</u>	<u>31.12.2007</u> <u>US \$'000</u>	<u>31.12.2008</u> <u>LVL'000</u>	<u>31.12.2007</u> <u>LVL'000</u>	<u>31.12.2008</u> <u>EUR'000</u>	<u>31.12.2007</u> <u>EUR'000</u>
<b><u>SHAREHOLDERS'</u></b>						
<b><u>EQUITY &amp; LIABILITIES</u></b>						
<i><u>SHAREHOLDERS EQUITY</u></i>						
Share capital	362 319	362 319	200 000	200 000	247 333	249 518
Minority interest	775	-	384	-	529	-
Reserves	(16 417)	(11 503)	(33 592)	(37 413)	(20 114)	(16 005)
Retained earnings	195 354	136 774	101 514	73 407	142 265	102 276
<b><u>TOTAL SHAREHOLDERS'</u></b>						
<b><u>EQUITY</u></b>	<b>542 031</b>	<b>487 590</b>	<b>268 306</b>	<b>235 994</b>	<b>370 013</b>	<b>335 789</b>
<i><u>NON-CURRENT LIABILITIES</u></i>						
Non-current portion of bank loans	352 078	298 954	174 279	144 694	240 343	205 881
Due to affiliates	83 954	-	41 557	-	57 310	-
Deferred tax liabilities	18 702	37	9 257	18	12 767	25
Other liabilities	24 806	-	12 279	-	16 934	-
<b><u>TOTAL NON-CURRENT LIABILITIES</u></b>	<b>479 540</b>	<b>298 991</b>	<b>237 372</b>	<b>144 712</b>	<b>327 354</b>	<b>205 906</b>
<i><u>CURRENT LIABILITIES</u></i>						
Current portion of bank loans	39 295	41 775	19 451	20 219	26 824	28 769
Trade accounts payable	9 429	3 569	4 667	1 727	6 437	2 458
Due to affiliates	46 493	-	23 014	-	31 738	-
Other liabilities	33 438	25 102	16 552	12 149	22 826	17 287
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b>128 655</b>	<b>70 446</b>	<b>63 684</b>	<b>34 095</b>	<b>87 825</b>	<b>48 514</b>
<b><u>TOTAL LIABILITIES</u></b>	<b>608 195</b>	<b>369 437</b>	<b>301 056</b>	<b>178 807</b>	<b>415 179</b>	<b>254 420</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>1 150 226</b>	<b>857 027</b>	<b>569 362</b>	<b>414 801</b>	<b>785 192</b>	<b>590 209</b>

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

	<b>Share Capital US \$ 000</b>	<b>Reserves US \$ 000</b>	<b>Retained Earnings US \$ 000</b>	<b>Minority interest US \$ 000</b>	<b>Total US \$ 000</b>
<b>Balance at 31st December 2006</b>	<b>362 319</b>	<b>(13 079)</b>	<b>69 765</b>	<b>-</b>	<b>419 005</b>
Net Profit for the period	-	-	67 009	-	67 009
Reserves	-	1 576	-	-	1 576
<b>Balance at 31st December 2007</b>	<b>362 319</b>	<b>(11 503)</b>	<b>136 774</b>	<b>-</b>	<b>487 590</b>
Net Profit for the period	-	-	58 580	-	58 580
Reserves	-	(4 914)	-	-	(4 914)
Minority interest	-	-	-	775	775
<b>Balance at 31st December 2008</b>	<b>362 319</b>	<b>(16 417)</b>	<b>195 354</b>	<b>775</b>	<b>542 031</b>

	<b>Share Capital LVL' 000</b>	<b>Reserves LVL' 000</b>	<b>Retained Earnings LVL' 000</b>	<b>Minority interest LVL' 000</b>	<b>Total LVL' 000</b>
<b>Balance at 31st December 2006</b>	<b>200 000</b>	<b>(14 402)</b>	<b>38 988</b>	<b>-</b>	<b>224 586</b>
Net Profit for the period	-	-	34 419	-	34 419
Reserves	-	(23 011)	-	-	(23 011)
<b>Balance at 31st December 2007</b>	<b>200 000</b>	<b>(37 413)</b>	<b>73 407</b>	<b>-</b>	<b>235 994</b>
Net Profit for the period	-	-	28 107	-	28 107
Reserves	-	3 821	-	-	3 821
Minority interest	-	-	-	384	384
<b>Balance at 31st December 2008</b>	<b>200 000</b>	<b>(33 592)</b>	<b>101 514</b>	<b>384</b>	<b>268 306</b>

