

AB "LIETUVOS JURU LAIVININKYSTE"
Financial Statements of 30 June 2007

EXPLANATORY NOTES

1. Accounting Policy

(a) Basis of Accounting

The Company's financial statements are prepared following IAS regulations, which came into force on the 1 of January 2007

The financial statements are prepared following accrual and going - concern principles of accounting. According to the accrual principle effect of transactions and other events is recognized when it appears, is registered in accounting entries and presented in the financial statements of the related periods.

The financial statements are prepared assuming that the Company does not have any intentions or requirements to liquidate or reduce significantly the scope of its operations.

(b) Non-current Assets

In the financial statements all economic resources that are at the disposal of the Company are recognized as assets if the Company expects to get a benefit from using the resources in future and if they have value which can be fairly evaluated.

In the financial statements non-current assets are stated at the actual acquisition value less accumulated depreciation. According to the Accounting Policy approved by the Board of Directors on the 18 of July 2001 all objects, the acquisition value of which is not less than 1 000 Lt and which are going to be used longer than one year, are attributed to non-current tangible assets. The liquidation value of the non-current tangible assets is 1 Lt, except ships "Akvile", "Asta", "Audre" and "Daina" (liquidation value 9-9,5%), "Alka", "Skalva", "Clipper Eagle", "Clipper Falcon"(10%), "Romuva", "Voruta"(2%), "Svilas", "Staris"(9,5%) and administrative building (6,3%)

Depreciation is calculated starting from the first day of the next month after the beginning of assets exploitation and finishing the month when the assets are written off or sold and when the whole value of the used non-current assets (less liquidation value) is transferred into the cost of production (work, services). Depreciation is calculated on a straight - line basis.

The value of repairs of non-current tangible assets which do not improve useful features of assets for a few years (and these costs of repair will not earn revenue in the future) is included into expenses of that reporting period in which they were implemented.

The values of the assets are reviewed at each balance sheet date in order to estimate their impairment. If there are indications of impairment a recoverable amount is calculated. A recoverable amount is the higher of the asset's expected net realizable value and its value in use. Loss from impairment of assets is registered when the book value of the asset is higher than the recoverable amount. All impairment losses are registered in profit (loss) statement.

The ships are repaired periodically according to requirements of the classificatory companies: the class of the ship is confirmed every 5 years (SS) after repair, when 3 years pass after SS repair the dock repair is exercised. The Company writes off to expenses the charges of repairs to confirm the class of the ship during 3 years and the charges of dock repairs during 2 years.

(c) Stocks

Stocks are recorded at their actual purchase cost or their production cost and stated in the financial statements at the lower of cost and net realisable value.

When buying stocks from other persons their purchase cost is determined by adding all taxes related to purchase (customs duties, etc.), transportation, preparation and other direct expenses related to stocks purchase to acquisition price and subtracting discounts and other price reductions. Non significant amounts

(or if they are constant for a few periods) of above mentioned expenses can be recognized as expenses of the period when they are incurred.

(d) Cash and Cash Equivalents

Cash includes cash on hand and in bank. Cash equivalents comprise short-term (up to three months) liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

In the Cash Flow Statement cash and cash equivalents include cash on hand, in bank and other short-term liquid investments.

(e) Provisions

Provisions are recognized only if the Company has a legal obligation or irrevocable undertaking as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required for discharging a legal obligation or irrevocable undertaking, and a reliable estimate can be made of the amount of obligation. Provisions should be revised on each balance sheet date adjusting their value having regard to new events and circumstances. If the amount of provisions is materially affected by changes in the value of money, provisions should be discounted to their current value. When the discounting is used the increase of the provision is accounted as interest expenses.

(f) Foreign Currency

Transactions in foreign currency are registered in accounting in the national currency, litas, on the basis of the official rate of litas and the corresponding foreign currency announced by the Bank of Lithuania at the date of transaction, except for accrued income and expenses, which are registered at the official rate of litas and the corresponding foreign currency announced by the Bank of Lithuania at the last date of the accounting period.

