

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

## **Unaudited Condensed Consolidated Financial Statements**

**for the 1<sup>st</sup> quarter 2011**



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## **JSC “Latvijas kuģniecība” Supervisory Council**

<b>Chairman of the Council</b>	Simon Digby Boddy
<b>Deputy Chairperson of the Council</b>	Mikhail Dvorak
<b>Members of the Council:</b>	Vladimir Egger Javed Ahmed Rubil Yilmaz Mark Morell Ware Christophe Theophanis Matsacos Oļegs Stepanovs (from 28.01.2011) Mārtiņš Kvēps (from 28.01.2011) Serguei Choutov (from 28.01.2011) Olga Pētersone (from 28.01.2011)

## **JSC “Latvijas kuģniecība” Management Board**

<b>Chairman of the Management Board</b>	Paul Thomas
<b>Members of the Management Board</b>	Michael Main King Simon Richard Blaydes (from 01.06.2011) Christopher James Kernon (from 05.01.2011) Ashley John Neale (till 01.06.2011)

## **Management report**

**Dear shareholders and other stakeholders,**

In the 1st quarter of 2011 JSC "Latvijas kuģniecība" (hereafter - Latvian Shipping Company) and its subsidiaries (hereafter-Latvian Shipping Company Group, LSC Group or Group) suffered losses in the amount of 3.15 million USD which is 70% less than in the same period of 2010. Although there was a moderate recovery in the freight market the LSC Group did not benefit fully from this as charters for 17 ships of the Group's 21 ships were concluded by previous management. In fact, the improvement in financial performance was mainly achieved by careful management of maintenance and administrative costs and reduced financial expenses. The current management is making stringent efforts to protect shareholder value through positive cash flows and the return to profitability. All newly concluded chartering agreements fully correspond with the prevailing freight market.

The Group's operational fleet consists of 21 tankers, 18 of which are owned by the Group and 3 by other owners, the operational fleet did not change during the quarter. On March 18, 2011 the Group sold two unbuilt liquefied petroleum gas carriers for 52 million USD each. The equity raised from these sales will be used to finance the two new build product tankers to be delivered from Hyundai Mipo Dockyard Ltd (Korea).

Voyage income in Q1/2011 was 23.02 million USD which is 34% less than the same period of 2010. This decrease is due to the reduction in the size of the fleet (7 vessels sold in 2010).

During the quarter the value of the Group assets has decreased from 680.47 million USD to 663.95 million USD. The value of the fleet has reduced due to the sale of two unbuilt liquefied petroleum gas carriers. This sale had not been settled at March 31 therefore there is an increase in receivables.

During the quarter the Group continued negotiations regarding the restructuring the Group's syndicated loans with the aim of aligning loan commitments with the Group's anticipated financial performance. However, as at 31 March 2011 the Group did not meet financial covenant ratio EBITDA/ Debt service and Cash reserve covenant as set under the loan agreement. Subsequent to the reporting period formal agreement was reached with the existing lenders on temporary waiver of EBITDA/ Debt service covenant till 31 December 2011 and reduction of minimum Cash reserve covenant down to USD 25 million.

The price of Latvian Shipping Company shares on the NASDAQ OMX Rīga increased by 13% during the quarter, outperforming the benchmark index OMX Riga which increased by 6%. Latvian Shipping Company's shares were among the most actively traded – 700 transactions involving 12.35 million shares worth 5.40 million LVL. This represents 85% of all share transactions in number of shares and 50% in value on the NASDAQ OMX Rīga official list during the reporting period. On March 31, 2011, capitalization of Latvian Shipping Company shares at NASDAQ OMX Rīga was at a level of 86 million LVL.



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Paul Thomas  
Chairman of the Management Board of  
Joint Stock Company Latvian Shipping Company  
Riga, 15 June 2011

## **Statement of Management's Responsibilities**

The Management Board prepares consolidated financial statements for each reporting period which give a true and fair view of the state of affairs of the JSC "Latvian Shipping Company" and its subsidiaries (hereinafter also – the Group) as of 31 March 2011, changes in shareholders' equity, cash flows and the results of the Group for the period ended of 31 March 2011.

