

**LIETUVOS JŪRŲ LAIVININKYSTĖ  
(LIMITED LIABILITY COMPANY)**

**FINANCIAL STATEMENTS**

**AS OF 30 SEPTEMBER` 2009**

## AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 September 2009

(in thousands of Litas, if not specified otherwise)

### EXPLANATORY NOTES

#### I. 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 Malūnininkų 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 30 September 2009 the Company had 440 employees, of which 53 in coast divisions and 387 on board

On 30 September 2009 the Company's shareholders were:

	2009-09-30		2008-09-30	
	Number of shares	Ownership percent	Number of shares	Ownership percent
State Property Fund (VĮ Valstybės turto fondas)	16.619.317	8,27%	16.689.155	8,3%
Ministry of Transport and Communication	113.833.000	56,66%	113.833.000	56,66%
Swedbank AS (Estonia)	11.706.741	5,83	16.849.753	8,4
DFDS TOR LINE A/S	11.108.420	5,53%	11.108.420	5,5%
UAB koncernas „Ahemos grupė“	20.328.117	10,12	-	-
Other small shareholders	27.305.701	13,59	42.420.968	21,14%

#### II. Accounting Policy

##### Compliance with the standards

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.

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), confirmed for application within the European Union.

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### **Functional and presentation currency**

In the financial statements numbers are presented in Litas. This currency is the functional currency of the Company. Transactions in foreign currencies are stated at the functional currency according to the official exchange rate on the day of transaction. Impact of changes in currency exchange rates is presented in the income statement. Litas is tied to Euro on the exchange rate of 1 Euro being equal to 3,4528 Litas.

### ***Standards, standard adjustments and interpretations valid in 2009, but not applicable to the Company***

The below stated standards, standard adjustments and interpretations, which are due to apply on the reporting periods starting on (or after) the 1st of January 2009, but not applicable to the activity of the Company:

IAS 11 Construction contracts  
IAS 20 Accounting for government grants and disclosure of government assistance  
IAS 28 Investments in associates  
IAS 29 Financial reporting in hyperinflationary economies  
IAS 31 Interests in joint ventures  
IAS 41 Agriculture  
IFRS 2 Share-based payment  
IFRS 3 Business combinations  
IFRS 4 Insurance contracts  
IFRS 6 Exploration for and evaluation of mineral resources  
IFRIC 2 Member's shares in co-operative entities and similar instruments  
IFRIC 5 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds  
IFRIC 6 Liabilities arising from participating in a specific market – waste electrical and electronic equipment  
IFRIC 7 Applying the Restatement Approach under IAS 29 Financial reporting in hyperinflationary economies  
IFRIC 8 Scope of IFRS 2  
IFRIC 9 Reassessment of embedded derivatives  
SIC 7 Introduction of the euro  
SIC 10 Government assistance – no specific relation to operating activities  
SIC 12 Consolidation – special purpose entities  
SIC 29 Disclosure – service concession arrangements

### ***Standards, standard adjustments and interpretations, which are not yet valid and Company did not apply them before time***

Below stated standards, standard adjustments and interpretations, which are due to be applicable on the Company's reporting periods starting on or after the 1st of January 2009 or any later periods, but which Company did not apply before time:

IFRIC 15 "Agreements for the Construction of Real Estate" will not be applicable to the Company and will not have significant influence on financial statements.

IAS 23 (adjustment) "Borrowing costs" (valid since 1 January 2009). This standard requires company to capitalise the borrowing costs directly attributable to criteria-matching asset (the one which takes a significant amount of time to prepare for use or sell) acquisition, construction or production, as a part of the asset acquisition cost. Possibility to immediately recognise these borrowing costs as expenses will be eliminated. The Company will start applying IAS 23 (adjusted) on 1 January 2009. The impact on the financial statements will not be present, because the Company has no such assets.

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IFRS 8 “Operating segments” (valid since 1 January 2009). IFRS 8 changed IFRS 14 and the information on segment presentation was matched with USA standard SFAS 131 “Disclosures about Segments of an Enterprise and related information” requirements. The new standard requires to apply “management method”, according to which information on segments is presented in the same way as the one used for the inner accounting purposes. The Company will start applying IFRS 8 on 1 January 2009.

SIC 13 “Jointly controlled entities – non-monetary contributions by ventures” and SIC 15 “Operating leases – incentives” will not be applicable to the Company because the Company does not pursue such activities.

IAS 1 “Presentation of financial statements”: adjustment, valid after 1 January 2009, changes the order of information presentation in the statement of changes in equity. The Company will start applying it on 1 January 2009, but no impact will be present.

IFRS 2 “Share-based payment” adjustment valid since 1 January 2009 and explains the indications of share-based payments and share-provision conditions, when shares become services. This standard will not be applicable to the activity of the Company.

IAS 32 “Financial instruments: presentation” related to financial instruments and obligations of sales, which arise when liquidating. This standard will not be applicable to the Company.