Foreign currency entries of the balance sheet are stated on the basis of the official rate of litas and the corresponding foreign currency announced by the Bank of Lithuania at the date of the financial statements. Foreign currency entries include cash in foreign currency as well as all amounts receivable and payable in foreign currency.

Changes in currency entries, which are due to changes in the rate of litas and the corresponding foreign currency announced by the Bank of Lithuania and arise because of performed transactions in foreign currency or revaluation of previously registered foreign currency entries, are recognized as income or expenses of the accounting period to which they are related.

(g) Recognition of Income

The moment of providing services is recognized as the moment of earning income. Services are considered to be rendered if a buyer pays for them at once or without significant additional conditions takes on the responsibility to pay later (when both parties of the transaction sign the appropriate document: invoice, waybill, etc.) Money received as advance payment for services in accounting records are shown as an increase in the Company's liabilities to the buyers. In such case income is recognized only after rendering the services.

Income from other activities includes income from profit of sold non-current assets and other income.

(h) Recognition of Expenses

An indicator of cost of services provided is always related to services rendered in the accounting period. This indicator includes only those charges, which were made for providing services in the accounting period. In cases when it is impossible to relate charges of the reporting period to particular income and those charges will not earn income in the future, they are recognized as expenses of the period when they are incurred.

2. Organizational structure and main activity

AB "Lietuvos jūrų laivininkystė" (LJL) is a joint stock company, founded after restructuring AB "Lietuvos jūrų laivininkystė" (LISCO).

LJL was registered in the Company Register, the certificate No. 027245. The date of registration is 27 June 2001. The Company's code is 110865039. The address is Malūnininkų g.3, Klaipėda.

The Company's management bodies are the general meeting of shareholders, the council of members, the board of directors and the general director.

The main Company's activity is shipping and lease of ships.

At the end of the reporting period 528 employees (61 on shore and 467 on board) were working in the Company.

Balance sheet

B.1. Non-current intangible assets, thousands Lt

	Acquisition cost	Amortisation	Residual value
1, January 2007	299,4	288,6	10,8
Acquisitions	3,3	-	-
Amortisation		4,1	
30 June 2007	302,7	292,7	10,0

In March 2007 non – current intangible assets increased by 3,3 thousands Lt as a result of purchase of the software for server service

B.2. Ships, , thousands Lt

	Acquisition cost	Amortisation	Residual value
1, January 2007	342808,6	102765,8	240048,8
Acquisitions	63518,8		
Amortisation		13142,0	
Sold and written of assets (-)	-2304,8	-6246,4	-
30 June 2007	398022,6	109661,4	288361,2

In March 2007 the mvs "Clipper Eagle " and " Clipper Falcon " were purchased . The mv "Kapitonas Simkus " was sold in February and the mv " Kapitonas A. Lucka " was sold in April.

B.3. Repairs of vessels

At the end of the financial period repairs charges that were recognized as assets – 3986,6 thousands Lt

The following amounts will be transferred to expenses 2007 – 2009 years.

B.4. Assets of deferred income tax

In 2007 year the Company has started applying a fixed tax on profit (and for the next ten years period). As a result profit tax basis has been changed. The deferred tax

assets of 5216,1 thousand LT (31.12.2006) and deferred tax of 3583,2 thousand LT (31.12.2007) and the difference between them that was written into deferred tax expenses will be not used for the future reporting periods.

B.5. Inventories, thousands Lt

	2007-06-30	2006-03-31
Inventories	1195,5	687,5

On 30.06.2007 the main part of advance payments consists of advance payment for repairs, technical supply and service of 1402,8 thousand LT including 863,2 thousand LT for repairs.

B.6. Prepayments, thousands Lt

	2007-06-30	2006-06-30
Prepayments	2147,9	2336,1

The main part of advance payments until 30.06.2007 is payments for technical supplies and services of 1402,8 thousand Lt.

