

**Public Joint Stock Company
Latvian Shipping Company
and its Subsidiaries**

Unaudited Condensed Consolidated Financial Statements

**for the year ended
31 December 2010**



Latvian Shipping Company and its Subsidiaries
Unaudited Condensed Consolidated Financial Statements
for the year ended 31 December 2010

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JSC Latvijas kuģniecība Supervisory Council

Chairman of the Council	Simon Digby Boddy (from 17.12.2010) Māris Gailis (till 17.12.2010)
Deputy Chairpersons of the Council	Mikhail Dvorak (from 17.12.2010) Andris Vilcmeiers (till 17.12.2010) Vladimirs Solomatins (till 17.12.2010)
Members of the Council:	Vladimir Egger (from 17.12.2010) Javed Ahmed (from 17.12.2010) Rubil Yilmaz (from 17.12.2010) Mark Morell Ware (from 17.12.2010) Christophe Theophanis Matsacos (from 17.12.2010) Oļegs Stepanovs (from 28.01.2011) Mārtiņš Kvēps (from 28.01.2011) Serguei Choutov (from 28.01.2011) Olga Pētersone (till 17.12.2010 and from 28.01.2011) Ansis Sormulis (till 17.12.2010) Guntis Ločmelis (till 17.12.2010) Kārlis Boldiševics (till 17.12.2010) Uldis Pumpurs (till 17.12.2010) Miks Ekbaums (till 17.12.2010) Normunds Staņēvičs (till 17.12.2010) Svens Zālītis (till 17.12.2010) Vladimirs Koškuls (till 17.12.2010)

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JSC Latvijas kuģniecība Management Board

Chairman of the Management Board Paul Thomas (from 17.12.2010)
Imants Sarmulis (till 17.12.2010)

Member of the Management Board – Andris Linužs (till 17.12.2010)
First vice-president

Member of the Management Board – Raivis Veckāgans (till 22.10.2010)
vice-president

Members of the Management Board Ashley John Neale (from 17.12.2010)
Michael Main King (from 17.12.2010)
Christopher James Kernon (from 05.01.2011)
Paul Thomas (from 20.07.2010 till 17.12.2010)
Edvīns Bērziņš (from 27.09.2010 till 17.12.2010)
Pavel Semenyuta (from 30.11.2010 till 17.12.2010)
Ilva Purēna (till 10.02.2010)

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Management report

Dear shareholders and other stakeholders,

2010 was a turbulent year for the joint stock company "Latvijas kuģniecība"(hereafter-Latvian Shipping Company or LSC). Starting in January the largest shareholder, joint stock company "Ventspils nafta", and other shareholders repeatedly requested the convocation of an extraordinary shareholders meeting. The purpose was to make changes to the supervisory council and replace the management board in order to ensure that in the future these bodies acted in the best interests of all shareholders of the company. After many requests, and after several scheduled meetings were cancelled, a shareholders meeting finally took place on December 17th; this was followed by a further shareholders meeting on January 28th 2011. Currently supervisory council represents all the shareholders of Latvian Shipping Company and consists of eleven members: chairman Simon Boddy, deputy chairman Mikhail Dvorak and members Christophe Theophanis Matsacos, Rubil Yilmaz, Vladimir Egger, Javed Ahmed, Mark Morrel Ware, Olga Pētersone, Oļegs Stepanovs, Mārtiņš Kvēps and Serguei Choutov. The newly elected supervisory board has also made substantial changes in the management board of Latvian Shipping Company and it now consists of four members: chairman Paul Thomas and members Michael Main King, Ashley John Neale and Christopher James Kernon.