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

	Share Capital EUR' 000	Reserves EUR' 000	Retained Earnings EUR' 000	Minority interest EUR' 000	Total EUR' 000
<b>Balance at 31st December 2006</b>	<b>276 326</b>	<b>(12 897)</b>	<b>56 129</b>	<b>-</b>	<b>319 558</b>
Net Profit for the period	-	-	46 147	-	46 147
Reserves	(26 808)	(3 108)	-	-	(29 916)
<b>Balance at 31st December 2007</b>	<b>249 518</b>	<b>(16 005)</b>	<b>102 276</b>	<b>-</b>	<b>335 789</b>
Net Profit for the period	-	-	39 989	-	39 989
Reserves	(2 185)	(4 109)	-	-	(6 294)
Minority interest	-	-	-	529	529
<b>Balance at 31st December 2008</b>	<b>247 333</b>	<b>(20 114)</b>	<b>142 265</b>	<b>529</b>	<b>370 013</b>

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**CONSOLIDATED CASH FLOW STATEMENT**

	31.12.2008 US \$'000	31.12.2007 US \$'000	31.12.2008 LVL'000	31.12.2007 LVL'000	31.12.2008 EUR'000	31.12.2007 EUR'000
<b>Profit before taxation</b>	<b>58 583</b>	<b>67 042</b>	<b>28 108</b>	<b>34 436</b>	<b>39 991</b>	<b>46 170</b>
<u>Adjustments for:</u>						
Depreciation	31 600	26 332	15 160	13 525	21 571	18 134
Profit on sale of fixed assets	(45 234)	(38 070)	(21 702)	(19 555)	(30 879)	(26 218)
Fair value adjustment of assets	2 748	-	1 318	-	1 876	-
Other adjustments	19 640	22 260	9 738	9 088	13 082	12 881
	<b>67 337</b>	<b>77 564</b>	<b>32 622</b>	<b>37 494</b>	<b>45 641</b>	<b>50 967</b>
<b>Movements in net working capital:</b>						
Inventories	(9)	(1 151)	(4)	(591)	(6)	(793)
Trade accounts receivable, prepayments and other receivables	(2 783)	380	(1 335)	195	(1 900)	262
Trade accounts payable and other liabilities	4 142	(628)	1 987	(322)	2 828	(432)
<b>Cash flow from Operations</b>	<b>68 687</b>	<b>76 165</b>	<b>33 270</b>	<b>36 776</b>	<b>46 563</b>	<b>50 004</b>
Net Cash flow from Investing Activities	(101 479)	(161 526)	(48 686)	(82 965)	(69 274)	(111 237)
<b>Cash flow before Financing Activities</b>	<b>(32 792)</b>	<b>(85 361)</b>	<b>(15 416)</b>	<b>(46 189)</b>	<b>(22 711)</b>	<b>(61 233)</b>
Net Cash flow from Financing Activities	14 544	106 366	6 978	54 635	9 928	73 250
<b>Increase in Cash and Cash Equivalents</b>	<b>(18 248)</b>	<b>21 005</b>	<b>(8 438)</b>	<b>8 446</b>	<b>(12 783)</b>	<b>12 017</b>
<b>Cash and Cash Equivalents at 1 January</b>	<b>54 097</b>	<b>33 092</b>	<b>26 183</b>	<b>17 737</b>	<b>37 255</b>	<b>25 238</b>
<b>Cash and Cash Equivalents at 31 December</b>	<b>35 849</b>	<b>54 097</b>	<b>17 745</b>	<b>26 183</b>	<b>24 472</b>	<b>37 255</b>

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**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 2007, which were prepared in accordance with International Financial Reporting Standards.

The Financial Statements are prepared in U.S. dollars which is the functional currency of the Group and Latvian lats which is the presentation currency of the Group in accordance with legislation of the Republic of Latvia.

