Annual accounts for 2006

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Auditoriaus išvada AB “DFDS LISCO” akcininkams

Finansinė atskaitomybė

Mes atlikome AB „DFDS LISCO“ (Įmonė) pridedamos finansinės atskaitomybės auditą. Atskaitomybę sudaro 2006 m. gruodžio 31 d. balansas, tada pasibaigusių metų pelno (nuostolių) ataskaita, nuosavo kapitalo ataskaita ir pinigų srautų ataskaita bei reikšmingų apskaitos principų santrauka ir kitos aiškinamojo rašto pastabos, kurios pateikiamos 4 - 35 puslapiuose.
Mes atlikome AB „DFDS LISCO“ ir jos dukterinių įmonių (Grupės) pridedamos konsoliduotos finansinės atskaitomybės auditą. Atskaitomybę sudaro 2006 m. gruodžio 31 d. konsoliduotas balansas, tada pasibaigusių metų konsoliduota pelno (nuostolių) ataskaita, konsoliduota nuosavo kapitalo ataskaita ir konsoliduota pinigų srautų ataskaita bei reikšmingų apskaitos principų santrauka ir kitos aiškinamojo rašto pastabos, kurios pateikiamos 4 - 35 puslapiuose.

Vadovybės atsakomybė už finansinę atskaitomybę

Vadovybė yra atsakinga už šios finansinės atskaitomybės bei konsoliduotos finansinės atskaitomybės parengimą ir teisingą pateikimą pagal Tarptautinius finansinės atskaitomybės standartus, taikomus Europos Sąjungoje. Vadovybės atsakomybė apima: vidaus kontrolės sistemos sukūrimą, įdiegimą ir palaikymą, užtikrinant teisingą finansinės atskaitomybės parengimą ir informacijos atskleidimą be reikšmingų iškraipymų dėl apgaulės ar klaidų; tinkamų apskaitos principų parinkimą ir taikymą; bei pagrįstų (esamomis aplinkybėmis) apskaitos įvertinimų atlikimą.

Auditorių atsakomybė

Mūsų pareiga, remiantis atliktu auditu, pareikšti savo nuomonę apie šią finansinę atskaitomybę bei konsoliduotą finansinę atskaitomybę. Auditą atlikome pagal Tarptautinius audito standartus. Šie Standartai reikalauja nustatytų etikos reikalavimų laikymosi bei tokio audito planavimo ir atlikimo, kuris suteiktų pakankamą pagrindą tvirtinti, jog finansinėje atskaitomybėje nėra reikšmingų informacijos netikslumų.

Auditas apima tam tikrų procedūrų atlikimą, siekiant gauti audito įrodymų dėl finansinės atskaitomybės sumų ir atskleistos informacijos teisingumo. Konkrečių audito procedūrų parinkimas priklauso nuo mūsų padarytų įvertinimų, tame tarpe mūsų įvertintos rizikos dėl reikšmingų netikslumų finansinėje atskaitomybėje buvimo dėl apgaulės ar klaidų. Šios rizikos įvertinimui, mes nagrinėjame įmonės vidaus kontroles, skirtas užtikrinti teisingą finansinės atskaitomybės parengimą ir informacijos joje atskleidimą. Tačiau, tokio vidaus kontrolės sistemos nagrinėjimo tikslas yra tinkamų audito procedūrų parinkimas, o ne nuomonės dėl įmonės vidaus kontrolės efektyvumo pareiškimas. Auditas taip pat apima šiuos įvertinimus: ar taikyti apskaitos principai yra tinkami; ar vadovybės atlikti apskaitos įvertinimai yra pagrįsti; ar bendras informacijos pateikimas finansinėje atskaitomybėje yra tinkamas
Mes manome, kad atliktas auditas suteikia pakankamą pagrindą mūsų išvadai.