IAS 27 “Consolidated and separate financial statements”, IFRS 1 “First-time adoption of international financial reporting standards”, IFRS 28 “Investments in associates”, IFRS 29 “Financial reporting in hyperinflationary economies”, IFRS 31 “Interests in joint ventures”, IAS 40 “Investment property”, IAS 41 “Agriculture”, IAS 20 “Accounting for government grants and disclosure of government assistance”, IFRS 5 “Non-current assets held for sale and discontinued operations”, IAS 27 “Consolidated and separate financial statements (reviewed)”, IFRS 3 “Business combinations (reviewed)” adjustments, valid since 1 January 2009, but will not be applicable to the Company.

IAS 38 “Intangible assets”, IAS 16 “Property, plant and equipment”, IAS 7 “Cash-flow statements”, IFRS 7 “Financial instruments: disclosures”, IAS 39 “Financial instruments: recognition and measurement”, IAS 36 “Impairment of assets”, valid since 1 January 2009 and will be applied to the Company since 1 January 2009, but will not have any significant impact on the results.

### **Non-current Tangible 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. Acquisition value of ships is presented together with all of the ship equipment.

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 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.

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<b>Asset groups</b>	<b>Average period of useful life (in years)</b>
Ships	7 - 16
Plant and machinery	7 - 16
Vehicles and other transport means	6-10
Other fittings, fixtures, tools and equipment	4

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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. The Company reviews the liquidation value of the assets every year.

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 balance value of an asset is higher than its recoverable value. All losses related to impairment are presented in the income statement.

In accordance with the requirements of classification companies 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

Computer software and other intangible assets with the limited using period, are stated at cost less the amortization and losses due to impairment. Amortization is calculated applying direct method during the period of useful life. Non-current intangible assets are depreciated within the period of 3 years.

### Inventories

Inventories are presented in the balance sheet at the lower of purchase cost 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.

### 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.

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### **Cash and Cash Equivalents**

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. The Company has no cash equivalents currently.

In the cash flow statement cash comprise cash on hand, in bank accounts, at current accounts, deposits.

### **Liabilities**

Borrowing expenses are written off when they are incurred. At the initial recognition, liabilities are stated at the fair value of received funds. 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.

### **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.

### **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. Deferred income tax assets and liabilities are not further calculated, because according to the Corporate Income Tax Law of the Republic of Lithuania no temporary differences occur.

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.

### **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.

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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 revaluating currency entries registered earlier, are recognised as income or expenses from financial activities of the related reporting period.

### **Segments**

Accountable segments are active segments meeting the stated criteria. The Company gets separate financial information on these segments and the management makes decisions on evaluation of operating results on the basis of this information. Active segments are provided with segment liabilities, segment assets, particular income and expense article valuations, gross profit (loss) and it is all matched with financial statements of the Company. The Company does not divide it's segments in primary and secondary ones.

### **Payments to the Employees**

The Company considers salaries, social security fees, holiday allowances, compensations for two first days of sickness, premiums, grants, leave allowances, holiday accruals to be the payments to the employees and they are recognized as expenses when an employee has fulfilled his duties in exchange to the received allowance.

### **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.

### **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.

### **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.

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### **Contingencies**

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

Contingent assets are not recognised in the financial statements. They are disclosed, except for the cases when it is probable that the income or economic benefits will be received.

### **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.

### **Factors of Financial Risks**

When managing the risks, the Company mainly concentrates on credit, market, currency exchange rate, liquidity and interest rate, operating and legal risks. Main goal of financial risk management is to draw the line for the risk and then assure that the scope of risk does not cross this line. Proper functioning of internal rules is the basis for decreasing the operating and legal risks.

Financial risks arise from trade amounts receivable, cash and cash equivalents, trade amounts payable and other payables, loan liabilities. Credit risk arises from cash, bank deposits, residue of amounts receivable. The Company only chooses the banks with high rankings, trade amounts receivable are being reviewed every week to determine the status of the payment. There is no concentration of significant credit risk in the Company.

Management of liquidity risks allows to keep a sufficient amount of cash and also financing according to the agreed credit instruments. The Company manages liquidity risk by planning cash flows ahead, considering the level of liquid assets and terms of loan returning. The Company is avoiding the liquidity and credit risks by having 1 million EUR in the term deposits.

The Company's income does not depend on changes in interest rates due to the fact that the Company has no material interest earning assets, except for the term deposits. Interest rate risks arise from long-term loans, provided with changing interest rate (LIBOR, EURIBOR). The Company did not use any derivative financial instruments to control the risks of interest rate fluctuations. Considering the pursued simulations, the management of the Company assumes that even if the interest rate increases or decreases by 0.5%, the change of net profit and equity would not be significant to the financial statements of the Company. In the reporting year the Company returned the loan of 800 thousand USD before the due term due to the worsen situation in the international markets.

