

**“LIETUVOS JURU LAIVININKYSTĖ”
(JOINT STOCK COMPANY)**

**THE INTERMEDIATE FINANCIAL STATEMENTS
AS OF 31 MARCH 2008**

AB "Lietuvos jūrų laivininkystė"

(enterprise name)

110865039, Malūnininkų g.3, LT-92264 Klaipėda

(enterprise identification number, address, other information)

APPROVED

by General meeting of shareholders

Minutes No.....

of, 200..

BALANCE SHEET as of 31 March 2008

(date of formation of financial statements)

2008.01.01 - 2008.03.31

(reporting date)

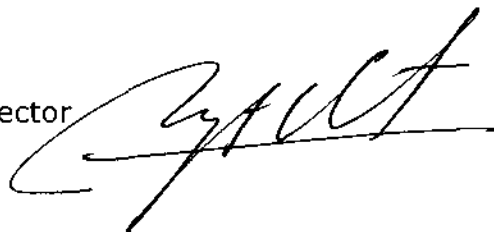
LTL

(currency of financial statement)

	ASSETS	Note. No	31 March 2008	31 December 2007
A.	NON-CURRENT ASSETS		277.687.936	284.649.428
I.	INTANGIBLE ASSETS	1.	6.154	7.321
I.1.	Development work			
I.2.	Goodwill			
I.3.	Licenses and patents			
I.4.	Computer software	1.	6.154	7.321
I.5.	Other intangible assets			
II.	TANGIBLE ASSETS	2.	277.681.782	284.642.107
II.1.	Land			
II.2.	Buildings and constructions		3.376.049	3.390.316
II.3.	Machinery		3.058.025	3.005.585
II.4.	Vehicles and other transport means		258.084	300.703
II.5.	Ships		267.796.479	274.181.522
II.6.	Repairs	3.	2.945.413	3.510.224
II.7.	Other tangible assets		247.732	253.757
III.	FINANCIAL ASSETS			
III.1.	Investments in subsidiaries and associates			
III.2.	Loans to subsidiaries and associates			
III.3.	Amounts receivable after one year			
III.4.	Other financial assets			
IV.	ASSETS OF DEFERRED INCOME TAX		0	0
B.	CURRENT ASSETS		42.115.480	35.206.567
I.	INVENTORIES PREPAYMENTS and CONTRACTS IN PROGRESS	4.	14.357.224	11.255.591
I.1.	Inventories		2.479.152	2.329.470
I.1.1.	Raw materials and components		2.479.152	2.329.470
I.1.2.	Work in progress			
I.1.3.	Finished goods			
I.1.4.	Goods for resale			
I.2.	Prepayments		11.878.072	8.926.121
I.3.	Contracts in progress			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	5.	1.155.590	961.320
II.1.	Trade amounts receivable		780.645	591.313
II.2.	Receivable from subsidiaries and associates			
II.3.	Other amounts receivable		374.945	370.007
III.	OTHER CURRENT ASSETS	6.	23.571.670	21.955.027
III.1.	Current investments		0	0
III.2.	Time deposits		23.491.670	21.955.027
III.3.	Other current assets		80.000	
IV.	CASH and CASH EQUIVALENTS	7.	3.030.996	1.034.629
	TOTAL ASSETS :		319.803.416	319.855.995