The aforementioned financial statements are prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union on a going concern basis. During the reporting period, appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the Management in the preparation of the financial statements.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows 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.

For and on behalf of the Management Board



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Paul Thomas  
Chairman of the Management Board of  
Joint Stock Company Latvian Shipping Company  
Riga, 15 June 2011

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## Consolidated income statement

for the period ended 31 March 2011

	2011 US \$'000	2010 US \$'000	2011 LVL'000	2010 LVL'000	2011 EUR'000	2010 EUR'000
Voyage income	23 020	34 939	12 015	17 718	17 096	25 901
Income from printing and publishing	-	32	-	16	-	23
Income from management of real estate	-	390	-	198	-	289
Rendering of services	224	442	114	224	162	328
<b>Revenue</b>	<b>23 244</b>	<b>35 803</b>	<b>12 129</b>	<b>18 156</b>	<b>17 258</b>	<b>26 541</b>
Voyage costs	(754)	(10 566)	(340)	(5 358)	(484)	(7 832)
Cost of sales	(18 017)	(24 166)	(9 184)	(12 255)	(13 067)	(17 915)
<b>Gross profit</b>	<b>4 473</b>	<b>1 071</b>	<b>2 605</b>	<b>543</b>	<b>3 707</b>	<b>794</b>
Selling costs	(2)	(8)	(1)	(4)	(1)	(6)
Administrative expenses	(2 604)	(3 344)	(1 328)	(1 696)	(1 889)	(2 479)
Result from disposal of non-financial assets	163	(1 049)	92	(532)	131	(778)
Impairment of financial assets	(12)	-	(6)	-	(9)	-
Other operating income	63	-	32	-	46	-
<b>Operating profit/(loss)</b>	<b>2 081</b>	<b>(3 330)</b>	<b>1 394</b>	<b>(1 689)</b>	<b>1 985</b>	<b>(2 469)</b>
Finance income	96	517	57	262	81	383
Finance costs	(5 131)	(7 679)	(2 600)	(3 894)	(3 700)	(5 692)
<b>Loss before tax</b>	<b>(2 954)</b>	<b>(10 492)</b>	<b>(1 149)</b>	<b>(5 321)</b>	<b>(1 634)</b>	<b>(7 778)</b>
Income tax	(193)	(81)	(99)	(41)	(141)	(60)
<b>Loss for the period</b>	<b>(3 147)</b>	<b>(10 573)</b>	<b>(1 248)</b>	<b>(5 362)</b>	<b>(1 775)</b>	<b>(7 838)</b>
Attributable to:						
Equity holders of the parent	(3 139)	(10 573)	(1 243)	(5 362)	(1 768)	(7 838)
Non-controlling interests	(8)	-	(5)	-	(7)	-
	<b>(3 147)</b>	<b>(10 573)</b>	<b>(1 248)</b>	<b>(5 362)</b>	<b>(1 775)</b>	<b>(7 838)</b>
<b>Loss per share</b>	<b>US\$ (0.02)</b>	<b>US\$ (0.05)</b>	<b>LVL (0.01)</b>	<b>LVL (0.03)</b>	<b>EUR (0.01)</b>	<b>EUR (0.04)</b>

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## Consolidated statement of comprehensive income

for the period ended 31 March 2011

	2011 US \$'000	2010 US \$'000	2011 LVL'000	2010 LVL'000	2011 EUR'000	2010 EUR'000
<b>Loss for the period</b>	<b>(3 147)</b>	<b>(10 573)</b>	<b>(1 248)</b>	<b>(5 362)</b>	<b>(1 775)</b>	<b>(7 838)</b>
<b>Other comprehensive income/(expenses)</b>						
Exchange differences on translation of foreign operations	638	(3 879)	(10 396)	14 795	(14 792)	21 261
Net movement on cash flow hedges	685	(678)	493	(476)	701	(678)
<b>Other comprehensive income/(expenses) for the period, net of tax</b>	<b>1 323</b>	<b>(4 557)</b>	<b>(9 903)</b>	<b>14 319</b>	<b>(14 091)</b>	<b>20 583</b>
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<b>(1 824)</b>	<b>(15 130)</b>	<b>(11 151)</b>	<b>8 957</b>	<b>(15 866)</b>	<b>(12 745)</b>
Attributable to:						
Equity holders of the parent	(1 816)	(15 130)	(11 146)	8 957	(15 859)	(12 745)
Non-controlling interests	(8)	-	(5)	-	(7)	-
	<b>(1 824)</b>	<b>(15 130)</b>	<b>(11 151)</b>	<b>8 957</b>	<b>(15 866)</b>	<b>(12 745)</b>