Throughout 2010 Latvian Shipping Company Group suffered losses in the amount of 123.92 million USD, which is more than in 2009, when the losses were 90.26 million USD. The largest amount of losses relates to impairments which are made according to the International Financial Reporting Standards: (1) for four ship new buildings with "Hyundai Mipo Dockyard Ltd." in the amount of 48.52 million USD, (2) for debt of SIA "LASCO Investment" in the amount of 45.43 million USD (3) for acquisition of SIA "NAFTA Invest" in the amount of 5 million USD and (4) for old vessel "Indra" in the amount of 4.48 million USD. Administration expenses decreased from 28.49 million USD in 2009 to 21.46 million USD in 2010. But despite the return in stability the global shipping markets during the second half of the year the income from shipping was not nearly enough to cover all the administrative expenses of LSC and it was certainly one of the reasons why changes to the supervisory and management boards were necessary.

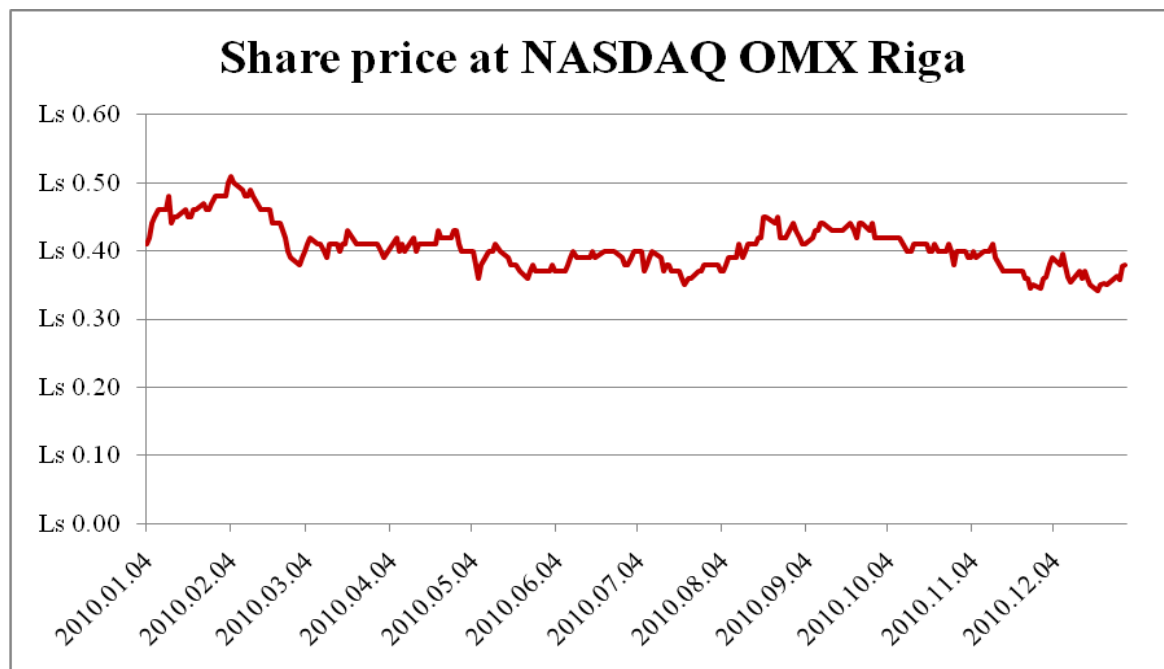
The total value of the LSC Group assets has decreased from 964.41 million USD in 2009 to 699.72 million USD in 2010 and such considerable decrease is related to (1) impairments mentioned in the paragraph above (2) deconsolidation of daughter company SIA "LASCO Investment" in the amount of 114.91 million USD which is recognized insolvent with decision of the court as of January 3, 2011, (3) considerable decrease of cash and deposits (88.61 million USD) which were used to acquire SIA "NAFTA Invest" and to finance company's cash flow as well as (4) depreciation of shipping assets in the amount of 26.61 million USD. Consequently, the LSC Group's equity capital has changed significantly from 454.77 million USD a year before to 334.16 million USD at the December 31, 2010. The considerable decrease was in liabilities as they are reduced from 509.64 million USD to 365.56 million USD at the end of 2010. Decrease of the liabilities is significantly affected by deconsolidation of SIA "LASCO Investment". As of the 31 December 2010 equity comprises 48% and liabilities 52% of the total assets. A year before this proportion was 47% and 53%.