Monetary assets and liabilities of the Group denominated in other currencies are translated into U.S. dollars at the rate of exchange prevailing at the end of the reporting period.

Foreign currency transactions are accounted for into U.S. dollars at the exchange rate prevailing at the date of the transaction.

Presentation of financial statements in Latvian lats is done using the exchange rate set by the Bank of Latvia in the following way: assets and liabilities are translated at the closing rate at the end of the reporting year, income and expenses for income statement are translated at the average exchange rates for the reporting year, whilst resulting exchange differences are recognised as a separate component of equity.

LB rate of exchange as at 31.12.2008 USD/LVL - 0.495 (average – 0.479762)

LB rate of exchange as at 31.12.2007 USD/LVL - 0.484 (average – 0.513652)

These financial statements are translated into euros using the rate of exchange set by the Bank of Latvia prevailing at the 31.12.2008: 1 USD = 0.682640 EUR (31.12.2007: 1 USD = 0.688670 EUR).

**Latvian Shipping Company & its Subsidiaries**  
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**NOTES**

**2. SEGMENT INFORMATION**

	<b>Tankers</b>		<b>Reefers</b>		<b>LPG</b>		<b>Dry Cargo</b>		<b>Total</b>	
	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>
Voyage income	221 207	208 704	8 578	11 645	18 865	16 347	3 381	3 168	252 031	239 864
Voyage costs	(30 197)	(29 289)	(1 787)	(902)	(63)	(89)	(174)	113	(32 221)	(30 167)
<b>Net voyage result</b>	<b>191 010</b>	<b>179 415</b>	<b>6 791</b>	<b>10 743</b>	<b>18 802</b>	<b>16 258</b>	<b>3 207</b>	<b>3 281</b>	<b>219 810</b>	<b>209 697</b>
Vessel operating costs	(114 047)	(97 172)	(4 582)	(10 004)	(5 076)	(5 282)	(2 429)	(2 184)	(126 134)	(114 642)
Vessel depreciation	(26 042)	(20 316)	(819)	(1 517)	(3 458)	(3 458)	-	-	(30 319)	(25 291)
<b>Vessel operating profit</b>	<b>50 921</b>	<b>61 927</b>	<b>1 390</b>	<b>(778)</b>	<b>10 268</b>	<b>7 518</b>	<b>778</b>	<b>1 097</b>	<b>63 357</b>	<b>69 764</b>
Gain on sale of assets	21 134	37 905	24 093	-	-	-	-	-	45 227	37 905
<b>Segment result</b>	<b>72 055</b>	<b>99 832</b>	<b>25 483</b>	<b>(778)</b>	<b>10 268</b>	<b>7 518</b>	<b>778</b>	<b>1 097</b>	<b>108 584</b>	<b>107 669</b>
Unallocated sale of assets									7	165
Administration expenses									(34 391)	(26 616)
<b>Operating profit</b>									<b>74 200</b>	<b>81 218</b>
Net financial items									(15 617)	(14 176)
<b>Profit before taxation</b>									<b>58 583</b>	<b>67 042</b>
Taxation									(3)	(33)
<b>Net profit</b>									<b>58 580</b>	<b>67 009</b>

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements for the year ended 31 December 2008**

**NOTES**

**2. SEGMENT INFORMATION (continued)**

	<b>Tankers</b>		<b>Reefers</b>		<b>LPG</b>		<b>Dry Cargo</b>		<b>Total</b>	
	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>	<b>US \$'000</b>
<b><u>ASSETS</u></b>										
Shipping	740 823	656 081	885	21 214	60 803	62 692	1 338	1 647	803 849	741 634
Unallocated assets									96 880	115 393
Real estate									199 119	-
Print & Media									50 378	-
<b>Total assets</b>									<b>1 150 226</b>	<b>857 027</b>
<b><u>LIABILITIES</u></b>										
Shipping	392 092	361 211	81	1 698	1 571	659	269	303	394 013	363 871
Unallocated liabilities									4 319	5 566
Real estate									149 716	-
Print & Media									60 147	-
<b>Total liabilities</b>									<b>608 195</b>	<b>369 437</b>
<b>Other segment information</b>										
Investments in vessels	122 311	274 319	-	615	-	433	-	-	122 311	275 367
Depreciation	26 042	20 316	819	1 517	3 458	3 458	-	-	30 319	25 291
Drydocking deferred expenditure depreciation	5 730	5 928	756	535	190	288	159	173	6 835	6 924