	EQUITY AND LIABILITIES	Note No	31 March 2008	31 December 2007
C.	EQUITY		252.033.077	251.285.249
I.	CAPITAL	8.	200.901.296	200.901.296
I.1.	Authorised (subscribed)		200.901.296	200.901.296
I.2.	Subscribed uncalled share capital (-)			
I.3.	Share premium			
I.4.	Own shares (-)			
II.	REVALUATION RESERVE (RESULTS)			
III.	REZERVES	9.	20.246.868	20.246.868
III.1.	Legal reserve		10.467.329	10.467.329
III.2.	Reserve for acquiring own shares			
III.3.	Other reserves		9.779.539	9.779.539
IV.	RETAINED PROFIT (LOSSES)	10.	30.884.913	30.137.085
IV.1.	Profit (loss) of the reporting year		747.828	30.137.085
IV.2.	Profit (loss) of the previous year		30.137.085	
D.	GRANTS and SUBSIDIES			
E.	AMOUNTS PAYABLE and LIABILITIES		67.770.339	68.570.746
I.	NON - CURRENT AMOUNTS PAYABLE AND LIABILITIES		42.170.115	44.345.861
I.1.	Financial debts	11.	42.170.115	44.345.861
I.1.1.	Leases and similar obligations			
I.1.2.	To credit institutions	11.	42.170.115	44.345.861
I.1.3.	Other financial debts			
I.2.	Trade amounts payable			
I.3.	Amounts received in advance			
I.4.	Provisions			
I.4.1.	For covering liabilities and demands			
I.4.2.	For pensions and similar obligations			
I.4.3.	Other provisions			
I.5.	Deferred taxes		0	0
I.6.	Other amounts payable and non-current liabilities			
II.	CURRENT AMOUNTS AND LIABILITIES		25.600.224	24.224.885
II.1.	Current portion of non-current debts			
II.2.	Financial debts	11.	11.953.649	16.689.873
II.2.1.	To credit institutions	11.	11.953.649	16.689.873
II.2.2.	Other debts			
II.3.	Trade amounts payable	15.	4.793.658	1.388.989
II.4.	Amounts received in advance	15.	3.616.945	2.518.960
II.5.	Profit tax liabilities	12.	91.309	91.309
II.6.	Liabilities related to employment relations	13.	3.710.435	2.160.948
II.7.	Provisions	14.	1.026.255	896.573
II.8.	Other amounts payable and current liabilities	15.	407.973	478.233
	TOTAL EQUITY AND LIABILITIES :		319.803.416	319.855.995

General Director



Vytautas Vismantas

AB "Lietuvos jūrų laivininkystė"

(enterprise name)

110865039, Malūnininkų g.3, LT-92264 Klaipėda

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PROFIT(LOSS) STATEMENT as of 31 March, 2008

2008.01.01 - 2008.03.31

(reporting period)

LTL

(currency of financial statement)

No.	Items	Note No	31 March, 2008	31 March, 2007
I.	SALES REVENUE	16	22.583.089	23.636.276
II.	EXPENSES			
II.1.	Personnel expenses		8.146.411	8.085.681
II.2.	Ship maintenance expenses		5.019.011	6.364.004
II.3.	Ship repair expenses		1.987.154	3.740.621
II.4.	Other administrative and selling expenses		271.517	309.642
	Total expenses		15.424.093	18.499.948
	Profit (earnings) before depreciation (EBITDA)		7.158.996	5.136.328
III	Profit from sales of ships		0	4.332.838
IV.1	Depreciation of ships		6.572.768	6.334.532
IV.2	Depreciation of other assets		79.734	94.136
	Profit (earnings) before interest (EBIT)		506.494	3.040.498
V.1	Effect of changes in exchange rates (profit)	17	794.196	589.532
V.2	Net interest expenses	17	552.862	536.196
	Profit before tax		747.828	3.093.834
VI.	Income tax		0	693.822
	NET PROFIT		747.828	2.400.012
	Profit (earnings) per share, LTL	18	0,0037	0,0120

General Director



Vytautas Vismantas

AB "Lietuvos jūrų laivininkystė"

(enterprise name)

110865039, Malūnininkų g.3, LT-92264 Klaipėda

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CASH FLOW STATEMENT as of 31 March, 2008

2008.01.01 - 2008.03.31

(reporting period)

APPROVED

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Minutes No.....

of, 200...

LTL

(currency of financial statement)

No.	Items	Note No	31 March, 2008	31 March, 2007
I.	Cash flows from operating activities			
I.1.	Net profit (loss)		747.828	2.400.012
I.2.	Depreciation and amortisation expenses		6.652.503	6.428.668
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventories		-149.682	-47.484
I.5.	Decrease (increase) in advance payments received		-2.951.951	-701.194
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade receivables		-189.332	-975.102
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		-4.939	-51.202
I.10.	Decrease (increase) in other current assets		-80.000	-679.067
I.11.	Increase (decrease) in non-current payables to suppliers and advance payments received			
I.12.	Increase (decrease) in payables to suppliers and advance payments received		4.502.654	1.556.089
I.13.	Increase (decrease) in payable profit tax		0	769.692
I.14.	Increase (decrease) in liabilities to employees		1.549.487	1.562.455
I.15.	Increase (decrease) in provision		129.682	829.021
I.16.	Increase (decrease) in other amounts payable and liabilities		-70.260	339.450
I.17.	Elimination of results of financing and investing activities		1.260	1.108
	Net cash flows from operating activities		10.137.250	11.432.446
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investment)		-260.282	-64.369.806
II.2.	Transfer of non-current assets (excluding investment)		569.272	1.522.987
II.3.	Acquisition of long-term investments			
II.4.	Transfer of long-term investments			
II.5.	Loans granted			
II.6.	Loans recovered			
II.7.	Dividends and interest received			
II.8.	Other increase in cash flows from investing activities			
II.9.	Other decrease in cash flows from investing activities			
	Net cash flows from investing activities		308.990	-62.846.819
III.	Cash flows from financing activities			
III.1.	Cash flows related to the owners of enterprise:			
III.1.1.	Issue of shares			
III.1.2.	Owner's contributions to cover losses			
III.1.3.	Purchase of own shares		-1.260	-1.108
III.1.4.	Dividends paid		-1.260	-1.108