All in all the Latvian Shipping Company's shares were among the most actively traded ones during the reporting period – 2 462 transactions involving 5.06 million shares worth 2.03 LVL million were conducted, representing 48% of all share transactions on the NASDAQ OMX Rīga official list during the reporting period.

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Management report *(continued)*

On December 31, 2010, capitalisation of Latvian Shipping Company shares at NASDAQ OMX Rīga was at a level of 75.8 million LVL.



At the end of the year the fleet under commercial management of the Latvian Shipping Company consisted of 21 tankers, 18 of which are owned by the Latvian Shipping Company Group, but 3 vessels belong to other ship owners. As of the 31 December, 2010 the total deadweight of the fleet was 0.96 million DWT and the average age 5 years. During 2010 LSC sold seven old product tankers and returned one chartered in vessel to the owner.

During 2010 tankers of the JSC Latvian Shipping Company fleet were mainly employed in time charter. Even though the result from vessel operation was positive and reached 12.69 million USD, the net voyage result of Latvian Shipping Company Group's vessels during the 2010 substantially fell behind the last year's result (148.91 million USD) and reached 88.31 million USD, thus cumulatively as from the beginning of the year showing the comparatively negative situation in the shipping markets.

Although there are some signs for optimism for the future, at the present time the shipping industry continues to be affected by the general worldwide economic situation and this does directly influence ship values. Therefore Latvian Shipping Company has made impairments for the four new ship new buildings with "Hyundai Mipo Dockyard Ltd." LSC will put all its efforts into managing the new ship building programme in the best interests of the company.

On behalf of the management board I would like to assure you that our future aim is to always work in the best interests of all the shareholders and stakeholders in order to increase the value of Latvian Shipping Company.

Chairman of the Management Board:

Paul Thomas

Riga, 23 February 2011

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Statement of Management's Responsibilities

Unaudited consolidated financial statements are prepared to the best of our knowledge in accordance with International Financial Reporting Standards as adopted by the European Union. These unaudited 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 2010 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 the European Union. 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.

Chairman of the Management Board:



Paul Thomas

Riga, 23 February 2011

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Consolidated income statement

for the year ended 31 December 2010

	2010 US \$'000	2009 US \$'000	2010 LVL'000	2009 LVL'000	2010 EUR'000	2009 EUR'000
Voyage income	108 809	196 120	57 570	99 097	81 915	136 457
Income from printing and publishing	32	16 823	16	8 501	23	11 705
Income from management of real estate	1 229	821	656	415	933	571
Rendering of services	1 099	1 504	567	759	807	1 046
Revenue	111 169	215 268	58 809	108 772	83 678	149 779
Voyage costs	(20 496)	(47 205)	(11 046)	(23 852)	(15 717)	(32 844)
Cost of sales	(82 628)	(145 064)	(43 964)	(73 299)	(62 555)	(100 933)
Gross profit	8 045	22 999	3 799	11 621	5 406	16 002
Selling costs	(14)	(3 408)	(7)	(1 722)	(10)	(2 371)
Administrative expenses	(21 460)	(28 494)	(11 384)	(14 398)	(16 198)	(19 826)
Result from disposal of non-financial assets	(1 952)	1 124	(1 164)	568	(1 656)	782
Impairment of non-financial assets	(53 198)	(88 801)	(28 461)	(44 871)	(40 496)	(61 786)
Impairment of financial assets	(66 780)	(10 478)	(35 660)	(5 924)	(50 740)	(7 291)
Other operating income	675	576	187	291	266	401
Other operating expenses	-	(259)	-	(131)	-	(180)
Operating loss	(134 684)	(106 741)	(72 690)	(53 936)	(103 428)	(74 269)
Deconsolidation of net financial liabilities	40 669	39 311	19 795	19 863	28 166	27 352
Finance income	2 082	1 506	1 114	761	1 585	1 048
Finance costs	(31 999)	(24 793)	(16 432)	(12 527)	(23 381)	(17 251)
Loss before tax	(123 932)	(90 717)	(68 213)	(45 839)	(97 058)	(63 120)
Income tax	-	458	-	232	-	319
Non-controlling interests	15	-	8	-	11	-
Loss for the year	(123 917)	(90 259)	(68 205)	(45 607)	(97 047)	(62 801)
Attributable to:						
Equity holders of the parent	(123 932)	(90 259)	(68 213)	(45 607)	(97 058)	(62 801)
Non-controlling interests	15	-	8	-	11	-
	(123 917)	(90 259)	(68 205)	(45 607)	(97 047)	(62 801)
Loss per share	US\$ (0.62)	US\$ (0.45)	LVL (0.34)	LVL (0.23)	EUR (0.49)	EUR (0.31)