B.7. Other current assets, thousands Lt

	2007-06-30	2006-06-30
Current investments	-	0,7
Time deposits	13228,6	8864,5
Advance of profit and social taxes	679,1	627,1
Total :	13907,7	9492,3

B.8. Cash and cash equivalents 30 June 2007 was 206,4 thousand Lt this includes:

Cash in national currency in bank accounts	69,8
Cash in foreign currency in bank accounts	67,1
Cash in LJL's till in national currency	9,8
Cash in LJL's till in foreign currency	59,7
Total:	206,4

B.9. Financial debts thousands Lt

	2007-06-30	2006-06-30
Financial debts payable after one year	64640,6	40137,3
Financial debts payable within one year	126540,0	3074,7
Total:	77294,6	43212,0

Until 30.06.2007 financial debts increased because of the bank loans received in March for purchases of the mvs " Clipper Eagle " and " Clipper Falcon ". The bank loans were provided by AB SEB " Vilniaus bankas ".

Profit (loss) statement

P.10. Income, thousands Lt

	2007-06-30	2006-06-30
Sales (revenue)	47257,6	53807,6

The income decreased in 2007 year due to the following reasons:

- decreased working days of vessels on hire;
- decreased hire rate equivalent per day;
- USD currency exchange rate for the half year was less than in 2006 year (50 % of the company income was earned in USD currency).

For the half year of 2007 all vessels were employed under long term time charter parties.

P.11. Cost of sales, thousands Lt

	2007-06-30	2006-06-30
Depreciation	13482,1	12149,1
Salaries and social insurance	7274,8	7759,6
Day allowance and food for sailors	4947,6	4972,7
Repair expenses	3114,7	3843,6
Broker and address committee	1298,5	1564,9
Insurance	2441,2	2561,3
Various port charges and taxes	31,7	93,1
Spare parts and materials	2969,4	3458,9
Journeys (changing crew) and transport	572,7	504,5
Diesel and fuel oil	52,9	251,8
Lubricants (various)	1411,3	1188,4
Funkcional expenses	3903,5	1845,7
Other	3232,5	1916,1
Total :	44732,9	42109,7

The increase of depreciation in the first part of 2007 year (as compared with 2006 year) was caused by the purchase of two high-priced vessels in March 2007.

P.12. Operational expenses, thousands Lt

	2007-06-30	2006-06-30
Salaries and social insurance	1879,2	2295,7
Business trips expenses	207,6	254,8
Depreciation	187,8	198,6
Premise maintenance	31,4	41,6
Insurance	37,5	37,3
Transportation expenses	34,6	40,2
Business maintenance expenses	76,4	72,1
Repair	7,2	3,3
Connection	104,7	97,4
Advertising and selling expenses	9,1	19,9
Bank services	96,1	74,0
Taxes	37,1	25,9
Consultations, legal and audit services	75,2	19,3
Other	154,1	255,7
Total :	2938,0	3435,8

P.13. Other activities

On 30.06.2007 other activities income was of 11029,9 thousand LT including income for two sold vessels – 10956,8 thousand LT. On 30.06.2006 other activities income was of 7849,6 thousand LT including income for two sold vessels – 7699,4 thousand LT.

P. 14 Financing and investing activities expenses.

Until 30.06.2007 the financing and investing activities expenses were 1868,6 thousand Lt of bank interest paid under the bank loan agreements for purchase of vessels. On 30.06.2006 the financing and investing expenses were 963,0 thousand Lt including 963,0 thousand Lt of bank interest paid under the bank loan agreements.

P.15. Profit per share, thousands Lt

Profit per share was calculated dividing the profit which belonged to the shareholders 8556,9 thousands Lt by the amount of ordinary shares at the end of the period 200 901 296 shares.

Cash flow statement

On 30.06.2007 cash flows decreased by 179,0 thousand LT as compared with beginning of the reported year. Insignificant decrease has been caused by the difference between the purchases of two vessels in March and the money received for the two sold vessels . The purchased vessels were partly paid from the Company own funds.