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## Consolidated statement of financial position

as at 31 March 2011

	<u>31.03.2011</u> US \$'000	<u>31.12.2010</u> US \$'000	<u>31.03.2011</u> LVL'000	<u>31.12.2010</u> LVL'000	<u>31.03.2011</u> EUR'000	<u>31.12.2010</u> EUR'000
<b>Assets</b>						
<b>Non-current assets</b>						
Other intangible assets	504	540	251	289	358	411
Fleet	538 748	570 502	268 835	305 219	382 518	434 288
Other property, plant and equipment	4 238	4 049	2 115	2 166	3 009	3 082
Investment properties	3 358	3 138	1 675	1 679	2 384	2 389
Investments in associates	26	26	13	13	18	18
Other non-current financial assets	7 720	7 720	3 852	4 130	5 481	5 876
<b>Total non-current assets</b>	<b>554 594</b>	<b>585 975</b>	<b>276 741</b>	<b>313 496</b>	<b>393 768</b>	<b>446 064</b>
<b>Current assets</b>						
Inventories	2 441	2 028	1 218	1 085	1 733	1 544
Trade and other receivables	36 030	10 166	17 979	5 438	25 582	7 738
Prepayments	1 461	2 203	729	1 179	1 037	1 678
Other current financial assets	30 168	31 866	17 198	18 160	24 471	25 839
Cash and short term deposits	33 500	42 471	16 717	22 722	23 786	32 330
<b>Total current assets</b>	<b>103 600</b>	<b>88 734</b>	<b>53 841</b>	<b>48 584</b>	<b>76 609</b>	<b>69 129</b>
Assets classified as held for sale	5 760	5 760	2 874	3 082	4 090	4 385
<b>Total assets</b>	<b>663 954</b>	<b>680 469</b>	<b>333 456</b>	<b>365 162</b>	<b>474 467</b>	<b>519 578</b>



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**Consolidated statement of financial position (continued)**

as at 31 March 2011

	<b>31.03.2011</b> <b>US \$'000</b>	<b>31.12.2010</b> <b>US \$'000</b>	<b>31.03.2011</b> <b>LVL'000</b>	<b>31.12.2010</b> <b>LVL'000</b>	<b>31.03.2011</b> <b>EUR'000</b>	<b>31.12.2010</b> <b>EUR'000</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Issued capital	362 319	362 319	200 000	200 000	284 574	284 574
Accumulated deficit	(40 369)	(37 230)	(23 605)	(22 362)	(33 668)	(31 900)
Other components of equity	(16 471)	(17 794)	(22 225)	(12 322)	(31 542)	(17 451)
Equity attributable to equity holders of the parent	305 479	307 295	154 170	165 316	219 364	235 223
Non-controlling interests	5 874	5 882	3 339	3 344	4 751	4 758
<b>Total equity</b>	<b>311 353</b>	<b>313 177</b>	<b>157 509</b>	<b>168 660</b>	<b>224 115</b>	<b>239 981</b>
<b>Non-current liabilities</b>						
Interest bearing loans	274 766	281 949	137 108	150 843	195 088	214 630
Finance lease	26 763	27 094	13 355	14 495	19 002	20 625
Other financial liabilities	1 268	1 416	633	757	900	1 077
Trade and other payables	300	300	150	161	213	229
Deferred tax liability	222	207	110	111	158	158
<b>Total non-current liabilities</b>	<b>303 319</b>	<b>310 966</b>	<b>151 356</b>	<b>166 367</b>	<b>215 361</b>	<b>236 719</b>
<b>Current liabilities</b>						
Trade and other payables	12 631	15 934	6 303	8 525	8 968	12 130
Interest bearing loans	30 967	31 230	15 452	16 708	21 987	23 773
Finance lease	1 141	1 105	569	591	810	841
Other financial liabilities	2 267	2 792	1 131	1 494	1 610	2 126
Deferred revenue	2 276	5 265	1 136	2 817	1 616	4 008
<b>Total current liabilities</b>	<b>49 282</b>	<b>56 326</b>	<b>24 591</b>	<b>30 135</b>	<b>34 991</b>	<b>42 878</b>
<b>Total equity and liabilities</b>	<b>663 954</b>	<b>680 469</b>	<b>333 456</b>	<b>365 162</b>	<b>474 467</b>	<b>519 578</b>