The Company has a significant risk of currency exchange rates fluctuations, because 47% of Company's income is earned in USD and the rest in Euros. Euro is tied to functional currency Litas, so no significant fluctuations are present, but the USD is widely used in payments to the partners and no derivative financial instruments are used to reduce the risks of currency exchange rate fluctuations.

Other price risk, residual asset value risk is evaluated every time when preparing the financial statements. The Company has insured the ships, risk of transporting, risk of cargo losses, risk of environment pollution (when travelling to the USA) in the insurance companies and unions.



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### **Management of Capital Risks**

The goal of capital risk management is to assure Company's going concern, to earn profit for the shareholders, to maintain the optimal structure of capital by decreasing the cost of capital. To maintain and adjust the structure of capital, the Company is able to adjust the amount of dividends paid to the shareholders, to return the capital to the shareholders, to issue new shares, to sell assets and in this way reduce the debts.

The Company is in control of capital based on the debt and equity capital ratio, which is calculated by dividing the debts in net value by total capital. Debt in net value is calculated by subtracting cash and cash equivalents from the gross amount of debts. Total capital is calculated as equity capital, presented in the balance sheet, with added debts in net value.

According to the Company Law of the Republic of Lithuania, the capital of the company has to be at least 150 thousand Litas and the amount of equity capital has to be at least 50% of company's authorized capital. The Company fulfilled these requirements.

### **Evaluation at fair value**

Fair value is the amount payable or paid in the market environment between the buyer and seller. When management thinks that fair value of financial assets and liabilities significantly differs from their book value, the calculation of such fair value is disclosed separately in the explanatory notes.

When determining the ship use value, the future cash flows were evaluated on a basis of a five year budget confirmed by the management. Future cash flows included planned cash inflow when constantly using the assets, planned cash outflows to collect the planned cash inflows, net cash flows, received due to asset transfer at the end of it's useful life. Discount rate was selected considering the cash timing value and risks typical to these assets and business activity.

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**III. Explanatory Notes****1. Non-current Intangible Assets**

	Computer software
<b>Acquisition value</b>	
31 December 2007	301,2
Acquisitions	59,6
Write-offs	-
31 December 2008	360,8
Acquisitions	-
Write-offs	-
30 September 2009	360,8
<b>Accumulated amortisation</b>	
31 December 2007	293,9
Calculated during the period	9,6
31 December 2008	303,5
Calculated during the period	16,9
30 September 2009	320,4
<b>Carrying amount</b>	
31 December 2007	7,3
31 December 2008	57,3
30 September 2009	40,4

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

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**2. Non-current Tangible Assets, in thousand LTL**

Items	Buildings and constructions	Plant and machinery	Ships	Other transport means	Repair	Other tangible assets	Total
<b>Acquisition value</b>							
<b>31 December 2007</b>	3.737,4	5.445,9	419.754,1	801,8	3.510,2	560,6	433.809,0
Acquired	---	1.490,0	77.222,2	---	6.994,8	65,0	85.772,0
Written-off (-)	(65)	(512,7)	(10.970,5)	(0)	(2.259,2)	(58,1)	(13.865,5)
Reclassifications	---	(5.220,2)	5.220,2	---	---	---	---
<b>31 December 2008</b>	3.672,4	1.202,0	491.226,0	801,8	8.245,8	567,5	505.715,5
Acquired		2,3	956,8		1.755,4	31,5	2.746,0
Written-off		(390,2)	(7.946,2)		(4.441,3)	(49,5)	(12.827,2)
30 September 2009	3.672,4	1.814,1	484.236,6	801,8	5.559,9	549,5	495.634,3
<b>31 December 2007</b>	---	---	(36.885,9)	---	---	---	(36.885,9)
Impaired (-)	---	---	(24.521,0)	---	---	---	(24.521,0)
Reversed impairment	---	---	---	---	---	---	---
<b>31 December 2008</b>	---	---	(61.406,9)	---	---	---	(61.406,9)
<b>Accumulated depreciation</b>			---	---	---	---	---
<b>31 December 2007</b>	347,1	2.439,3	108.686,6	501,2	---	306,9	112.281,0
Accounted for the period	52,1	806,3	27.336,0	165,1	---	61,4	28.421,0
Written-off (-)	(43,8)	(393,0)	(9.840,0)	---	---	(27,5)	(10.304,3)
Reclassifications	---	(1.913,6)	1.913,6	---	---	---	---
<b>31 December 2008</b>	355,5	939,0	128.096,2	666,3	---	340,8	130.397,7
Accounted for the period	37,9	80,9	20.597,5	74,5	---	45,7	20.836,5
Written-off		(390,2)	(7.474,8)			(44,2)	(7.909,2)
30 September 2009	393,3	629,7	141.218,9	740,8		342,3	143.325,0
<b>31 December 2007</b>	3.390,3	3.005,6	274.181,6	300,6	3.510,2	253,7	284.642,1
<b>31 December 2008</b>	3.317,0	262,9	301.722,8	135,5	8.245,8	226,7	313.910,7
<b>30 September 2009</b>	3.279,1	184,4	281.610,8	61,0	5.559,9	207,2	290.902,4

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**Ships**

At the end of the financial period the non-current tangible assets of AB "Lietuvos jūrų laivininkystė" included 13 ships, administrative building, machinery and equipment. In May 2009 the m/v "Algirdas" was sold.