No.	Items	Note No	31 March, 2008	31 March, 2007
III.2.	Cash flows related to other financing sources		-6.911.970	45.399.987
III.2.1.	Increase in financial debts		0	48.540.300
III.2.1.1	Loans received		0	48.540.300
III.2.1.2	Issue of bonds			
III.2.2.	Decrease in financial debts		-6.911.970	-3.140.313
III.2.2.1	Loans received		-4.144.128	-2.377.947
III.2.2.2	Issue of bonds		-2.767.842	-762.366
III.2.2.3	Interest paid			
III.2.2.4	Payments of lease (financial lease) liabilities			
III.2.3.	Increase in other enterprise liabilities			
III.2.4.	Decrease in other enterprise liabilities			
III.3.	Other increase in cash flows from financial activities		794.196	589.532
III.4.	Other decrease in cash flows from financial activities			
	<u>Net cash flows from financing activities</u>		-6.119.034	45.988.411
IV.	Cash flows from extraordinary items		0	0
IV.1.	Increase in cash flows from extraordinary items			
IV.2.	Decrease in cash flows from extraordinary items			
V.	The effects of changes in foreign exchange rates on the balance of cash and cash equivalents		-794.196	-589.532
VI.	Net increase (decrease) in cash flows		3.533.010	-6.015.494
VII.	Cash and cash equivalents at the beginning of period		22.989.656	29.005.150
VIII.	Cash and cash equivalents at the end of period		26.522.666	22.989.656

General Director



Vytautas Vismantas

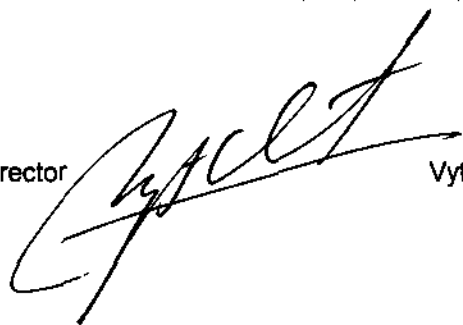
Approved by the General meeting of shareholders

Minutes No. _____ 2008

STATEMENT OF CHANGES IN EQUITY
 AS OF 31 MARCH 2008

	Authorised capital	Compulsory legal reserve	Other reserves	Retained (loss)	pro Total
Balance as of 31 Decemb 2006	200,901,296	9,901,591	180,000	11,314,752	222,297,639
Net profit (loss) of the reportir period				30,137,085	30,137,085
Dividends				-1,149,475	-1,149,475
Formed reserves		565,738	9,779,539	-10,345,277	
Used reserves			-180,000	180,000	
Balance as of 31 Decemb 2007	200.901,3	10.467,3	9.779,5	30.137,1	251.285,2
Net profit (loss) of the reportir period				747,828	747,828
Dividends					
Formed reserves					
Used reserves					
Balance as of 31 March 2008	200,901,296	10,467,329	9,779,539	30,884,913	252,033,077

General Director



Vytautas Vismantas

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 31 March 2008
(in thousands LTL, if not stated otherwise)**

Approved by the General meeting of shareholders
2008

Minutes No. _____

EXPLANATORY NOTES

General Information

AB "Lietuvos jūrų laivininkystė" (LJL) is a joint-stock company established after reorganizing AB "Lietuvos jūrų laivininkystė" (LISCO) by way of division. LJL was registered in the Registry of Legal Entities, certificate No. 027245. LJL registration date is 27 June 2001, its company code is 110865039. The address of LJL is Malunininku str. 3, Klaipėda. Main activities of the Company are cargo carrying by sea transport and lease of ships.

The Company's management bodies are general meeting of shareholders, supervisory board, board of directors and head of management.

On 31 March 2008 the Company had 468 employees, of which 61 in coast divisions and 407 on board.