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Consolidated statement of comprehensive income

for the year ended 31 December 2010

	2010 US \$'000	2009 US \$'000	2010 LVL'000	2009 LVL'000	2010 EUR'000	2009 EUR'000
Loss for the year	(123 917)	(90 259)	(68 205)	(45 607)	(97 047)	(62 801)
Other comprehensive income/(expenses)						
Exchange differences on translation of foreign operations	(2 254)	2 766	21 270	(453)	30 265	9 103
Net movement on cash flow hedges	(363)	932	(371)	485	(528)	586
Other comprehensive income/(expenses) for the year, net of tax	(2 617)	3 698	20 899	32	29 737	9 689
Total comprehensive loss for the year, net of tax	(126 534)	(86 561)	(47 306)	(45 575)	(67 310)	(53 112)
Attributable to:						
Equity holders of the parent	(126 549)	(86 561)	(47 314)	(45 575)	(67 321)	(53 112)
Non-controlling interests	15	-	8	-	11	-
	(126 534)	(86 561)	(47 306)	(45 575)	(67 310)	(53 112)

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Consolidated statement of financial position

as at 31 December 2010

	31.12.2010 US \$'000	31.12.2009 US \$'000	31.12.2010 LVL'000	31.12.2009 LVL'000	31.12.2010 EUR'000	31.12.2009 EUR'000
Assets						
Non-current assets						
Other intangible assets	540	863	289	422	411	600
Fleet	567 428	651 063	303 574	318 370	431 947	452 999
Other property, plant and equipment	7 400	11 340	3 959	5 545	5 633	7 890
Investment properties	2 611	123 111	1 397	60 201	1 988	85 659
Investments in associates	29 069	388	15 219	190	21 655	270
Other non-current financial assets	25 682	2 201	13 740	1 076	19 550	1 531
Total non-current assets	632 730	788 966	338 178	385 804	481 184	548 949
Current assets						
Inventories	2 180	6 194	1 166	3 029	1 659	4 310
Trade and other receivables	9 735	9 081	5 208	4 440	7 410	6 318
Prepayments	2 889	3 475	1 546	1 699	2 200	2 418
Deposits with maturity more than three months	-	55 987	-	27 378	-	38 955
Financial assets designated at fair value through profit or loss	3 716	1 319	1 988	645	2 829	918
Cash and short term deposits	42 471	75 095	22 722	36 722	32 330	52 250
Total current assets	60 991	151 151	32 630	73 913	46 428	105 169
Assets classified as held for sale	6 000	24 297	3 210	11 881	4 567	16 905
Total assets	699 721	964 414	374 018	471 598	532 179	671 023