Nuomonė

Mūsų nuomone, finansinė atskaitomybė visais reikšmingais atžvilgiais teisingai atspindi Įmonės finansinę būklę 2006 m. gruodžio 31 d. ir tada pasibaigusių metų veiklos rezultatus bei pinigų srautus pagal Tarptautinius finansinės atskaitomybės standartus, taikomus Europos Sąjungoje.
Mūsų nuomone, konsoliduota finansinė atskaitomybė visais reikšmingais atžvilgiais teisingai atspindi Grupės konsoliduotą finansinę būklę 2006 m. gruodžio 31 d. ir tada pasibaigusių metų konsoliduotus veiklos rezultatus bei konsoliduotus pinigų srautus pagal Tarptautinius finansinės atskaitomybės standartus, taikomus Europos Sąjungoje.

Išvada apie kitą įstatymų reikalaujamą informaciją

Be to, mes perskaitėme 2006 m. konsoliduotą metinį vadovybės pranešimą, pateiktą metinės ataskaitos 36 - 45 puslapiuose, ir nepastebėjome jokių reikšmingų į jį įtrauktos finansinės informacijos neatitikimų 2006 m. gruodžio 31 d. finansinei atskaitomybei.

Klaipėda, 2007 m. kovo 5 d.
"KPMG Baltics", UAB

Leif Rene Hansen Danijos valstybės įgaliotasis apskaitininkas	Rokas Kasperavičius Lietuvos atestuotas auditorius

Income statement

Parent company LTL '000				Consolidated LTL '000	
2005	**2006**	**Note**	**Items**	**2005**	**2006**
214.870	**238.066**	1,2	**Revenue**	**245.258**	**282.908**
			Costs		
-91.788	-87.715	3	Operating costs related to vessels	-112.009	-117.972
-33.807	-74.835		Freight costs	-10.190	-38.298
-34.544	-34.415	4	Staff costs	-42.125	-45.230
-18.996	-17.881	5	Other activity, sales and administrative costs	-18.928	-18.279
-179.135	*-214.846*		*Total costs*	*-183.252*	*-219.779*
35.735	**23.220**		**Operating profit before depreciation EBITDA**	**62.006**	**63.129**
-749	19.042		Profit (loss) from sales of vessels, buildings and terminals	-749	19.042
		9,10	*Impairment and depreciation*		
-15.226	-13.021		Vessels	-27.340	-31.084
-367	-248		Other property, plant and equipment	-861	-532
-15.593	*-13.269*		*Total impairment and depreciation*	*-28.201*	*-31.616*
19.393	**28.993**		**Operating profit (EBITA)**	**33.056**	**50.555**
2	16	12	Share of profit (loss) in associated companies	2	16
5.354	8.464	6	Financial income	2.522	3.796
-448	-566	6	Financial expenses	-7.527	-10.549
24.301	**36.907**		**Profit before taxation**	**28.053**	**43.818**
-4.691	-8.673	7	Income tax	-5.099	-9.326
19.610	**28.234**		**Profit for the year**	**22.954**	**34.492**
			Attributable to		
19.610	28.234		Shareholders of AB DFDS LISCO	22.954	34.492
0	0		Minority	0	0
19.610	28.234			22.954	34.492
		8	**Basic earnings per share**		
			Earnings per share (EPS), ct	6.99	10.50
			Diluted earnings per share, ct	6.99	10.50

Draft profit appropriation

0	Retained earnings at the end of previous year
0	Income (costs) directly recognised in equity
28.234	Profit for the year
28.234	**Retained profit (loss) at the end of financial year**
0	Transfers to reserves
-1.412	Transfers to legal reserve
26.822	**Retained profit (loss) for distribution**
0	Proposed dividends

Balance sheet - assets

Parent company LTL '000				Consolidated LTL '000	
2005	**2006**	**Note**	**Balance sheet at 31 December**	**2005**	**2006**
0	*0*	9	*Total intangible assets*	*0*	*0*
4.829	4.719		Buildings	7.083	6.922
0	0		Terminals	0	0
155.266	121.251		Vessels	354.722	468.534
475	392		Machinery and equipment	1.016	528
1.255	3.179		Construction in process	1.254	2.979
161.825	*129.541*	10	*Total property, plant and equipment*	*364.075*	*478.963*
10.485	10.491	11	Investments in Group companies		
86	102	12	Investments in associated companies	86	102
79.484	131.275	13	Trade and other receivables	0	0
7.600	4.450	15	Deferred taxes	7.600	4.605
97.655	*146.318*		*Total investments*	*7.686*	*4.707*
259.480	**275.859**		**Total non-current assets**	**371.761**	**483.670**
3.006	2.548		Inventories	3.476	2.965
17.163	21.729	13	Trade and other receivables	23.584	33.230
235	1.881		Prepayments	704	2.767
134.772	151.898		Cash at bank and in hand	150.352	173.077
155.176	**178.056**		**Total current assets**	**178.116**	**212.039**
414.656	**453.915**		**Total assets**	**549.877**	**695.709**