9 ships are mortgaged for loans received from SEB bankas (No 10 note)

**3. Ship Repairs**

Ship repair expenses of LTL 5560,0 thousand were recognized as assets.

This amount will be transferred to expenses according to the table below:

2009	-	LTL 1.428,2 thousand
2010	-	LTL 3.026,4 thousand
2011	-	LTL 921,4 thousand
2012	-	LTL 184,0 thousand

**4. Inventories and Prepayments**

	31-12-2008	30-09-2009
Ships bunker	-	738,0
Spare parts	852,8	699,4
Food provision on ships	159,5	108,2
Prepayments	1994,0	1.383,9
Total:	3006,3	2.929,5

**5. Amounts Receivable**

	31-12-2008	30-09-2009
Trade receivables	180,7	109,2
Foreign trade debtors	742,3	709,1
Amounts receivable from State budget	7,9	40,0
Prepayments to ships	108,7	147,4
Overpayment of income tax	144,0	-
Other amounts receivable	188,9	41,3
Total:	1.372,5	1.047,0

In the foreign trade amounts receivable of 2009 the amount of LTL 321,2 thousand due to the damage of the cargo of motor ship "Skalva" (at the beginning of 2006) is included. This amount is covered by insurance, so insurance company is examining the circumstances of the cargo damage and the amount should be paid back to the Company.

**6. Term Deposits**

	31-12-2008	30-09-2009
Term deposits	4006,0	-
Other current assets	144,3	20
Total:	4.150,3	20

Term deposits due reduced earnings of the fleet as a result of financial crisis.

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**7. Cash and Cash Equivalents**

	30-12-2008	30-09-2009
Cash in bank in national currency	181,8	70,9
Cash in bank in foreign currencies	1.016,8	784,7
LJL's cash on hand in national currency	4,4	5,4
LJL's cash on hand in foreign currencies	25,0	35,4
Total:	1.228,0	896,4

**8. Capital**

	Authorised capital	Share premiums	Total
31 December 2008	200901,3	-	200901,3
New emission of shares	-	-	-
Acquisition of own shares	-	-	-
30 September 2009	200901,3	-	200901,3

On 30 September 2009 the Company's authorised capital consisted of 200 901 296 ordinary registered shares. With par value of LTL 1 for each share.

**9. Reserves**

	31-12-2008	30-09-2009
Compulsory legal reserves	20090,1	20090,1
Reserve for acquisition of ships	29594,1	10001,8
Reserve for employees' bonuses	150,0	45,3
Reserve for social and cultural activities	50,8	20,9
Total:	49885,0	30158,1

Untapped reserves for vessel purchase, bonus for employees and fund for social and cultural requirements of 2008 year and were left for the use in 2009 year by the decision of the general shareholders meeting of April 29, 2009.

**10. Financial Liabilities (to credit institutions)**

	31-12-2008	30-09-2009
Payable after one to five years	67.606,9	68.817,2
Payable within one year	16.162,0	3.475,9
<b>Total</b>	<b>83.768,9</b>	<b>72.293,1</b>
Balance of loans at the beginning of the year	61.035,8	83.768,9
Loans received	51.775,3	-
Loans repaid	(33.072,9)	(9.350,1)
Effect of exchange rates	4.030,7	(2.125,7)
<b>Balance of loans at the end of period</b>	<b>83.768,9</b>	<b>72.293,1</b>

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(in thousands of Litas, if not specified otherwise)

All financial liabilities of LJL to banks are secured by assets. 9 ships (m/v "Romuva" was mortgaged additionally in third quarter of 2009) with the carrying amount of LTL 216.302,1 thousand are mortgaged. Loan repayment term is due in 2015.

**11. Income Tax Liabilities**

The Company is paying a fixe tonnage fee. At the end of the reporting period the Company has an overpayment of income tax in the amount of LTL 26,4 thousand.

**12. Liabilities Related to Employment Relations**

	31-12-2008	30-09-2009
Provision for annual leaves (salaries)	1.772,3	1.179,9
Provision for annual leaves (social insurance)	549,1	365,5
Payable salaries	-	549,3
Payable social insurance contributions	418,4	377,8
Amount payable to guarantee fund	1,2	0,9
Total	2.741,0	2.473,4

**13. Provisions**

	31-12-2008	30-09-2009
Provisions for not received invoices	959,0	544,0

Provisions for not received invoices are evaluated having received preliminary calculations of the vessels cost and expenses incurred.