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Consolidated statement of financial position (continued)

as at 31 December 2010

	31.12.2010 US \$'000	31.12.2009 US \$'000	31.12.2010 LVL'000	31.12.2009 LVL'000	31.12.2010 EUR'000	31.12.2009 EUR'000
Equity and liabilities						
Equity						
Issued capital	362 319	362 319	200 000	200 000	284 574	284 574
(Accumulated deficit)/retained earnings	(18 712)	105 205	(12 247)	55 958	(17 508)	79 539
Other components of equity	(15 369)	(12 752)	(12 675)	(33 574)	(17 952)	(47 689)
Equity attributable to equity holders of the parent	328 238	454 772	175 078	222 384	249 114	316 424
Non-controlling interests	5 926	-	3 367	-	4 791	-
Total equity	334 164	454 772	178 445	222 384	253 905	316 424
Non-current liabilities						
Interest bearing loans	283 979	345 912	151 929	169 151	216 175	240 680
Finance lease	27 368	28 571	14 642	13 971	20 834	19 879
Other financial liabilities	685	706	366	345	521	491
Trade and other payables	-	2 534	-	1 239	-	1 763
Deferred tax liability	196	14 863	105	7 268	149	10 341
Total non-current liabilities	312 228	392 586	167 042	191 974	237 679	273 154
Current liabilities						
Trade and other payables	14 057	79 750	7 520	38 998	10 700	55 489
Interest bearing loans	29 280	29 551	15 665	14 450	22 289	20 561
Finance lease	1 203	1 051	644	514	916	731
Other financial liabilities	3 524	3 139	1 885	1 535	2 682	2 184
Deferred revenue	5 265	3 565	2 817	1 743	4 008	2 480
Total current liabilities	53 329	117 056	28 531	57 240	40 595	81 445
Total equity and liabilities	699 721	964 414	374 018	471 598	532 179	671 023

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Consolidated statement of changes in equity

for the year ended 31 December 2010

	Attributable to the equity holders of the parent				Non-controlling interests	Total equity	
	Issued capital	Retained earnings/ (accumulated deficit)	Cash flow hedge reserve	Foreign currency translation reserve			Total
	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	
At 1 January 2010	362 319	105 205	(3 845)	(8 907)	454 772	-	454 772
Loss for the period	-	(123 917)	-	-	(123 917)	-	(123 917)
Other comprehensive expense	-	-	(363)	(2 254)	(2 617)	-	(2 617)
Total comprehensive expense	-	(123 917)	(363)	(2 254)	(126 534)	-	(126 534)
Non-controlling interests	-	-	-	-	-	5 926	5 926
At 31 December 2010	362 319	(18 712)	(4 208)	(11 161)	328 238	5 926	334 164

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At 1 January 2009	362 319	195 464	(4 777)	(11 673)	541 333	753	542 086
Loss for the period	-	(90 259)	-	-	(90 259)	-	(90 259)
Other comprehensive income	-	-	932	2 766	3 698	-	3 698
Total comprehensive income/(expense)	-	(90 259)	932	2 766	(86 561)	-	(86 561)
Non-controlling interests	-	-	-	-	-	(753)	(753)
At 31 December 2009	362 319	105 205	(3 845)	(8 907)	454 772	-	454 772

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Consolidated statement of changes in equity (continued)

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	Attributable to the equity holders of the parent				Non-controlling interests	Total equity	
	Issued capital	Retained earnings/ (accumulated deficit)	Cash flow hedge reserve	Foreign currency translation reserve			Total
	LVL '000	LVL '000	LVL '000	LVL '000			LVL '000
At 1 January 2010	200 000	55 958	(1 880)	(31 694)	222 384	-	222 384
Loss for the period	-	(68 205)	-	-	(68 205)	-	(68 205)
Other comprehensive expense	-	-	(371)	21 270	20 899	-	20 899
Total comprehensive expense	-	(68 205)	(371)	21 270	(47 306)	-	(47 306)
Non-controlling interests	-	-	-	-	-	3 367	3 367
At 31 December 2010	200 000	(12 247)	(2 251)	(10 424)	175 078	3 367	178 445