On 31 March 2008 the Company's shareholders were:

	2008-03-31	
	Number of shares	Ownership percent
State Property Fund (VĮ Valstybės turto fondas)	16.689.155	8,3%
Ministry of Transport and Communication	113.833.000	56,66%
„Hansabank clients“	16.849.753	8,4
DFDS TOR LINE A/S	11.108.420	5,5%
Other small shareholders	42.420.968	21,14%

II. Accounting Policy

Main principles of accounting, which are the basis of preparation of these financial statements, are set out below. These principles were applied consistently in all presented periods, unless stated otherwise.

In the process of preparing financial statements in accordance with International Financial Reporting Standards, the Company's management have to make estimates and assumptions, which have an effect on the carrying amounts of assets and liabilities as well as on required disclosures

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 31 March 2008
(in thousands LTL, if not stated otherwise)**

on the reporting date and on amounts of income and expenses recognised during the reporting period. These estimates may vary from the actual results.

(a) Basis of Preparation

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements are prepared in accordance with the accrual and going concern principles. Following the accrual principle, transactions and other events are recognised and recorded in the accounts when they occur, and are presented in the financial statements of such periods.

The financial statements are prepared assuming that AB "Lietuvos Jūrų Laivininkystė" (LJL) does not have any intentions or requirements to be liquidated or reduce significantly the scope of its operations.

During the reporting period the Company has started to apply all new and revised Standards and Interpretations approved by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC), which are relevant to the Company's operations and become effective from the reporting periods beginning on 1 January 2007.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 4 "Insurance Contracts" related to "Financial Guarantee Contracts" have to be applied in the reporting periods of the Company starting on or after 1 January 2007. The purpose of these amendments is to ensure that the issuers of financial guarantee contracts account for liabilities related to such contracts in their balance sheets. As the Company does not have any transactions of such nature, the application of this Standard did not have any significant effect on the Company's financial statements.

Amendment to IAS 19 related to "Actuarial Gains or Losses, Group's Plans and Disclosures". This amendment is not relevant to the Company;

Amendment to IAS 39 related to "Fair Value Option". This amendment is not relevant to the Company;

Amendment to IAS 21 related to "Net Investment in a Foreign Operation". This amendment is not relevant to the Company;

Amendment to IAS 39 related to "Cash Flow Hedges of Forecast Intragroup Transactions". This amendment is not relevant to the Company;

IFRS 6 "Exploration for and Evaluation of Mineral Resources". This Standard is not relevant to the Company;

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 31 March 2008
(in thousands LTL, if not stated otherwise)**

IFRIC 4 "Determining Whether an Arrangement Contains a Lease". The Company reviewed its agreements and determined they are not affected by this Interpretation;

IFRIC 5 "Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds". This Interpretation is not relevant to the Company;

IFRIC 6 "Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment". This Interpretation is not relevant to the Company;

Amendment to IFRS "First-time Adoption of International Financial Reporting Standards" and IFRS 6 "Exploration for and Evaluation of Mineral Resources". This amendment is not relevant to the Company;

IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies". The management believe this Interpretation is not relevant to the Company;

IFRIC 8 "Scope of IFRS 2". The management believe this Interpretation is not relevant to the Company;

IFRIC 9 "Reassessment of Embedded Derivatives". The management believe this Interpretation is not relevant to the Company;

IFRIC 11 "IFRS 2: Group and Treasury Share Transactions". The management believe this Interpretation is not relevant to the Company;

IFRIC 12 "Service Concession Arrangements". The management believe this Interpretation is not relevant to the Company.

(b) Non-current Assets

In the financial statements all economic resources controlled by the Company are recognised as assets if the Company can reasonably expect to obtain future economic benefits from using the resources and they have a value which can be measured reliably.

Non-current assets presented in the financial statements are stated at the acquisition or production cost of the assets less their accumulated depreciation and impairment value. In accordance with the procedure for non-currents assets accounting approved on 18 July 2001 by the board of directors, LJL recognises assets as non-current tangible assets if their acquisition value is at least LTL 1000 and they are going to be used for more than one year. Residual value of non-current assets is LTL 1, except for "Akvile", "Asta", "Audre" and "Daina" ships (residual value 9-9,5% of acquisition value), "Alka", "Deltuva" (Clipper Eagle) and "Clipper Falcone" ships (10% of acquisition value), "Romuva" (2%), "Voruta", "Svilas" and "Staris" (9,5%) and administrative building (6,3%).

Depreciation is calculated from the first day of the next month having started using a non-current tangible asset; it is discontinued from the first day of the next month after its write-off, sale or

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 31 March 2008
(in thousands LTL, if not stated otherwise)**

when all value of a non-current asset in use (less the residual value) is transferred into the cost of goods or services. The assets are depreciated on the basis of the straight-line method.

