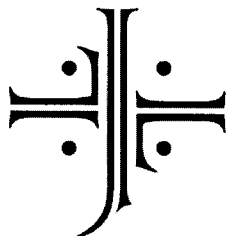


AKCINĖ BENDROVĖ
"LIETUVOS JŪRŲ LAIVININKYSTĖ"



PUBLIC COMPANY
"LITHUANIAN SHIPPING COMPANY"

To: Lithuanian Securities commission
Konstitucijos pr.23,
LT-08105 Vilnius,
Lithuania

2008-04-15 Nr. (01)-5-203
Klaipėda

l _____ Nr. _____

CONFIRMATION BY THE RESPONSIBLE PERSONS OF PUBLIC COMPANY
"LITHUANIAN SHIPPING COMPANY"

Following the Rules of Preparation and Submission of Periodic and Supplemental Information of the Securities Commission of the Republic of Lithuania as well as the Law on Securities of the Republic of Lithuania, Item 22, we hereby confirm that, to the best of our knowledge. Financial statement for the year ended 31 December 2007, drawn in accordance with the International Financial Reporting Standards, corresponds to the reality and properly reflects the assets, liabilities, financial state, profit or loss of Public Company "Lithuanian Shipping Company".

Attach:

1. Financial statement of Public Company "Lithuanian Shipping Company" of the year ended 31 December 2007, prepared in accordance with the International Financial Reporting Standards.
2. Public Company "Lithuanian Shipping Company" Annual Report for 2007.

Public Company "Lithuanian Shipping Company"
General Director

Vytautas Petras Vismantas

Public Company "Lithuanian Shipping Company"
Chief Accountant

Arvydas Stropus

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

**INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007**

CONTENTS

INDEPENDENT AUDITOR'S REPORT	3
INCOME STATEMENT	5
BALANCE SHEET	6
STATEMENT OF CHANGES IN EQUITY	8
CASH FLOW STATEMENT	9
EXPLANATORY NOTES	10
ANNUAL REPORT	22

Independent Auditor's Report**to the shareholders of AB „LIETUVOS JURU LAIVININKYSTE“***Report on Financial Statements*

We have audited the financial statements of AB "Lietuvos Juru Laivininkyste" (hereinafter referred to as "the Company") comprising the balance sheet for the year ended 31 December 2007, income statement, statement of changes in equity, cash flow statement as well as summary of significant accounting principles and other explanatory notes for the year then ended presented on pages 5-21.

Management's Responsibility for the Financial Statements

The management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing and maintaining internal control system relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements on the basis of our audit. The audit was conducted in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the enclosed financial statements present a true and fair view of the Company's financial position as of 31 December 2007 and its performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

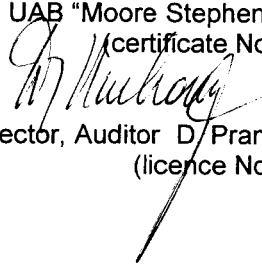
J. Kubiliaus g. 6
LT – 08234 Vilnius
Lietuva

Tel: +370 (5) 268 5930
Fax: +370 (5) 268 5929
admin@moorestephens.lt
www.moorestephens.lt

Report on Other Legal and Regulatory Requirements

Additionally, we have reviewed the annual report of 31 December 2007 including its annex presented on pages 22-60 and nothing has come to our attention that causes us to believe that the financial information in the report does not correspond in all material respects to the audited financial statements for the year ended 31 December 2007.

UAB "Moore Stephens Vilnius"
(certificate No.001226)


Director, Auditor D/Pranckienė
(licence No.000345)