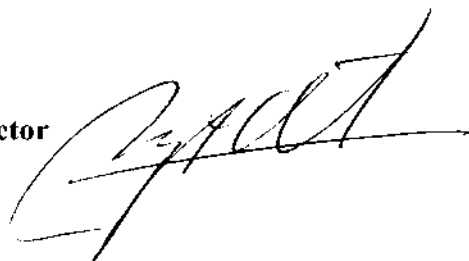
Statement of changes in equity

On 30.06.2007 the company equity was of 229705,1 thousand Lt. The company equity creased by 2400,0 thousand Lt as compared with the beginning of the reported year because of received cash profit.

Fixed tax on profit

Following the changes and supplements of May 3, 2007 in the Republic of Lithuania law on tax AB Lietuvos juru laivininkyste have chosen to apply fixed tax on profit when reporting about the current and next periods of profits that are subject to tax. The basis of fixed tax on profit is calculated per each 100 NT of a sea vessel applying fixed amount per a day and the result is multiplying by number of days of the AB Lietuvos juru laivininkyste tax period.

General director



Vytautas Vismantas

AB "Lietuvos jūrų laivininkystė"

(enterprise name)

110865039, Malūnininkų g.3, LT-92264 Klaipėda

(enterprise identification number, address, other information)

APPROVED

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Minutes No.....

of, 200..

BALANCE SHEET as of 30 June 2007

(date of formation of financial statements)

2007. 01.01 - 2007.06.30

(reporting date)

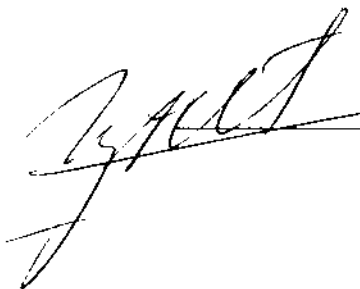
LTL

(currency of financial statement)

	ASSETS	Note, No	30 June 2007	31 December 2006
A.	NON-CURRENT ASSETS		299.660.485	257.258.660
I.	INTANGIBLE ASSETS	B.1.	10.097	10.838
I.1.	Development work			
I.2.	Goodwill			
I.3.	Licenses and patents			
I.4.	Computer software	B.1.	10.097	10.838
I.5.	Other intangible assets			
II.	TANGIBLE ASSETS		299.650.388	252.031.734
II.1.	Land			
II.2.	Buildings and constructions		3.418.851	3.447.386
II.3.	Machinery		3.332.056	2.542.614
II.4.	Vehicles and other transport means		305.285	384.242
II.5.	Ships	B.2.	288.361.208	240.042.755
II.6.	Repairs	B.3.	3.986.632	5.436.101
II.7.	Other tangible assets		246.356	178.636
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	B.4.	0	5.216.088
B.	CURRENT ASSETS		18.373.736	16.008.690
I.	INVENTORIES PREPAYMENTS and CONTRACTS IN PROGRESS		3.343.355	1.649.229
I.1.	Inventories	B.5.	1.195.473	813.198
I.1.1.	Raw materials and components		1.195.473	813.198
I.1.2.	Work in progress			
I.1.3.	Finished goods			
I.1.4.	Goods for resale			
I.2.	Prepayments	B.6.	2.147.882	836.031
I.3.	Contracts in progress			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		916.295	745.204
II.1.	Trade amounts receivable		690.515	545.201
II.2.	Receivable from subsidiaries and associates			
II.3.	Other amounts receivable		225.780	200.003
III.	OTHER CURRENT ASSETS	B.7.	13.907.721	13.299.968
III.1.	Current investments		0	350
III.2.	Time deposits		13.228.654	13.299.618
III.3.	Other current assets		679.067	
IV.	CASH and CASH EQUIVALENTS	B.8.	206.365	314.289
	TOTAL ASSETS :		318.034.221	273.267.350