The management determines the useful life of an asset at the moment of acquisition, later it is reviewed every year. Useful life of assets is determined on the basis of past experience related to similar items as well as expected future events, which may affect the useful life.

If repairs of a non-current tangible asset do not upgrade its useful features (nor will these repairs lead to future income), the value of such works is recognised as expenses of the reporting period when they are carried out.

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there are indications of impairment. If such indications are noticed, the recoverable amounts of such assets are determined. A recoverable amount is the higher of an asset's expected net realisable value and its value in use. An impairment loss is recognised if the carrying amount of an asset is higher than its recoverable amount. All losses related to impairment are presented in the income statement.

In accordance with the requirements of classification companies the ships are repaired periodically: every five years the class of ship is confirmed after repairs (SS); three years after SS repairs dock repair works are carried out. LJL writes off repair expenses related to class-certification within 3 years, dock repairs – within 2 years.

Non-current intangible assets are amortised within the period of 3 years.

(c) Inventories

Inventories are accounted for at the lower of cost of purchase and expected net realisable value. In order to determine the cost of inventories sold FIFO method is applied. Net realisable value is estimated as expected selling price less expenses related to the sale.

When inventories are purchased from third parties, their cost of purchase is their purchase price combined with all purchase-related taxes (custom duties, etc.), transportation, preparation for use and other costs directly attributable to the purchase of the inventories, less received discounts and rebates. Insignificant (or stable for several reporting periods) amounts of inventories transportation and preparation for use costs are written off to operating expenses rather than included into the cost of purchase.

(d) Amounts Receivable

On recognition amounts receivable are measured at their fair value. Thereinafter, current amounts receivable are measured taking into account their impairment, non-current amounts receivable are measured at a discounted value less any impairment loss in value.

(e) Cash And Cash Equivalentents

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 31 March 2008
(in thousands LTL, if not stated otherwise)**

Cash comprises cash in hand and in bank accounts. Cash equivalents are liquid investments readily convertible into a known cash amount. The term of these investments is up to three months and they are subject to insignificant risk of changes in value.

In the cash flow statement cash and cash equivalents comprise cash in hand, cash at current accounts, other short-term liquid investments.

(f) Liabilities

Borrowing expenses are written off when they are incurred. At the initial recognition, liabilities are stated at the fair value of received funds less the cost of transaction. Thereinafter, they are accounted for at amortised cost, and the difference between the funds received and amount payable within the period of loan is included into the profit or loss for the period. Liabilities are recognised as non-current if a financing agreement made by the date of the financial statements' approval confirms that they are long-term in substance.

(g) Provisions

Provisions are recognised when and only when the Company has a legal obligation or irrevocable commitment as a result of past events; and it is probable that an outflow of resources embodying economic benefits will be required to settle it; and the amount of obligation can be measured reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the most accurate current estimates. When the time effect on the value of money is significant, the amount of provision is equal to the present value of outflows, which are expected to be required for the settlement of obligation. When discounting is used, an increase in provision reflecting the past period is recorded as interest expenses.

(h) Income Tax

Computation of corporate income tax is based on a yearly profit and is made in accordance with the requirements of the tax laws of the Republic of Lithuania. Deferred income tax is calculated on the basis of temporary differences in the carrying amounts of assets and liabilities in the financial statements and their tax bases. An amount of deferred income tax depends on expected useful lives of assets and future repayments of liabilities and expected tax rates of the corresponding periods. A standard rate of corporate income tax for Lithuanian entities is 15%, however, in 2007 the Company chose to pay a tonnage tax and computes corporate income tax on the basis of ships' payload capacity. Deferred income tax and assets are no longer computed.

In accordance with the amendment of 3 May 2007 of the Law on Corporate Income Tax of the Republic of Lithuania, AB "Lietuvos Jūrų Laivininkystė" chose to calculate a fixed rate corporate income tax for the tax period beginning with 2007 and subsequent tax periods. The base of the fixed rate corporate income tax is calculated for each 100 payload capacity units (CU) of a sea-going vessel by applying a fixed daily amount and multiplying the resulting amount by the number of days in a tax period of a shipping entity.

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 31 March 2008
(in thousands LTL, if not stated otherwise)**

(I) Revaluation of Currency

In the accounting records transactions in foreign currencies are stated in the national currency, litas (LTL), in accordance with the official exchange rate of litas and foreign currency announced by the Bank of Lithuania at the transaction date, except for accumulated income and expenses, which are stated based on the official exchange rate of litas and foreign currency announced by the Bank of Lithuania on the last day of the reporting period.