7 March 2008
Vilnius

Approved by the General meeting of shareholders
2008
Minutes No. _____

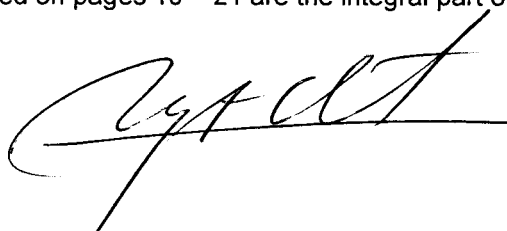
INCOME STATEMENT

Line No.	Items	Note No.	2007	2006
I.	Sales revenue	19	91.701,3	102.205,5
II.	Expenses			
II.1.	Personnel expenses	23	29.741,3	30.630,3
II.2.	Ship maintenance expenses		28.876,3	26.545,3
II.3.	Ship repair expenses		14.695,4	11.116,3
II.4.	Other administrative and selling expenses		1.672,9	1.109,0
	Total expenses		74.986,0	69.400,9
	Profit (earnings) before depreciation (EBITDA)		16.715,3	32.804,7
III.	Profit from sales of ships	2	41.740,4	7.724,4
IV.1.	Depreciation of ships	2	26.522,2	24.394,7
IV.2.	Depreciation of other assets	2	1.070,9	852,1
	Profit (earnings) before interest (EBITA)		30.862,5	15.282,3
V.1.	Effect of changes in exchange rates (profit)	20	4.168,1	315,6
V.2.	Net interest expenses	20	3.178,6	1.560,7
	Profit before tax		31.852,0	14.037,3
VI.	Income tax	21	1.714,9	2.722,5
	Net profit		30.137,1	11.314,8
	Profit (earnings) per share, LTL	22		
	basic profit (earnings) per share, LTL		0,15	0,06
	diluted profit (earnings) per share, LTL		0,15	0,06

Explanatory notes presented on pages 10 – 21 are the integral part of these financial statements.

Director General

7 March 2008



V. Vismantas

Financial statements of AB „Lietuvos Juru Laivininkyste“
for the year ended 31 December 2007
(in thousands LTL, if not stated otherwise)

Approved by the General meeting of shareholders
2008
Minutes No. _____

BALANCE SHEET (Assets)

	Note No.	As of 31 December 2007	2006
Computer software	1	7,3	10,8
<i>Non-current intangible assets</i>		7,3	10,8
Buildings and construction		3.390,3	3.447,4
Machinery		3.005,6	2.542,6
Vehicles		300,7	384,2
Ships		274.181,5	240.042,8
Repairs		3.510,2	5.436,1
Other tangible assets		253,8	178,6
<i>Non-current tangible assets</i>	2, 3	284.642,1	252.031,7
Prepayments for non-current assets	2	7.990,9	
Deferred tax assets	4		5.216,1
<i>Other non-current assets</i>		7.990,9	5.216,1
<i>Total non-current assets</i>		292.640,3	257.258,7
Raw materials and components	5	2.329,5	813,2
Prepayments	5	935,2	836,0
Trade debtors	6	591,3	545,2
Other amounts receivable	6	370,0	200,0
Current investments		0,0	0,4
Time deposits	7	21.955,0	13.299,6
Cash and cash equivalents	7	1.034,6	314,3
<i>Total current assets</i>		27.215,7	16.008,7
TOTAL ASSETS:		319.856,0	273.267,4

Financial statements of AB „Lietuvos Juru Laivininkyste“
for the year ended 31 December 2007
(in thousands LTL, if not stated otherwise)

BALANCE SHEET (Equity and liabilities)

	Note No.	As of 31 December	
		2007	2006
Authorised (subscribed)	9	200.901,3	200.901,3
Legal reserve	10	10.467,3	9.901,6
Other reserves	10	9.779,5	180,0
Profit (loss) of the reporting year	11	30.137,1	11.314,8
Profit (loss) of the previous years		0,0	
Equity		251.285,2	222.297,6
Liabilities to financial institutions	12	44.345,9	30.020,0
Deferred tax liabilities	13		3.583,2
Non-current liabilities		44.345,9	33.603,2
Liabilities to financial institutions	12	16.689,9	9.494,2
Debts to suppliers	17	1.389,0	1.261,0
Received prepayments	17	2.519,0	988,1
Income tax liabilities	14	91,3	2.067,3
Liabilities related to employment relations	15	2.160,9	2.340,7
Provisions	16	896,6	755,1
Other amounts payable and current liabilities	17	478,2	460,0
Current liabilities		24.224,9	17.366,5
Liabilities		68.570,7	50.969,7
Total equity and liabilities		319.856,0	273.267,4

Explanatory notes presented on pages 10 – 21 are the integral part of these financial statements.