**14. Other Amounts Payable**

	31-12-2008	30-09-2009
Debts to agents	15,2	4,3
Debts to suppliers	1.066,5	1.591,7
Prepayments from clients	3.689,8	2.801,7
Dividends payable	103,2	99,4
Liabilities related to freight	-	736,4
Accrued expenses	93,7	84,0
Other liabilities	84,6	39,0
Total	5.052,8	5.356,5

**AB „Lietuvos jūrų laivininkystė“**

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

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(in thousands of Litas, if not specified otherwise)

**15. Sales**

Sales revenue, LTL thousand	30-09-2008	30-09-2009	%
Time charter income	66.422,1	43.214,1	65,2
Other time charter income	-	534,4	-
Freight income from short-term agreements	-	2.380,6	-
Other income	39,8	43,2	108,5
Total:	66.461,9	46.232,3	69,6

Time charter party earnings reduced due to decreased number of vessels and as a result of worldwide financial crisis. The daily hire rates reduced about 50 per cent.

**16. Personnel expenses**

	30-09-2008	30-09-2009	%
Remuneration and social security	15.176,6	11.768,3	77,5
Daily allowances	5.700,9	4.511,1	79,1
Crew victualling	953,8	873,4	91,6
Crew change transport	877,5	755,8	86,1
Business trips	288,6	231,6	80,2
Other personnel expenses	699,7	362,2	71,8
Total :	23.697,1	18.502,4	78,1

Personnel expenses reduced in the reported period of 2009 year if it is compared with 2008 year due to decreased number of vessels and the reduction in company cost following the worldwide financial crisis.

**17. Ship maintenance expenses**

	30-09-2008	30-09-2009	%
Address and brokers commission	1.817,5	1.368,5	75,3
Supply	703,1	212,9	30,3
Spares and materials	5.868,1	4.337,3	73,9
Lubricants	2.072,8	2.049,3	98,9
Inspection, maintenance of lifesaving, fire safety equipment	545,8	336,6	61,7
Ship appraiser services	1.185,1	1384,2	116,8
Maintenance of radio, navigation equipment electronic device	1.245,0	379,9	30,5
Insurance	2.840,6	3.150,4	110,9
Communication expenses	137,2	204,9	149,3
Bunkers	97,8	1.096,2	1.120,8
Other expenses	2.506,1	3.237,7	129,2
Total :	19.019,1	17.757,9	93,4

**AB „Lietuvos jūrų laivininkystė“**

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 September 2009

(in thousands of Litas, if not specified otherwise)

**18. Other administrative and selling expenses**

	30-09-2008	30-09-2009	%
Bank services	80,5	55,6	69,1
Fuel used for cars, maintenance expenses	51,4	46,8	91,1
Computer programs, computers net maintenance expenses	88,1	112,9	128,1
Telecommunications and post services	148,0	86,5	58,4
Public services	66,9	68,2	101,9
Experts property valuation services	90,6	84,5	93,3
Insurance	39,4	29,6	75,1
Property insurance, deductibles	28,4	375,4	1.321,8
Other expenses	282,8	165,1	58,4
Total :	876,1	1.024,6	117,0

**19. Financing and Investing Activities**

	30-09-2008	30-09-2009	%
Received interests	73,8	9,8	13,4
Income for time deposits	584,2	19,6	3,3
Positive effect of currency exchange rates	-	1.815,8	-
Paid interests	(2.439,2)	(1.911,9)	-
Negative effect of currency exchange rates	(3.169,5)	-	-
Total:	(4.451,4)	(66,7)	

**20. Profit (Earnings) per Share**

Profit per share is calculated by dividing the net losses of the period (-15.994,9 thousand) LTL belonging to the owners of the shares by the number of ordinary shares at the end of the period – 200.901.296 shares.

**21. Cash Flow Statement**

At the end of the reported period (30.09.2009) the cash of LTL 896,4 thousand. The cash reduced for LTL 4.337,6 thousand as from the beginning of the current year. The reduction was due to worldwide financial crisis and decreased daily hire rates of the vessels.

**22. Statement of Changes in Equity**

On 30.09.2009 the company's assets were of LTL 215.064,6 thousand. The assets were reduced as from the beginning of the reported year due to LTL 15.994,9 losses.



**AB „Lietuvos jūrų laivininkystė“**

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 September 2009

(in thousands of Litas, if not specified otherwise)

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**23. Related Party Transactions**

The Company regards the members of the board of directors, General Director, director operations and chartering, technical director, director of finance, chief accountant and members of their families as related parties.

**24. Segments**

The Company operates in one business segment. Geographical segments are not determined.

**25. Events after the Balance Sheet Date**

The freight market getting worse and daily hire rates reduction the company financial situation in 2009 year remains complicated. The company is conducting negotiations with the bank regarding bank loan repayment in fourth quarter and possible its repayment extension for a late 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**

by General meeting of shareholders

Minutes No.....

of .... , 200..