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At 1 January 2009	200 000	101 565	(2 365)	(31 241)	267 959	373	268 332
Loss for the period	-	(45 607)	-	-	(45 607)	-	(45 607)
Other comprehensive income	-	-	485	(453)	32	-	32
Total comprehensive income/(expense)	-	(45 607)	485	(453)	(45 575)	-	(45 575)
Non-controlling interests	-	-	-	-	-	(373)	(373)
At 31 December 2009	200 000	55 958	(1 880)	(31 694)	222 384	-	222 384

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Consolidated statement of changes in equity (continued)

for the year ended 31 December 2010

	Attributable to the equity holders of the parent				Non-controlling interests	Total equity	
	Issued capital	Retained earnings/ (accumulated deficit)	Cash flow hedge reserve	Foreign currency translation reserve			Total
	EUR'000	EUR'000	EUR'000	EUR'000			EUR'000
At 1 January 2010	284 574	79 539	(2 675)	(45 014)	316 424	-	316 424
Loss for the period	-	(97 047)	-	-	(97 047)	-	(97 047)
Other comprehensive expense	-	-	(528)	30 265	29 737	-	29 737
Total comprehensive expense	-	(97 047)	(528)	30 265	(67 310)	-	(67 310)
Non-controlling interests	-	-	-	-	-	4 791	4 791
At 31 December 2010	284 574	(17 508)	(3 203)	(14 749)	249 114	4 791	253 905

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At 1 January 2009	284 574	142 340	(3 261)	(54 117)	369 536	514	370 050
Loss for the period	-	(62 801)	-	-	(62 801)	-	(62 801)
Other comprehensive income	-	-	586	9 103	9 689	-	9 689
Total comprehensive income/(expense)	-	(62 801)	586	9 103	(53 112)	-	(53 112)
Non-controlling interests	-	-	-	-	-	(514)	(514)
At 31 December 2009	284 574	79 539	(2 675)	(45 014)	316 424	-	316 424

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Consolidated statement of cash flows

for the year ended 31 December 2010

	2010 US \$'000	2009 US \$'000	2010 LVL'000	2009 LVL'000	2010 EUR'000	2009 EUR'000
Operating activities						
Loss before taxation	(123 932)	(90 717)	(68 213)	(45 839)	(97 058)	(63 120)
<u>Adjustments for:</u>						
Depreciation	76 992	127 167	40 871	64 257	58 154	88 481
Result on disposal of non-financial assets	1 952	261	1 036	132	1 474	182
Other adjustments	59 504	16 300	37 330	7 381	53 116	11 812
<u>Working capital adjustments:</u>						
Changes in trade and other receivables and prepayments	2 879	3 297	1 528	1 666	2 174	2 294
Changes in inventories	4 014	513	2 131	259	3 032	357
Changes in trade and other payables	(9 404)	(13 516)	(4 992)	(6 829)	(7 103)	(9 404)
Net cash flows from operations activities	12 005	43 305	9 691	21 027	13 789	30 602
Net cash flow from investing activities	41 661	19 205	22 116	9 705	31 468	13 362
Cash flows before financing activities	53 666	62 510	31 807	30 732	45 257	43 964
Net cash flow used in financing activities	(86 290)	(23 264)	(45 807)	(11 755)	(65 177)	(16 186)
Net decrease/(increase) in cash and cash equivalents	(32 624)	39 246	(14 000)	18 977	(19 920)	27 778
Cash and cash equivalents at 1 January	75 095	35 849	36 722	17 745	52 250	24 472
Cash and cash equivalents at 31 December	42 471	75 095	22 722	36 722	32 330	52 250

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Notes to the unaudited condensed consolidated financial statements

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 2009, 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 actual rates at the date of transaction, whilst resulting exchange differences are recognised as a separate component of equity.

LB rate of exchange as at 31.12.2010 USD/LVL - 0.535 (average – 0.530847)

LB rate of exchange as at 31.12.2009 USD/LVL - 0.489 (average – 0.505290)

These financial statements are translated into Euros using the rate of exchange set by the Bank of Latvia prevailing at the 31.12.2010: 1 EUR = 0.702804 LVL, 31.12.2009: 1 USD = 0.695784 EUR.