Director General

7 March 2008



V. Vismantas

Financial statements of AB „Lietuvos Juru Laivininkyste“
for the year ended 31 December 2007
(in thousands LTL, if not stated otherwise)

Approved by the General meeting of shareholders
_____2008

Minutes No. _____

STATEMENT OF CHANGES IN EQUITY

	Authorised capital	Compulsory legal reserve	Other reserves	Retained profit (loss)	Total
Balance as of 31 December 2005	200.901,3	25.947,3	510,0	-16.375,7	210.982,9
Net profit (loss)				11.314,8	11.314,8
Dividends					
Formed reserves			180,0	-180,0	
Used reserves		-16.045,7	-510,0	16.555,7	
Balance as of 31 December 2006	200.901,3	9.901,6	180,0	11.314,8	222.297,6
Net profit (loss) of the reporting period				30.137,1	30.137,1
Dividends				-1.149,5	-1.149,5
Formed reserves		565,7	9.779,5	-10.345,3	
Used reserves			-180,0	180,0	
Balance as of 31 December 2007	200.901,3	10.467,3	9.779,5	30.137,1	251.285,2

Explanatory notes presented on pages 10 – 21 are the integral part of these financial statements.

Director General



V. Vismantas

7 March 2008

Approved by the General meeting of shareholders
2008
Minutes No. _____

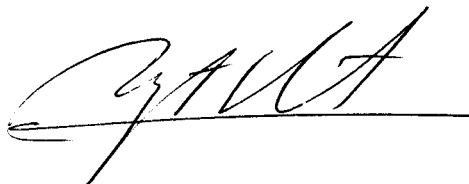
CASH FLOW STATEMENT

Items	Note No.	2007	2006
Cash flows from operating activities			
Profit (loss) before tax		31.852,0	14.037,3
Adjustments due to:			
Depreciation	2	31.828,9	25.200,3
Effects of changes in exchange rates	20	-4.168,1	-315,6
Income from investing		-41.740,4	-7.724,4
Interest expenses	20	3.178,6	1.560,6
Changes in deferred income tax and computed income tax	4,13,21	9,3	-492,5
Decrease (increase) in amounts receivable	6	-215,8	436,9
Increase (decrease) in amounts payable	17	1.612,5	-905,2
Decrease (increase) in inventories	5	-1.516,3	-350,5
Income from operating activities			
Paid income tax	14	-2.067,3	-2.245,6
Paid interest	20	-3.826,8	-1.983,9
Net cash flows from operating activities		14.946,6	27.217,4
Cash flows from investing activities			
Acquisition of non-current assets	2	-79.125,6	-46.622,2
Transfers of non-current assets	2	48.340,2	17.542,4
Dividends and interest received	20	648,2	423,3
Cash flows from investing activities		-30.137,2	-28.656,5
Cash flows from financing activities			
Dividends paid to shareholders	11	-1.123,7	-6,1
Loans received	12	48.540,3	17.954,6
Loans repaid	12	-21.732,9	-10.713,9
Cash flows from financing activities		25.683,6	7.234,6
Effects of changes in exchange rates on the balance of cash and cash equivalents			
	20,12	-1.117,8	-1.416,8
Net increase in cash and cash equivalents			
		9.375,2	4.378,7
Cash and cash equivalents at the beginning of the period			
	8,7	13.614,3	9.235,6
Cash and cash equivalents at the end of the period			
	8,7	22.989,7	13.614,3

Explanatory notes presented on pages 10 – 21 are the integral part of these financial statements.

Director General

7 March 2008



V. Vismantas

EXPLANATORY NOTES

General Information

AB “Lietuvos Juru Laivininkyste” (LJL) is a joint-stock company established after reorganizing AB “Lietuvos Juru Laivininkyste” (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, Klaipeda. 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.

At the end of the reporting period the Company had 517 employees, of which 63 in coast divisions and 454 on board.

On 31 December 2007 the Company’s shareholders were:

	2007		2006	
	Number of shares	Ownership, percent	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 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 Juru Laivininkyste” (LJL) does not have any intentions or requirements to be liquidated or reduce significantly the scope of its operations.

Financial statements of AB „Lietuvos Juru Laivininkyste“
for the year ended 31 December 2007
(in thousands LTL, if not stated otherwise)

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;

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.

Financial statements of AB „Lietuvos Juru Laivininkyste“
for the year ended 31 December 2007
(in thousands LTL, if not stated otherwise)

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 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

Cash comprises cash in hand and in bank accounts. Cash equivalentents 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.