In the balance sheet currency entries are stated in accordance with the official exchange rate of litas and foreign currency announced by the Bank of Lithuania at the date of the financial statements. The Company's owned cash in foreign currencies as well as all amounts receivable and payable in foreign currencies are considered to be currency entries.

Changes in currency entries, which occurred due to changes in the exchange rate of litas and foreign currency announced by the Bank of Lithuania and arose when performing currency transactions or revaluing currency entries registered earlier, are recognised as income or expenses from financial activities of the related reporting period.

(j) Income Recognition

The moment of rendering services is recognised as the moment of earning income. Service provision is completed when the buyer pays for services at once or takes on an obligation to pay for them later without any significant additional conditions (when both parties sign a corresponding document: invoice, delivery note, etc.). Cash received as prepayment is recorded in accounts as an increase in the Company's liabilities to clients. In this case, income is recognised when the services are rendered.

(k) Expenses Recognition

The cost of rendered services is always connected with the services rendered during the reporting period. It comprises a portion of costs incurred during the reporting period in order to render the services sold. When it is impossible to relate directly the costs of the reporting period with earning some specific income and they are not going to earn income in the coming periods, such costs are recognised as expenses of the period when they are incurred.

(l) Use of Estimates in Preparation of Financial Statements

When they prepare the financial statements, the management have to make certain assumptions and estimates, which influence the presented amounts of assets, liabilities, income and expenses and disclosures of contingencies. Significant accounts of these financial statements, which are influenced by estimates, include depreciation, impairment and provisions. Future events may influence the assumptions used to make estimates. The results of such changes in estimates will be presented in the financial statements when they are uncovered.

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 31 March 2008
(in thousands LTL, if not stated otherwise)**

(m) Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed in the financial statements, except for the cases when it is hardly probable that the outflow of economic resources will be required.

(n) Managing Financial Risks

The Company's transactions are made on international markets in euros and US dollars, therefore, the risk related to fluctuations and changes in foreign currency exchange rates is unavoidable. Credit risk or risk related to the failure of partners to fulfil their obligations is controlled through applying credit terms and control of procedures. The Company does not face a significant credit risk related to any of its partners or partner groups. The Company avoids liquidity risk by keeping a sufficient flow of cash and cash equivalents or receiving financing in a credit form, by planning its cash flows in advance. The Company does not use any financial instruments to mitigate its financial risks.

(o) Events After the Balance Sheet Date

Events after the balance sheet date, which provide additional information about the Company's position at the balance sheet date (events leading to adjustment), are reflected in the financial statements. Post balance sheet events not leading to adjustment are disclosed in the notes if they are significant.

III. Explanatory Notes to Accounts

31 *Non-current Intangible Assets*

Indicators	Computer software
Acquisition cost	
31 December 2005	288,2
Acquisitions	11,2
Write-offs	
Transfers to other accounts	
31 December 2006	299,4
Acquisitions	3,3
Write-offs	1,5
Transfers to other accounts	
31 December 2007	301,2
31 March 2008	301,2
Accumulated amortisation	
31 December 2005	275,1
Calculated during the period	13,5
Write-offs	
Transfers to other accounts	
31 December 2006	288,6
Calculated during the period	6,8
Write-offs	1,5
Transfers to other accounts	
31 December 2007	293,9
Calculated during the period	1,2
31 March 2008	295,1
Carrying amount	
31 December 2005	13,1
31 December 2006	10,8
31 December 2007	7,3
31 March 2008	6,1

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 31 March 2008
(in thousands LTL, if not stated otherwise)**