**PROFIT(LOSS) STATEMENT as of 30 September, 2009**

2009. 01.01 - 2009.09.30  
(reporting period)

LTL

(currency of financial statement)

No.	Items	Note No	30 September, 2009	30 September, 2008	01 July to 30 September, 2009	01 July to 30 September, 2008
I.	SALES REVENUE	15.	46.232.261	66.461.898	13.216.889	23.753.393
II.	EXPENSES					
II.1.	Personnel expenses	16.	18.502.370	23.697.154	5.763.053	7.569.454
II.2.	Ship maintenance expenses	17.	17.757.929	19.019.142	6.721.022	8.417.530
II.3.	Ship repair expenses		8.485.492	11.918.847	1.352.638	5.275.405
II.4.	Other administrative and selling expenses	18.	1.024.653	876.069	399.451	174.090
	<b>Total expenses</b>		<b>45.770.444</b>	<b>55.511.212</b>	<b>14.236.164</b>	<b>21.436.479</b>
	<b>Profit (earnings) before depreciation (EBITDA)</b>		<b>461.817</b>	<b>10.950.686</b>	<b>-1.019.275</b>	<b>2.316.914</b>
III	Profit from sales of ships		4.565.884	33.343.567	0	0
IV.1	Depreciation of ships		20.629.000	20.710.237	6.757.209	7.363.122
IV.2	Depreciation of other assets		224.414	235.654	53.132	81.733
	<b>Profit (earnings) before interest (EBIT)</b>		<b>-15.825.713</b>	<b>23.348.362</b>	<b>-7.829.616</b>	<b>-5.127.941</b>
V.1	Effect of changes in exchange rates (profit)	19.	1.815.831	-3.169.535	2.618.928	-5.526.058
V.2	Net interest expenses	19.	1.882.463	1.781.945	489.661	755.854
	<b>Profit before tax</b>		<b>-15.892.345</b>	<b>18.396.882</b>	<b>-5.700.349</b>	<b>-11.409.853</b>
VI.	Income tax		102.601	876	64.682	876
	<b>NET PROFIT</b>		<b>-15.994.946</b>	<b>18.396.006</b>	<b>-5.765.031</b>	<b>-11.410.729</b>
	<b>Profit (earnings) per share, LTL</b>	20.	<b>-0,0796</b>	<b>0,0916</b>	<b>-0,0287</b>	<b>-0,0568</b>

General Director

Vytautas Vismantas

**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 30 September 2009**

(date of formation of financial statements)

2009.01.01 - 2009.09.30

(reporting date)

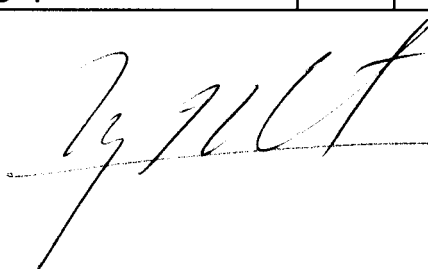
**LTL**

(currency of financial statement)

	<b>ASSETS</b>	<b>Note, No</b>	<b>2009 m. September 30d</b>	<b>2008 m. December 31d</b>
<b>A.</b>	<b>NON-CURRENT ASSETS</b>		<b>290.942.755</b>	<b>313.968.102</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	<b>1.</b>	<b>40.385</b>	<b>57.312</b>
I.1.	Development work			
I.2.	Goodwill			
I.3.	Licenses and patents			
I.4.	Computer software	<b>1.</b>	40.385	57.312
I.5.	Other intangible assets			
<b>II.</b>	<b>TANGIBLE ASSETS</b>	<b>2.</b>	<b>290.902.370</b>	<b>313.910.790</b>
II.1.	Land			
II.2.	Buildings and constructions		3.279.077	3.317.008
II.3.	Machinery		184.391	262.884
II.4.	Vehicles and other transport means		60.961	135.521
II.5.	Ships	<b>2.</b>	281.610.833	301.722.851
II.6.	Repairs	<b>3.</b>	5.559.936	8.245.798
II.7.	Other tangible assets		207.172	226.728
<b>III.</b>	<b>FINANCIAL ASSETS</b>			
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			
<b>IV.</b>	<b>ASSETS OF DEFERRED INCOME TAX</b>			
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>4.892.972</b>	<b>9.613.184</b>
<b>I.</b>	<b>INVENTORIES PREPAYMENTS and CONTRACTS IN PROGRESS</b>		<b>2.929.548</b>	<b>3.006.349</b>
I.1.	Inventories	<b>4.</b>	1.545.631	1.012.298
I.1.1.	Raw materials and components		1.545.631	1.012.298
I.1.2.	Work in progress			
I.1.3.	Finished goods			
I.1.4.	Goods for resale			
I.2.	Prepayments	<b>4.</b>	1.383.917	1.994.051
I.3.	Contracts in progress			
<b>II.</b>	<b>AMOUNTS RECEIVABLE WITHIN ONE YEAR</b>	<b>5.</b>	<b>1.047.048</b>	<b>1.228.502</b>
II.1.	Trade amounts receivable		820.445	1.065.731
II.2.	Receivable from subsidiaries and associates			
II.3.	Other amounts receivable		226.603	162.771
<b>III.</b>	<b>OTHER CURRENT ASSETS</b>	<b>6.</b>	<b>20.000</b>	<b>4.150.317</b>
III.1.	Current investments			
III.2.	Time deposits			4.005.998
III.3.	Other current assets		20.000	144.319
<b>IV.</b>	<b>CASH and CASH EQUIVALENTS</b>	<b>7.</b>	<b>896.376</b>	<b>1.228.016</b>
	<b>TOTAL ASSETS :</b>		<b>295.835.727</b>	<b>323.581.286</b>