**Latvian Shipping Company & its Subsidiaries**  
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**NOTES**

**2. SEGMENT INFORMATION (continued)**

	Tankers		Reefers		LPG		Dry Cargo		Total	
	31.12.2008 LVL' 000	31.12.2007 LVL' 000	31.12.2008 LVL' 000	31.12.2007 LVL' 000	31.12.2008 LVL' 000	31.12.2007 LVL' 000	31.12.2008 LVL' 000	31.12.2007 LVL' 000	31.12.2008 LVL'000	31.12.2007 LVL' 000
Voyage income	106 127	107 201	4 115	5 981	9 051	8 397	1 622	1 627	120 915	123 206
Voyage costs	(14 487)	(15 044)	(858)	(463)	(30)	(46)	(83)	58	(15 458)	(15 495)
<b>Net voyage result</b>	<b>91 640</b>	<b>92 157</b>	<b>3 257</b>	<b>5 518</b>	<b>9 021</b>	<b>8 351</b>	<b>1 539</b>	<b>1 685</b>	<b>105 457</b>	<b>107 711</b>
Vessel operating costs	(54 715)	(49 911)	(2 199)	(5 139)	(2 435)	(2 714)	(1 165)	(1 122)	(60 514)	(58 886)
Vessel depreciation	(12 494)	(10 436)	(393)	(779)	(1 659)	(1 776)	-	-	(14 546)	(12 991)
<b>Vessel operating profit</b>	<b>24 431</b>	<b>31 810</b>	<b>665</b>	<b>(400)</b>	<b>4 927</b>	<b>3 861</b>	<b>374</b>	<b>563</b>	<b>30 397</b>	<b>35 834</b>
Gain on sale of assets	10 139	19 470	11 559	-	-	-	-	-	21 698	19 470
<b>Segment result</b>	<b>34 570</b>	<b>51 280</b>	<b>12 224</b>	<b>(400)</b>	<b>4 927</b>	<b>3 861</b>	<b>374</b>	<b>563</b>	<b>52 095</b>	<b>55 304</b>
Unallocated sale of assets									4	85
Administration expenses									(16 499)	(13 671)
<b>Operating profit</b>									<b>35 600</b>	<b>41 718</b>
Net financial items									(7 492)	(7 282)
<b>Profit before taxation</b>									<b>28 108</b>	<b>34 436</b>
Taxation									(1)	(17)
<b>Net profit</b>									<b>28 107</b>	<b>34 419</b>

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements for the year ended 31 December 2008**

**NOTES**

**2. SEGMENT INFORMATION (continued)**

	Tankers		Reefers		LPG		Dry Cargo		Total	
	31.12.2008 LVL'000	31.12.2007 LVL'000	31.12.2008 LVL'000	31.12.2007 LVL'000	31.12.2008 LVL'000	31.12.2007 LVL'000	31.12.2008 LVL'000	31.12.2007 LVL'000	31.12.2008 LVL'000	31.12.2007 LVL'000
<b>ASSETS</b>										
Shipping	366 707	317 543	438	10 268	30 097	30 343	662	797	397 904	358 951
Unallocated assets									47 956	55 850
Real estate									98 564	-
Print & Media									24 938	-
<b>Total assets</b>									<b>569 362</b>	<b>414 801</b>
<b>LIABILITIES</b>										
Shipping	194 086	174 826	39	822	778	319	133	147	195 036	176 114
Unallocated liabilities									2 138	2 693
Real estate									74 109	-
Print & Media									29 773	-
<b>Total liabilities</b>									<b>301 056</b>	<b>178 807</b>
<b>Other segment information</b>										
Investments in vessels	58 680	140 905	-	316	-	222	-	-	58 680	141 443
Depreciation	12 494	10 436	393	779	1 659	1 776	-	-	14 546	12 991
Drydocking deferred expenditure depreciation	2 749	3 045	363	275	91	148	76	89	3 279	3 557