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## Consolidated statement of changes in equity

for the period ended 31 March 2011

	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		
<b>At 31 December 2009</b>	362 319	105 205	(3 845)	(8 907)	454 772	-	454 772
Loss for the period	-	(10 573)	-	-	(10 573)	-	(10 573)
Other comprehensive expense	-	-	(678)	(3 879)	(4 557)	-	(4 557)
<b>Total comprehensive income/(expenses)</b>	-	(10 573)	(678)	(3 879)	(15 130)	-	(15 130)
Non-controlling interests	-	-	-	-	-	-	-
<b>At 31 March 2010</b>	362 319	94 632	(4 523)	(12 786)	439 642	-	439 642
Loss for the period	-	(131 862)	-	-	(131 862)	-	(131 862)
Other comprehensive income	-	-	315	(800)	(485)	-	(485)
<b>Total comprehensive income/(expenses)</b>	-	(131 862)	315	(800)	(132 347)	-	(132 347)
Non-controlling interests	-	-	-	-	-	5 882	5 882
<b>At 31 December 2010</b>	362 319	(37 230)	(4 208)	(13 586)	307 295	5 882	313 177
Loss for the period	-	(3 139)	-	-	(3 139)	(8)	(3 147)
Other comprehensive income/(expenses)	-	-	685	638	1 323	-	1 323
<b>Total comprehensive income/(expenses)</b>	-	(3 139)	685	638	(1 816)	(8)	(1 824)
Non-controlling interests	-	-	-	-	-	-	-
<b>At 31 March 2011</b>	362 319	(40 369)	(3 523)	(12 948)	305 479	5 874	311 353

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**Consolidated statement of changes in equity (continued)**

for the period ended 31 March 2011

	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		
<b>At 31 December 2009</b>	<b>200 000</b>	<b>55 958</b>	<b>(1 880)</b>	<b>(31 694)</b>	<b>222 384</b>	-	<b>222 384</b>
Loss for the period	-	(5 362)	-	-	(5 362)	-	(5 362)
Other comprehensive income/(expense)	-	-	(476)	14 795	14 319	-	14 319
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(5 362)</b>	<b>(476)</b>	<b>14 795</b>	<b>8 957</b>	<b>-</b>	<b>8 957</b>
Non-controlling interests	-	-	-	-	-	-	-
<b>At 31 March 2010</b>	<b>200 000</b>	<b>50 596</b>	<b>(2 356)</b>	<b>(16 899)</b>	<b>231 341</b>	-	<b>231 341</b>
Loss for the period	-	(72 958)	-	-	(72 958)	-	(72 958)
Other comprehensive income	-	-	105	6 828	6 933	-	6 933
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(72 958)</b>	<b>105</b>	<b>6 828</b>	<b>(66 025)</b>	<b>-</b>	<b>(66 025)</b>
Non-controlling interests	-	-	-	-	-	3 344	3 344
<b>At 31 December 2010</b>	<b>200 000</b>	<b>(22 362)</b>	<b>(2 251)</b>	<b>(10 071)</b>	<b>165 316</b>	<b>3 344</b>	<b>168 660</b>
Loss for the period	-	(1 243)	-	-	(1 243)	(5)	(1 248)
Other comprehensive income/(expenses)	-	-	493	(10 396)	(9 903)	-	(9 903)
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(1 243)</b>	<b>493</b>	<b>(10 396)</b>	<b>(11 146)</b>	<b>(5)</b>	<b>(11 151)</b>
Non-controlling interests	-	-	-	-	-	-	-
<b>At 31 March 2011</b>	<b>200 000</b>	<b>(23 605)</b>	<b>(1 758)</b>	<b>(20 467)</b>	<b>154 170</b>	<b>3 339</b>	<b>157 509</b>