	<b>EQUITY AND LIABILITIES</b>	<b>Note No</b>	<b>2009 m. September 30d</b>	<b>2008 m. December 31d</b>
<b>C.</b>	<b>EQUITY</b>		<b>215.064.555</b>	<b>231.059.501</b>
<b>I.</b>	<b>CAPITAL</b>	<b>8.</b>	<b>200.901.296</b>	<b>200.901.296</b>
I.1.	Authorised (subscribed)		200.901.296	200.901.296
I.2.	Subscribed uncalled share capital (-)			
I.3.	Share premium			
I.4.	Own shares (-)			
<b>II.</b>	<b>REVALUATION RESERVE (RESULTS)</b>			
<b>III.</b>	<b>REZERVES</b>	<b>9.</b>	<b>30.158.205</b>	<b>49.884.995</b>
III.1.	Legal reserve		20.090.130	20.090.130
III.2.	Reserve for acquiring own shares			
III.3.	Other reserves		10.068.075	29.794.865
<b>IV.</b>	<b>RETAINED PROFIT (LOSSES)</b>	<b>10.</b>	<b>-15.994.946</b>	<b>-19.726.790</b>
IV.1.	Profit (loss) of the reporting year		-15.994.946	-19.726.790
IV.2.	Profit (loss) of the previous year			
<b>D.</b>	<b>GRANTS and SUBSIDIES</b>			
<b>E.</b>	<b>AMOUNTS PAYABLE and LIABILITIES</b>		<b>80.771.172</b>	<b>92.521.785</b>
<b>I.</b>	<b>NON - CURRENT AMOUNTS PAYABLE AND LIABILITIES</b>	<b>10.</b>	<b>68.817.152</b>	<b>67.606.901</b>
I.1.	Financial debts		68.817.152	67.606.901
I.1.1.	Leases and similar obligations			
I.1.2.	To credit institutions		68.817.152	67.606.901
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			
I.6.	Other amounts payable and non-current liabilities			
<b>II.</b>	<b>CURRENT AMOUNTS AND LIABILITIES</b>		<b>11.954.020</b>	<b>24.914.884</b>
II.1	Current portion of non-current debts			
II.2.	Financial debts	<b>10.</b>	3.475.945	16.162.017
II.2.1.	To credit institutions		3.475.945	16.162.017
II.2.2.	Other debts			
II.3.	Trade amounts payable		1.595.962	1.081.705
II.4.	Amounts received in advance		2.801.662	3.689.835
II.5.	Profit tax liabilities	<b>11.</b>	104.124	
II.6.	Liabilities related to employment relations	<b>12.</b>	2.473.399	2.741.013
II.7.	Provisions	<b>13.</b>	544.000	959.000
II.8.	Other amounts payable and current liabilities	<b>14.</b>	958.928	281.314
	<b>TOTAL EQUITY AND LIABILITIES :</b>		<b>295.835.727</b>	<b>323.581.286</b>

General Director



Vytautas Vismantas

**AB "Lietuvos jūrų laivininkystė"**

(enterprise name )

110865039, Malūnininkų g.3, LT-92264 Klaipėda

( enterprise identification number, address, other information )

**CASH FLOW STATEMENT as of 30 September, 2009**2009. 01.01 - 2009.09.30

(reporting period)

**APPROVED**

by General meeting of shareholders

Minutes No.....

of .... .., 200...