**Latvian Shipping Company & its Subsidiaries**  
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**NOTES**

**2. SEGMENT INFORMATION (continued)**

	Tankers		Reefers		LPG		Dry Cargo		Total	
	31.12.2008 EUR' 000	31.12.2007 EUR' 000	31.12.2008 EUR' 000	31.12.2007 EUR' 000	31.12.2008 EUR' 000	31.12.2007 EUR' 000	31.12.2008 EUR' 000	31.12.2007 EUR' 000	31.12.2008 EUR' 000	31.12.2007 EUR' 000
Voyage income	151 005	143 728	5 855	8 019	12 878	11 258	2 308	2 182	172 046	165 187
Voyage costs	(20 614)	(20 170)	(1 219)	(621)	(43)	(62)	(119)	78	(21 995)	(20 775)
<b>Net voyage result</b>	<b>130 391</b>	<b>123 558</b>	<b>4 636</b>	<b>7 398</b>	<b>12 835</b>	<b>11 196</b>	<b>2 189</b>	<b>2 260</b>	<b>150 051</b>	<b>144 412</b>
Vessel operating costs	(77 853)	(66 919)	(3 128)	(6 889)	(3 465)	(3 638)	(1 658)	(1 505)	(86 104)	(78 951)
Vessel depreciation	(17 777)	(13 991)	(559)	(1 045)	(2 361)	(2 381)	-	-	(20 697)	(17 417)
<b>Vessel Operating profit</b>	<b>34 761</b>	<b>42 648</b>	<b>949</b>	<b>(536)</b>	<b>7 009</b>	<b>5 177</b>	<b>531</b>	<b>755</b>	<b>43 250</b>	<b>48 044</b>
Gain on sale of assets	14 427	26 104	16 447	-	-	-	-	-	30 874	26 104
<b>Segment result</b>	<b>49 188</b>	<b>68 752</b>	<b>17 396</b>	<b>(536)</b>	<b>7 009</b>	<b>5 177</b>	<b>531</b>	<b>755</b>	<b>74 124</b>	<b>74 148</b>
Unallocated sale of assets									5	114
Administration expenses									(23 477)	(18 330)
<b>Operating profit</b>									<b>50 652</b>	<b>55 932</b>
Net financial items									(10 661)	(9 762)
<b>Profit before taxation</b>									<b>39 991</b>	<b>46 170</b>
Taxation									(2)	(23)
<b>Net profit</b>									<b>39 989</b>	<b>46 147</b>

**Latvian Shipping Company & its Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements for the year ended 31 December 2008**

**NOTES**

**2. SEGMENT INFORMATION (continued)**

	Tankers		Reefers		LPG		Dry Cargo		Total	
	31.12.2008 EUR' 000	31.12.2007 EUR' 000	31.12.2008 EUR' 000	31.12.2007 EUR' 000	31.12.2008 EUR' 000	31.12.2007 EUR' 000	31.12.2008 EUR' 000	31.12.2007 EUR' 000	31.12.2008 EUR' 000	31.12.2007 EUR' 000
<b>ASSETS</b>										
Shipping	505 715	451 824	604	14 609	41 507	43 174	913	1 134	548 739	510 741
Unallocated assets									66 136	79 468
Real estate									135 926	-
Print & Media									34 391	-
<b>Total assets</b>									<b>785 192</b>	<b>590 209</b>
<b>LIABILITIES</b>										
Shipping	267 658	248 755	55	1 169	1 072	454	184	209	268 969	250 587
Unallocated assets									2 949	3 833
Real estate									102 202	-
Print & Media									41 059	-
<b>Total liabilities</b>									<b>415 179</b>	<b>254 420</b>
<b>Other segment information</b>										
Investments in vessels	83 494	188 915	-	424	-	298	-	-	83 494	189 637
Depreciation	17 777	13 991	559	1 045	2 361	2 381	-	-	20 697	17 417
Drydocking deferred expenditure depreciation	3 912	4 083	515	368	130	198	109	119	4 666	4 768

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**for the period ended 31 December 2008**

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***NOTES***

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

Marita Ozoliņa-Tumanovska  
Head of PR Department  
Phone: +371 67020120, +371 29287169  
E-mail: [marita.ozolina@lscgroup.lv](mailto:marita.ozolina@lscgroup.lv)