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**Consolidated statement of changes in equity (continued)**

for the period ended 31 March 2011

	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		
<b>At 31 December 2009</b>	<b>284 574</b>	<b>79 539</b>	<b>(2 675)</b>	<b>(45 014)</b>	<b>316 424</b>	-	<b>316 424</b>
Loss for the period	-	(7 838)	-	-	(7 838)	-	(7 838)
Other comprehensive income/(expense)	-	-	(678)	21 261	20 583	-	20 583
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>(7 838)</b>	<b>(678)</b>	<b>21 261</b>	<b>12 745</b>	<b>-</b>	<b>12 745</b>
Non-controlling interests	-	-	-	-	-	-	-
<b>At 31 March 2010</b>	<b>284 574</b>	<b>71 701</b>	<b>(3 353)</b>	<b>(23 753)</b>	<b>329 169</b>	-	<b>329 169</b>
Loss for the period	-	(103 601)	-	-	(103 601)	-	(103 601)
Other comprehensive income	-	-	150	9 505	9 655	-	9 655
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(103 601)</b>	<b>150</b>	<b>9 505</b>	<b>(93 946)</b>	<b>-</b>	<b>(93 946)</b>
Non-controlling interests	-	-	-	-	-	4 758	4 758
<b>At 31 December 2010</b>	<b>284 574</b>	<b>(31 900)</b>	<b>(3 203)</b>	<b>(14 248)</b>	<b>235 223</b>	<b>4 758</b>	<b>239 981</b>
Loss for the period	-	(1 768)	-	-	(1 768)	(7)	(1 775)
Other comprehensive income/(expenses)	-	-	701	(14 792)	(14 091)	-	(14 091)
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(1 768)</b>	<b>701</b>	<b>(14 792)</b>	<b>(15 859)</b>	<b>(7)</b>	<b>(15 866)</b>
Non-controlling interests	-	-	-	-	-	-	-
<b>At 31 March 2011</b>	<b>284 574</b>	<b>(33 668)</b>	<b>(2 502)</b>	<b>(29 040)</b>	<b>219 364</b>	<b>4 751</b>	<b>224 115</b>

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## Consolidated statement of cash flows

for the period ended 31 March 2011

	2011 US \$'000	2010 US \$'000	2011 LVL'000	2010 LVL'000	2011 EUR'000	2010 EUR'000
<b>Operating activities</b>						
<b>Loss before taxation</b>	<b>(2 954)</b>	<b>(10 492)</b>	<b>(1 149)</b>	<b>(5 321)</b>	<b>(1 634)</b>	<b>(7 778)</b>
<u>Adjustments for:</u>						
Depreciation and amortisation	6 701	7 068	3 395	3 584	4 831	5 240
Result on disposal of non-financial assets	(163)	1 049	(92)	532	(131)	778
Other adjustments	5 184	7 000	982	5 803	1 398	8 613
<u>Working capital adjustments:</u>						
Changes in trade and other receivables and prepayments	1 660	(9 672)	856	(4 905)	1 218	(7 170)
Changes in inventories	(413)	9 439	(213)	4 787	(303)	6 997
Changes in trade and other payables	(7 525)	(6 091)	(3 878)	(3 089)	(5 518)	(4 515)
<b>Net cash flows from/(used in) operating activities</b>	<b>2 490</b>	<b>(1 699)</b>	<b>(99)</b>	<b>1 391</b>	<b>(139)</b>	<b>2 165</b>
Net cash flows from investing activities	1 462	5 451	754	2 764	1 071	4 041
<b>Cash flows before financing activities</b>	<b>3 952</b>	<b>3 752</b>	<b>655</b>	<b>4 155</b>	<b>932</b>	<b>6 206</b>
Net cash flows used in financing activities	(12 923)	(14 886)	(6 660)	(7 548)	(9 476)	(11 035)
<b>Net decrease in cash and cash equivalents</b>	<b>(8 971)</b>	<b>(11 134)</b>	<b>(6 005)</b>	<b>(3 393)</b>	<b>(8 544)</b>	<b>(4 829)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>42 471</b>	<b>75 230</b>	<b>22 722</b>	<b>36 787</b>	<b>32 330</b>	<b>52 344</b>
<b>Cash and cash equivalents at 31 March</b>	<b>33 500</b>	<b>64 096</b>	<b>16 717</b>	<b>33 394</b>	<b>23 786</b>	<b>47 515</b>