	EQUITY AND LIABILITIES	Note No	30 June 2007	31 December 2006
C.	EQUITY		229.705.091	222.297.639
I.	CAPITAL		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		20.246.868	10.081.591
III.1.	Legal reserve		10.467.329	9.901.591
III.2.	Reserve for acquiring own shares			
III.3.	Other reserves		9.779.539	180.000
IV.	RETAINED PROFIT (LOSSES)		8.556.927	11.314.752
IV.1.	Profit (loss) of the reporting year		8.556.927	11.314.752
IV.2.	Profit (loss) of the previous year			
D.	GRANTS and SUBSIDIES			
E.	AMOUNTS PAYABLE and LIABILITIES		88.329.230	50.969.711
I.	NON - CURRENT AMOUNTS PAYABLE AND LIABILITIES		64.640.590	33.603.164
I.1.	Financial debts	B.9.	64.640.590	30.020.006
I.1.1.	Leases and similar obligations			
I.1.2.	To credit institutions		64.640.590	30.020.006
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	B.4.	0	3.583.158
I.6.	Other amounts payable and non-current liabilities			
II.	CURRENT AMOUNTS AND LIABILITIES		23.688.640	17.366.547
II.1.	Current portion of non-current debts			
II.2.	Financial debts	B.9.	12.654.047	9.494.232
II.2.1.	To credit institutions		12.654.047	9.494.232
II.2.2.	Other debts			
II.3.	Trade amounts payable		1.123.638	1.261.002
II.4.	Amounts received in advance		2.375.417	988.110
II.5.	Profit tax liabilities		2.120.146	2.067.302
II.6.	Liabilities related to employment relations		3.268.701	2.340.749
II.7.	Provisions		1.564.887	755.109
II.8.	Other amounts payable and current liabilities		581.804	460.043
	TOTAL EQUITY AND LIABILITIES :		318.034.321	273.267.350

General director



Vytautas Vismantas

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PROFIT(LOSS) STATEMENT as of 31 March, 2007

2007.01.01 - 2007.06.30


(reporting period)

LTL

(currency of financial statement)

No.	Items	Note No	30 june, 2007	30 june, 2006
I.	SALES REVENUE	P.10.	47.257.633	53.807.636
II.	COST OF SALES	P.11.	44.732.927	42.109.708
III.	GROSS PROFIT (LOSS)		2.524.706	11.697.928
IV.	OPERATING COSTS	P.12.	2.937.997	3.435.784
IV.1.	Sales		9.133	19.879
IV.2.	General and administrative		2.928.864	3.415.905
V.	OPERATING PROFIT (LOSS)		-413.291	8.262.144
VI.	OTHER ACTIVITIES		11.024.628	7.780.107
VI.1.	Income	P.13.	11.029.897	7.849.639
VI.2.	Expenses		5.269	69.532
VII.	FINANCING AND INVESTING ACTIVITIES		-368.737	-501.835
VII.1.	Income		1.499.890	461.185
VII.2.	Expenses	P.14.	1.868.627	963.020
VIII.	PROFIT(LOSS) FROM ORDINARY ACTIVITIES		10.242.600	15.540.416
IX.	EXTRAORDINARY GAIN			
X.	EXTRAORDINARY LOSSES			
XI.	PROFIT (LOSS) BEFORE TAXATION		10.242.600	15.540.416
XII.	PROFIT TAX		1.685.673	2.207.457
XIII.	NET PROFIT (LOSS)		8.556.927	13.332.959
XIV.	PROFIT PER SHARE (Lt)	P.15.	0,043	0,066

General director



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CASH FLOW STATEMENT as of 30 June, 2007

2007.01.01 - 2007.06.30

(reporting period)

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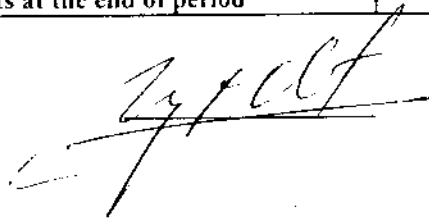
LTL