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Notes to the unaudited condensed consolidated financial statements *(continued)*

2. Segment information

for the year ended 31 December 2010

	Shipping		Other		Adjustments and eliminations		Total	
	2010 US \$'000	2009 US \$'000	2010 US \$'000	2009 US \$'000	2010 US \$'000	2009 US \$'000	2010 US \$'000	2009 US \$'000
External customers	109 902	197 257	1 267	18 011	-	-	111 169	215 268
Inter-segment	136	281	335	1 416	(471)	(1 697)	-	-
Revenue	110 038	197 538	1 602	19 427	(471)	(1 697)	111 169	215 268
Cost of sales	(74 507)	(137 252)	(1 182)	(18 939)	187	516	(75 502)	(155 675)
Selling costs	(6)	(1)	(8)	(3 357)	-	6	(14)	(3 352)
Administrative expenses	(19 594)	(19 080)	(1 300)	(8 082)	284	385	(20 610)	(26 777)
Result from disposal of non-financial assets	(1 615)	2 256	(337)	(1 132)	-	-	(1 952)	1 124
Depreciation and amortisation	(27 531)	(33 754)	(941)	(4 613)	-	-	(28 472)	(38 367)
Impairment of non-financial assets	(53 198)	(7 485)	-	(81 316)	-	-	(53 198)	(88 801)
Impairment of financial assets	(66 694)	(9 834)	(86)	(644)	-	-	(66 780)	(10 478)
Other operating income	113	576	562	-	-	-	675	576
Other operating expenses	-	(1 049)	-	-	-	790	-	(259)
Result before financial items	(132 994)	(8 085)	(1 690)	(98 656)	-	-	(134 684)	(106 741)
Financial income	2 883	2 405	-	47	(801)	(946)	2 082	1 506
Financial expense	(26 573)	(12 596)	(6 227)	(8 776)	801	(3 421)	(31 999)	(24 793)
Deconsolidation of net financial liabilities	32 752	-	7 917	39 311	-	-	40 669	39 311
Income tax	-	(510)	-	968	-	-	-	458
Non-controlling interests	15	-	-	-	-	-	15	-
Segment result	(123 917)	(18 786)	-	(67 106)	-	(4 367)	(123 917)	(90 259)
Segment assets	699 721	890 847	-	129 998	-	(56 431)	699 721	964 414
Segment liabilities	365 557	404 454	-	161 619	-	(56 431)	365 557	509 642

Adjustments and eliminations represent consolidation entries (intercompany equity holdings, outstanding balances and transactions).

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for the year ended 31 December 2010

Notes to the unaudited condensed financial statements (continued)