## **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 and its Subsidiaries for the year ended 31 December 2010, 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 on the reporting date, 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 31.03.2011 USD/LVL - 0.499 (average – 0.515393)

LB rate of exchange as at 31.03.2010 USD/LVL - 0.521 (average – 0.507099)

These financial statements are translated into Euros using the rate of exchange set by the Bank of Latvia prevailing at the 31.03.2011: 1 EUR = 0.702804 LVL, 31.03.2010: 1 USD = 0.741316 EUR.

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

**2. Segment information**

for the period ended 31 March 2011

	Shipping		Other		Adjustments and eliminations		Total	
	2011 US \$'000	2010 US \$'000	2011 US \$'000	2010 US \$'000	2011 US \$'000	2010 US \$'000	2011 US \$'000	2010 US \$'000
External customers	23 244	35 379	-	424	-	-	23 244	35 803
Inter-segment	2	30	-	83	(2)	(113)	-	-
<b>Revenue</b>	<b>23 246</b>	<b>35 409</b>	<b>-</b>	<b>507</b>	<b>(2)</b>	<b>(113)</b>	<b>23 244</b>	<b>35 803</b>
Cost of sales	(12 253)	(27 470)	-	(449)	-	14	(12 253)	(27 905)
Selling costs	(2)	-	-	(8)	-	-	(2)	(8)
Administrative expenses	(2 357)	(3 018)	(66)	(184)	2	99	(2 421)	(3 103)
Result from disposal of non-financial assets	163	(1 048)	-	(1)	-	-	163	(1 049)
Depreciation and amortisation	(6 701)	(6 801)	-	(267)	-	-	(6 701)	(7 068)
Impairment of financial assets	(12)	-	-	-	-	-	(12)	-
Other operating income	63	-	-	-	-	-	63	-
<b>Result before financial items</b>	<b>2 147</b>	<b>(2 928)</b>	<b>(66)</b>	<b>(402)</b>	<b>-</b>	<b>-</b>	<b>2 081</b>	<b>(3 330)</b>
Financial income	89	730	29	1	(22)	(214)	96	517
Financial expense	(5 131)	(4 639)	(22)	(3 254)	22	214	(5 131)	(7 679)
Income tax	(193)	(14)	-	(67)	-	-	(193)	(81)
<b>Segment result</b>	<b>(3 088)</b>	<b>(6 851)</b>	<b>(59)</b>	<b>(3 722)</b>	<b>-</b>	<b>-</b>	<b>(3 147)</b>	<b>(10 573)</b>
<b>Segment assets</b>	<b>655 782</b>	<b>880 413</b>	<b>36 758</b>	<b>178 201</b>	<b>(28 586)</b>	<b>(53 211)</b>	<b>663 954</b>	<b>1 005 403</b>
<b>Segment liabilities</b>	<b>352 921</b>	<b>391 215</b>	<b>28 266</b>	<b>156 295</b>	<b>(28 586)</b>	<b>(53 211)</b>	<b>352 601</b>	<b>494 299</b>