(currency of financial statement)

No.	Items	Note No	30 june, 2007	30 june, 2006
I.	Cash flows from operating activities			
I.1.	Net profit (loss)		8.556.927	12.604.626
I.2.	Depreciation and amortisation expenses		13.669.878	12.347.675
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventories		-382.275	-224.806
I.5.	Decrease (increase) in advance payments received		-1.311.851	-743.616
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade receivables		-145.314	-406.595
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		-25.776	-28.134
I.10.	Decrease (increase) in other current assets		-679.067	-627.108
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		1.249.943	-152.325
I.13.	Increase (decrease) in payable profit tax		52.744	3.307.483
I.14.	Increase (decrease) in liabilities to employees		927.951	1.956.934
I.15.	Increase (decrease) in provision		2.442.707	-178.694
I.16.	Increase (decrease) in other amounts payable and liabilities		121.763	-17.100
I.17.	Elimination of results of financing and investing activities		1.112.313	4.240
	Net cash flows from operating activities		25.589.943	27.842.580
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investment)		-64.965.571	-43.591.399
II.2.	Transfer of non-current assets (excluding investment)		3.677.780	6.317.937
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		-61.287.791	-37.273.462
III.	Cash flows from financing activities			
III.1.	Cash flows related to the owners of enterprise:			
III.1.1.	Issue of shares		-1.112.313	-4.240
III.1.2.	Owner's contributions to cover losses			
III.1.3.	Purchase of own shares			
III.1.4.	Dividends paid		-1.112.313	-4.240

No.	Items	Note No	30 june, 2007	30 june, 2006
III.2.	Cash flows related to other financing sources		37.780.397	9.206.095
III.2.1.	Increase in financial debts		48.540.300	17.954.560
III.2.1.1	Loans received		48.540.300	17.954.560
III.2.1.2	Issue of bonds			
III.2.2.	Decrease in financial debts		-10.759.903	-8.748.465
III.2.2.1	Loans received		-9.281.050	-7.639.157
III.2.2.2	Issue of bonds		-1.478.853	-1.109.308
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		59.137	292500
III.4.	Other decrease in cash flows from financial activities			
	Net cash flows from financing activities		36.727.221	9.494.355
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		-1.208.611	-292.503
VI.	Net increase (decrease) in cash flows		-179.238	-229.030
VII.	Cash and cash equivalents at the beginning of period		13.614.257	9.235.550
VIII.	Cash and cash equivalents at the end of period		13.435.019	9.006.522

General director



Vytautas Vismantas

AB "LIETUVOS JURU LAIVININKYSTĖ"
(enterprise name)

110865039 Malūnininku 3 LT-92264 Klaipėda
(enterprise identification number, address, other information)

Approved
By General meeting of shareholders
Minutes No.
of2007

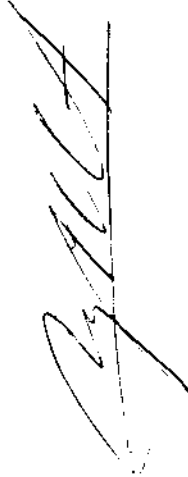
STATEMENT OF CHANGES IN EQUITY
as of 30 June, 2007

01.01.2007-30.06.2007
(reporting period)

LJL
(currency of financial statements)

	Paid share capital	Reserves provided by law		Other reserves	Retained earnings (losses)	Total
		Legal reserves	Acquisition of own shares			
Balance as of 31 December 2005	200 901 296	25 947 313		510 000	-16 375 722	210 982 887
Net profit (loss)						
Dividends						
Formed reserves				180 000	-180 000	
Used reserves		-16 045 722		-510 000	16 555 722	
Balance as of 31 December 2006	200 901 296	9 901 591		180 000	11 314 752	222 297 639
Net profit (loss)					8 556 927	8 556 927
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 30 June 2007	200 901 296	10 467 329		9 779 539	8 556 927	229 705 091

General director



Vytautas Vismanas
Generalinis direktorius