2. Non-current Tangible Assets, in thousand LTL

Indicators	Buildings and construction	Machinery	Ships	Other vehicles	Repairs	Other tangible assets	Total
Acquisition cost							
31 December 2005	3.737,0	4.632,0	346.327,0	726,0	9.402,0	580,0	365.404,0
Acquisitions		1.461,0	43.348,0		1.766,0	36,0	46.611,0
Write-offs		681,0	9.981,0		5.733,0	138,0	16.533,0
Transfers to other accounts							
31 December 2006	3.737,0	5.412,0	379.694,0	726,0	5.435,0	478,0	395.482,0
Acquisitions		1.860,7	66.609,4	75,4	2.311,7	175,7	71.032,9
Write-offs		-1.827,4	-26.549,8		4.236,9	-92,3	-32.706,4
Transfers to other accounts							
31 December 2007	3.737,0	5.445,3	419.753,6	801,4	3.509,8	561,4	433.808,5
Acquisitions		246,0				14,2	260,2
Write-offs		4,5			564,8	14,5	583,8
31 March 2008	3.737,4	5.686,4	419.754,1	801,8	2.945,4	560,3	433.485,4
Revaluation / impairment							
31 December 2005			-36.886,0				
Revalued (+), impaired (-)							
Depreciated during the period							
31 December 2006			-36.886,0				
Revalued (+), impaired (-)							
Depreciated during the period							
31 December 2007			-36.886,0				
Accumulated depreciation							
31 December 2005	233,0	2.773,0	84.554,0	184,0		348,5	88.092,5
Calculated during the period	57,0	526,0	24.395,0	158,0		52,0	25.188,0
Write-offs		430,0	6.183,0			102,0	6.715,0
Transfers to other accounts							
31 December 2006	290,0	2.869,0	102.766,0	342,0		298,5	106.565,5
Calculated during the period	57,1	786,7	26.522,2	158,9		60,2	27.585,1
Write-offs		-1.216,4	-20.601,4			-51,9	-21.869,7

Transfers to other accounts							
31 December 2007	347,1	2.439,3	108.686,8	500,9		16,1	6.651,3
Calculated during the period	14,3	193,3	6.385,0	42,6		306,8	112.280,8
Write-offs		4,2				10,3	14,5
31 March 2008	361,4	2628,4	115071,8	543,5		312,6	118.917,7
Carrying amount							
31 December 2005	3.504,4	1.858,6	224.887,5	542,4	9.402,4	232,7	240.426,0
31 December 2006	3.447,4	2.542,6	240.042,5	384,4	5.435,4	178,7	252.031,0
31 December 2007	3.390,3	3.005,6	274.181,3	300,9	3.510,2	253,8	284.642,1
31 March 2008	3.376,0	3.058,0	267.796,5	258,1	2.945,4	247,7	277.681,7

Ships

At the end of the financial year the non-current tangible assets of LJI included 15 ships, an administrative building, a warehouse, vehicles and machinery.

The Company paid LTL 7990,9 thousand for the planned acquisition of a ship in 2008.

6 ships are mortgaged for loans received from SEB Vilniaus bankas

3. Ship Repairs

Ship repairs recognised as assets – LTL 2945,4 thousand
of which planned write-offs to expenses in:

2008 m.	-	LTL 1694,4 thousand
2009 m.	-	LTL 1074,6 thousand
2010 m.	-	LTL 176,4 thousand

4. Inventories and Prepayments

	2007-03-31	2007-12-31
Spare parts	1856,1	2193,1
Food provision on ships	103,7	136,4
Prepayments	11878,1	8926,1
Total:	14357,2	11255,6

5. Amounts Receivable

	2008-03-31	2007-12-31
Trade debtors	104,6	81,1
Foreign trade debtors	672,7	503,8
Amounts receivable from State budget	29,5	39,8

Prepayments to ships	171,5	164,3
Other amounts receivable	177,3	172,3
Total:	1155,6	961,3

In 2008-03-31 the foreign trade debtors included the amount of LTL 325,5 thousand related to the damage of cargo of the motor ship "Skalva" (at the beginning of 2006). This amount is covered by insurance, so insurance companies were examining the circumstances of the cargo damage and the amount should be repaid to the Company.

6. Other Current Assets

	2008-03-31	2007-12-31
Fixed-time deposits	23491,7	21955,0
Other current assets	80,0	0,4
Total:	23571,7	21955,4

7. Cash and Cash Equivalents

	2008-03-31	2007-12-31
Cash in national currency	177,1	122,0
Cash in banks in foreign currencies	2818,7	864,3
LJL's cash in hand in national currency	11,1	9,9
LJL's cash in hand in foreign currencies	24,1	38,3
Total:	3031,0	1034,6

8. Capital

	Authorised capital	Share premiums	Total
31 December 2007	200901,3	-	200901,3
New emission of shares	-	-	-
Acquisition of own shares	-	-	-
31 March 2008	200901,3	-	200901,3

On 31 March 2008 the Company's authorised capital consisted of 200 901 296 ordinary registered shares. A nominal value of each share in LTL 1.

9. Reserves

	2008-03-31	2007-12-31
Compulsory legal reserves	10467,3	10467,3
Reserve for acquisition of ships	9599,5	9599,5
Reserve for employees' bonuses	150,0	150,0

Reserve for social and cultural activities	30	30
	20246,9	20246,9

Total:

When the reserve for employees' bonuses is used, it is cancelled by the decision of the shareholders by increasing the retained earnings. Bonuses paid to employees are included into the income statement. In 2007 LTL 69 thousand of reserve for employees' bonuses was used, which was presented as expenses in the income statement line "Personnel expenses".