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

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

**2. Segment information (continued)**

for the period ended 31 March 2011

	Shipping		Other		Adjustments and eliminations		Total	
	2011 LVL'000	2010 LVL'000	2011 LVL'000	2010 LVL'000	2011 LVL'000	2010 LVL'000	2011 LVL'000	2010 LVL'000
External customers	12 129	17 941	-	215	-	-	12 129	18 156
Inter-segment	1	15	-	42	(1)	(57)	-	-
<b>Revenue</b>	<b>12 130</b>	<b>17 956</b>	<b>-</b>	<b>257</b>	<b>(1)</b>	<b>(57)</b>	<b>12 129</b>	<b>18 156</b>
Cost of sales	(6 221)	(13 930)	-	(228)	-	7	(6 221)	(14 151)
Selling costs	(1)	-	-	(4)	-	-	(1)	(4)
Administrative expenses	(1 204)	(1 531)	(33)	(93)	1	50	(1 236)	(1 574)
Result from disposal of non-financial assets	92	(531)	-	(1)	-	-	92	(532)
Depreciation and amortisation	(3 395)	(3 449)	-	(135)	-	-	(3 395)	(3 584)
Impairment of financial assets	(6)	-	-	-	-	-	(6)	-
Other operating income	32	-	-	-	-	-	32	-
<b>Result before financial items</b>	<b>1 427</b>	<b>(1 485)</b>	<b>(33)</b>	<b>(204)</b>	<b>-</b>	<b>-</b>	<b>1 394</b>	<b>(1 689)</b>
Financial income	53	370	15	1	(11)	(109)	57	262
Financial expense	(2 600)	(2 353)	(11)	(1 650)	11	109	(2 600)	(3 894)
Income tax	(99)	(7)	-	(34)	-	-	(99)	(41)
<b>Segment result</b>	<b>(1 219)</b>	<b>(3 475)</b>	<b>(29)</b>	<b>(1 887)</b>	<b>-</b>	<b>-</b>	<b>(1 248)</b>	<b>(5 362)</b>
<b>Segment assets</b>	<b>329 378</b>	<b>458 695</b>	<b>18 342</b>	<b>92 842</b>	<b>(14 264)</b>	<b>(27 723)</b>	<b>333 456</b>	<b>523 814</b>
<b>Segment liabilities</b>	<b>176 106</b>	<b>203 823</b>	<b>14 105</b>	<b>81 430</b>	<b>(14 264)</b>	<b>(27 723)</b>	<b>175 947</b>	<b>257 530</b>

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



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

**2. Segment information (continued)**

for the period ended 31 March 2011

	Shipping		Other		Adjustments and eliminations		Total	
	2011 EUR'000	2010 EUR'000	2011 EUR'000	2010 EUR'000	2011 EUR'000	2010 EUR'000	2011 EUR'000	2010 EUR'000
External customers	17 258	26 227	-	314	-	-	17 258	26 541
Inter-segment	1	22	-	62	(1)	(84)	-	-
<b>Revenue</b>	<b>17 259</b>	<b>26 249</b>	<b>-</b>	<b>376</b>	<b>(1)</b>	<b>(84)</b>	<b>17 258</b>	<b>26 541</b>
Cost of sales	(8 851)	(20 365)	-	(332)	-	11	(8 851)	(20 686)
Selling costs	(1)	-	-	(6)	-	-	(1)	(6)
Administrative expenses	(1 712)	(2 237)	(47)	(136)	1	73	(1 758)	(2 300)
Result from disposal of non-financial assets	131	(777)	-	(1)	-	-	131	(778)
Depreciation and amortisation	(4 831)	(5 042)	-	(198)	-	-	(4 831)	(5 240)
Impairment of financial assets	(9)	-	-	-	-	-	(9)	-
Other operating income	46	-	-	-	-	-	46	-
<b>Result before financial items</b>	<b>2 032</b>	<b>(2 172)</b>	<b>(47)</b>	<b>(297)</b>	<b>-</b>	<b>-</b>	<b>1 985</b>	<b>(2 469)</b>
Financial income	76	541	21	1	(16)	(159)	81	383
Financial expense	(3 700)	(3 439)	(16)	(2 412)	16	159	(3 700)	(5 692)
Income tax	(141)	(10)	-	(50)	-	-	(141)	(60)
<b>Segment result</b>	<b>(1 733)</b>	<b>(5 080)</b>	<b>(42)</b>	<b>(2 758)</b>	<b>-</b>	<b>-</b>	<b>(1 775)</b>	<b>(7 838)</b>
<b>Segment assets</b>	<b>468 665</b>	<b>652 665</b>	<b>26 098</b>	<b>132 102</b>	<b>(20 296)</b>	<b>(39 446)</b>	<b>474 467</b>	<b>745 321</b>
<b>Segment liabilities</b>	<b>250 578</b>	<b>290 013</b>	<b>20 070</b>	<b>115 864</b>	<b>(20 296)</b>	<b>(39 446)</b>	<b>250 352</b>	<b>366 431</b>

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

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

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

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