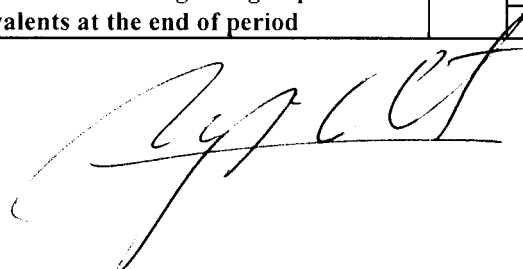
LTL

(currency of financial statement)

No.	Items	Note No	30 September, 2009	30 September, 2008
<b>I.</b>	<b>Cash flows from operating activities</b>			
I.1.	Net profit (loss)		-15.994.946	18.396.005
I.2.	Depreciation and amortisation expenses		20.853.414	20.945.892
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventories		-533.334	1.337.725
I.5.	Decrease (increase) in advance payments received		610.134	1.732.540
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade receivables		245.286	-632.554
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		-63.832	124.562
I.10.	Decrease (increase) in other current assets		204.162	-262.105
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		-373.917	1.982.255
I.13.	Increase (decrease) in payable profit tax		0	0
I.14.	Increase (decrease) in liabilities to employees		-267.613	1.037.242
I.15.	Increase (decrease) in provision		-415.000	-331.573
I.16.	Increase (decrease) in other amounts payable and liabilities		701.894	37.761
I.17.	Elimination of results of financing and investing activities		3.600	494.117
	<b>Net cash flows from operating activities</b>		<b>4.969.848</b>	<b>44.861.867</b>
<b>II.</b>	<b>Cash flows from investing activities</b>			
II.1.	Acquisition of non-current assets (excluding investment)		-990.609	-78.675.044
II.2.	Transfer of non-current assets (excluding investment)		3.162.543	-454.751
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			
	<b>Net cash flows from investing activities</b>		<b>2.171.934</b>	<b>-79.129.795</b>
<b>III.</b>	<b>Cash flows from financing activities</b>			
III.1.	Cash flows related to the owners of enterprise:		-3.600	-494.117
III.1.1.	Issue of shares			
III.1.2.	Owner's contributions to cover losses			
III.1.3.	Purchase of own shares			
III.1.4.	Dividends paid		-3.600	-494.117

No.	Items	Note No	30 September, 2009	30 September, 2008
III.2.	Cash flows related to other financing sources		-11.475.820	24.718.809
III.2.1.	Increase in financial debts			51.775.300
III.2.1.1	Loans received			51.775.300
III.2.1.2	Issue of bonds			
III.2.2.	Decrease in financial debts		-11.475.820	-27.056.491
III.2.2.1	Loans received		-9.350.132	-29.336.054
III.2.2.2	Issue of bonds		-2.125.688	2.279.563
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		1.815.831	
III.4.	Other decrease in cash flows from financial activities			-3.668.495
	<u>Net cash flows from financing activities</u>		<b>-9.663.589</b>	<b>20.556.197</b>
IV.	<b>Cash flows from extraordinary items</b>		0	0
IV.1.	Increase in cash flows from extraordinary items			
IV.2.	Decrease in cash flows from extraordinary items			
V.	<b>The effects of changes in foreign exchange rates on the balance of cash and cash equivalents</b>		<b>-1.815.831</b>	<b>3.169.535</b>
VI.	<b>Net increase (decrease) in cash flows</b>		<b>-4.337.638</b>	<b>-10.542.196</b>
VII.	<b>Cash and cash equivalents at the beginning of period</b>		<b>5.234.014</b>	<b>22.989.656</b>
VIII.	<b>Cash and cash equivalents at the end of period</b>		<b>896.376</b>	<b>12.447.460</b>

General Director



Vytautas Vismantas

AB "LIETUVOS JŪRŲ LAIVININKYSTĖ"

(enterprise name)

110865039 Malūnininkų 3 LT-92264 Klaipėda

(enterprise identification number, address, other information)

**STATEMENT OF CHANGES IN EQUITY AS OF  
30 SEPTEMBER 2009**

**2009.01.01 - 2009.09.30**  
(reporting period)

LTL  
(currency of financial statements)

	Share capital	Reserves provided by the law		Other reserves	Retained earnings (losses)	Total
		Legal	Acquisition of own shares			
<b>Balance as of December 31, 2007</b>	200.901.296	10.467.329		9.779.539	30.137.085	251.285.249
Net profit (loss) of the accounting period					18.396.005	18.396.005
Dividends					-498.958	-498.958
Formed reserves		9.622.801		29.794.865	-39.417.666	
<b>Balance as of 30 September 2008</b>	200.901.296	20.090.130		39.574.404	8.616.466	269.182.296
Net profit (loss) of the accounting period					-19.726.790	-19.726.790
Dividends					-498.958	-498.958
Formed reserves		9.622.801		29.794.865	-39.417.666	
Used reserves				-9.779.539	9.779.539	
<b>Balance as of December 31, 2008</b>	200.901.296	20.090.130		29.794.865	-19.726.790	231.059.501
Net profit (loss) of the accounting period					-15.994.946	15.994.946
Dividends						
Formed reserves						
Panaudoti rezervai						
<b>Balance as of 30 September, 2009</b>	200.901.296	20.090.130		-19.726.790	-19.726.790	215.064.555
				10.068.075	-15.994.946	215.064.555

**General director**

**Vytautas Vismantas**