In 2008 the new reserves will be confirmed by the shareholder's meeting.

10. Retained Earnings (Losses)

	2008-03-31	2007-12-31
Balance at the beginning of the year	30137,1	11314,8
Net profit (loss) for the year	747,8	30137,1
allocated to dividends (transferred to amounts payable)		-1149,5
allocated to other reserves		-9779,5
cancelled reserves		180
allocated to compulsory legal reserve		-565,7
Balance at the end of the year	30884,9	30137,2

11. Financial Liabilities (to credit institutions)

	2008-03-31	2007-12-31
Payable after one year within five	42170,1	44345,9
Payable within one year	11953,6	16689,9
total	54123,7	61035,8
Balance of loans at the beginning of the year	61035,8	39514,2
Loans received		48540,3
Loans repaid	-4144,1	-21732,9
Effect of exchange rates	-2768,0	-5285,8
Balance of loans at the end of the year	54123,7	61035,8

All financial liabilities of LJJ to banks are secured by assets. Six ships with the carrying amount of LTL 143126,1 thousand are mortgaged. The increase in loans in 2007 was caused by the acquisition of two ships "Deltuva" (Clipper Eagle) and "Clipper Falcon" in March. The loan for the acquisition of these ships was received from AB SEB Vilniaus bankas. Loan repayment term is set in 2010-2012.

12. Income Tax Liabilities

	2008-03-31	2007-12-31
Corporate income tax payable at the beginning of the year	91,3	2.067,3
Calculated corporate income tax		91,3
Paid corporate income tax		-2.067,3
Corporate income tax payable at the end of the year	91,3	91,3

13. Liabilities Related to Employment Relations

	2008-03-31	2007-12-31
Provision for annual leaves (salaries)	1811,7	1377,7
Provision for annual leaves (social insurance)	561,3	426,8
Payable salaries	933,6	
Payable social insurance contributions	395,7	354,2
Amount payable to guarantee fund	2,4	2,2
Paid corporate income tax	5,7	
Total	3710,4	2160,9

14. Provisions

	2008-03-31	2007-12-31
Provisions for not received invoices	1026,3	896,6

15. Other Amounts Payable

	2008-03-31	2007-12-31
Debts to agents	75,1	152,6
Debts to suppliers	4793,7	1236,4
Prepayments from clients	2529,7	2519
Dividends payable	101,9	103,2
Liabilities related to freight	216,1	167,4
Accrued expenses	1087,3	191,6
Other liabilities	14,8	16
Total	8818,6	4386,2

In 2008-03-31 increase of the other payable amounts (for the dept's suppliers) basically was caused by the beforehand received amount for the warehouse sale and gained contributions for the participation in the auction.

16. Sales

Sales revenue, LTL thousand	2008-03-31	2007-03-31	%
Time charter income	22564,9	23617,8	95,7
Other time charter income	18,2	18,5	98,4
Freight income from short-term agreements	-	-	
Total:	22583,1	23636,3	95,7

Time charter income decreased due to a lower number of ships' work days, earlier sale of ships and later acquisition of ships, as well as due to the decrease in the exchange rate of the dollar. In 2008 all ships operated on the basis of time charter agreements.

17. Financing and Investing Activities

	2008-03-31	2007-03-31	%
Received interest	227,5	161,3	
Positive effect of changes in exchange rates	794,2	589,5	
Paid interest	(780,3)	(647,5)	
Negative effect of changes in exchange rates			
Total:	241,4	53,3	

18. Profit (Earnings) per Share

Profit per share is calculated by dividing the net profit of the period belonging to the owners of the shares LTL 747828 by the number of ordinary shares at the end of the period – 200901296.

19. Related Party Transactions

The Company regards the members of the board of directors, Director General, ship park management director, technical director, director of finance, chief financial officer and members of their families as related parties.


20. Test of Determining Fair Value

On 7 December 2007 the ship valuers from English White Shipping Limited determined that at the date of ship valuation the value of each ship and the total value of ships were higher than the carrying amounts. The total value of the ship park was USD 162 million or LTL 381,9 million.

21. Events After the Balance Sheet Date

In April 2008 it is planned to acquire a ship with a higher carrying capacity (above 24 thousand DWT). The ships "Kapitonas Serafinas" and "Kapitonas Stulpinas" were sold by auction in March. These ships' transference to the customer's property is planned in April-May 2008.

General Direktor



V. Vismantas