2. Segment information (continued)

for the year ended 31 December 2010

	Shipping		Other		Adjustments and eliminations		Total	
	2010 LVL'000	2009 LVL'000	2010 LVL'000	2009 LVL'000	2010 LVL'000	2009 LVL'000	2010 LVL'000	2009 LVL'000
External customers	58 134	99 671	675	9 101	-	-	58 809	108 772
Inter-segment	73	143	180	715	(253)	(858)	-	-
Revenue	58 207	99 814	855	9 816	(253)	(858)	58 809	108 772
Cost of sales	(39 745)	(69 352)	(626)	(9 570)	101	261	(40 270)	(78 661)
Selling costs	(3)	-	(4)	(1 697)	-	3	(7)	(1 694)
Administrative expenses	(10 390)	(9 641)	(693)	(4 082)	152	194	(10 931)	(13 529)
Result from disposal of non-financial assets	(995)	1 140	(169)	(572)	-	-	(1 164)	568
Depreciation and amortisation	(14 692)	(17 056)	(501)	(2 331)	-	-	(15 193)	(19 387)
Impairment of non-financial assets	(28 461)	(3 782)	-	(41 089)	-	-	(28 461)	(44 871)
Impairment of financial assets	(35 617)	(4 969)	(43)	(325)	-	-	(35 660)	(5 294)
Other operating income	(94)	291	281	-	-	-	187	291
Other operating expenses	-	(530)	-	-	-	400	-	(130)
Result before financial items	(71 790)	(4 086)	(900)	(49 850)	-	-	(72 690)	(53 936)
Financial income	1 540	1 215	-	24	(426)	(478)	1 114	761
Financial expense	(13 425)	(6 364)	(3 433)	(4 434)	426	(1 729)	(16 432)	(12 527)
Deconsolidation of net financial liabilities	15 462	-	4 333	19 863	-	-	19 795	19 863
Income tax	-	(258)	-	490	-	-	-	232
Non-controlling interests	8	-	-	-	-	-	8	-
Segment result	(68 205)	(9 493)	-	(33 907)	-	(2 207)	(68 205)	(45 607)
Segment assets	374 018	435 624	-	63 569	-	(27 595)	374 018	471 598
Segment liabilities	195 573	197 778	-	79 031	-	(27 595)	195 573	249 214

Adjustments and eliminations represent consolidation entries (intercompany equity holdings, outstanding balances and transactions).

Latvian Shipping Company and its Subsidiaries
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Notes to the unaudited condensed financial statements *(continued)*

2. Segment information *(continued)*

for the year ended 31 December 2010

	Shipping		Other		Adjustments and eliminations		Total	
	2010 EUR'000	2009 EUR'000	2010 EUR'000	2009 EUR'000	2010 EUR'000	2009 EUR'000	2010 EUR'000	2009 EUR'000
External customers	82 717	137 248	961	12 531	-	-	83 678	149 779
Inter-segment	104	196	256	985	(360)	(1 181)	-	-
Revenue	82 821	137 444	1 217	13 516	(360)	(1 181)	83 678	149 779
Cost of sales	(56 551)	(95 498)	(891)	(13 176)	144	359	(57 298)	(108 315)
Selling costs	(4)	(1)	(6)	(2 336)	-	4	(10)	(2 333)
Administrative expenses	(14 784)	(13 276)	(986)	(5 623)	216	268	(15 554)	(18 631)
Result from disposal of non-financial assets	(1 416)	1 570	(240)	(788)	-	-	(1 656)	782
Depreciation and amortization	(20 905)	(23 485)	(713)	(3 210)	-	-	(21 618)	(26 695)
Impairment of non-financial assets	(40 496)	(5 208)	-	(56 578)	-	-	(40 496)	(61 786)
Impairment of financial assets	(50 679)	(6 842)	(61)	(448)	-	-	(50 740)	(7 290)
Other operating income	(134)	401	400	-	-	-	266	401
Other operating expenses	-	(730)	-	-	-	550	-	180
Result before financial items	(102 148)	(5 626)	(1 280)	(68 643)	-	-	(103 428)	(74 269)
Financial income	2 191	1 673	-	33	(606)	(658)	1 585	1 048
Financial expense	(19 102)	(8 764)	(4 885)	(6 107)	606	(2 380)	(23 381)	(17 251)
Deconsolidation of net financial liabilities	22 001	-	6 165	27 352	-	-	28 166	27 352
Income tax	-	(355)	-	674	-	-	-	319
Non-controlling interests	11	-	-	-	-	-	11	-
Segment result	(97 047)	(13 072)	-	(46 691)	-	(3 038)	(97 047)	(62 801)
Segment assets	532 179	619 837	-	90 450	-	(39 264)	532 179	671 023
Segment liabilities	278 274	281 412	-	112 451	-	(39 264)	278 274	354 599

Adjustments and eliminations represent consolidation entries (intercompany equity holdings, outstanding balances and transactions).

Latvian Shipping Company and its Subsidiaries
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Notes to the unaudited condensed financial statements *(continued)*

Contact person with respect to information presented in these financial statements

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