Balance sheet - shareholders equity and liabilities

Parent company LTL '000				Consolidated LTL '000	
2005	**2006**	**Note**	**Balance sheet at 31 December**	**2005**	**2006**
332.547	332.547	14	Share capital	332.547	332.547
-1.668	-1.668		Treasury shares	-1.668	-1.668
52.737	40.861		Reserves	50.076	41.028
-11.876	28.234		Retained earnings	-3.638	42.729
371.740	399.974		Shareholders equity	377.317	414.636
0	0		Minority	0	0
371.740	**399.974**		**Total shareholders equity**	**377.317**	**414.636**
0	0	17	Loans and financial lease liabilities	111.787	203.385
4.950	4.950	16	Provisions	4.950	4.950
4.950	*4.950*		*Total long-term liabilities*	*116.737*	*208.335*
10.776	11.579	17	Loans and financial lease liabilities	12.672	22.153
10.139	20.253		Payable to suppliers	20.046	27.242
0	4.000	16	Provisions	0	4.000
1.705	2.832		Income tax	1.840	3.257
12.866	9.381	18	Other payable amounts	18.207	14.513
2.480	946		Accrued income	3.058	1.573
37.966	*48.991*		*Total current liabilities*	*55.823*	*72.738*
42.916	**53.941**		**Total liabilities**	**172.560**	**281.073**
414.656	**453.915**		**Total shareholders equity and liabilities**	**549.877**	**695.709**

For pledged assets and etc. refer to notes 10 and 17
For guarantees and contingent liabilities, etc. refer to note 24
For contractual liabilities refer to notes 19 and 24
For related parties refer to note 26
For test on impairment of assets refer to note 27
For significant accounting assumptions and decisions refer to note 28

Statement on changes in shareholders' equity - consolidated

LTL '000	Share capital	Treasury shares	Reserves				Retained earnings	Total
			Compulsory	For acquisition of treasury shares	Other	Financial instruments revaluation reserve		
Shareholders equity as at 01 01 2005	332.547	-1.668	16.711	32.391	3.635	-2.527	-26.592	354.497
Change in accounting policies								
Adjusted shareholders equity at 01 01 2005	**332.547**	**-1.668**	**16.711**	**32.391**	**3.635**	**-2.527**	**-26.592**	**354.497**
Changes in shareholders equity in 2005								
Increase/decrease in the the value of financial assets								0
Effect of currency exchange fluctuations							-1	-1
Adjustment of financial instruments value						-133		-133
Income/costs recognised directly in equity	0	0	0		0	-133	-1	-134
Profit for the year							22.954	22.954
Total income/costs recognised	0	0	0		0	-133	22.953	22.820
Increase/decrease in share capital								0
Allocated reserves								0
Changes in shareholders equity in 2005	**0**	**0**	**0**	**0**	**0**	**-133**	**22.953**	**22.820**
Shareholders equity as at 31 12 2005	**332.547**	**-1.668**	**16.711**	**32.391**	**3.635**	**-2.660**	**-3.639**	**377.317**
Shareholders equity as at 01 01 2006	**332.547**	**-1.668**	**16.711**	**32.391**	**3.635**	**-2.660**	**-3.639**	**377.317**
Changes in shareholders equity in 2006								
Effect of currency exchange fluctuations								0
Adjustment of financial instruments value						2.827		2.827
Income/costs recognised directly in equity	0	0	0	0	0	2.827	0	2.827
Profit for the year							34.492	34.492
Total income/costs recognised	0	0	0	0	0	2.827	34.492	37.319
Transfer from reserves (Shareholder's decision)			-8.241		-3.635		11.876	
Changes in shareholders equity in 2006	**0**	**0**	**-8.241**	**0**	**-3.635**	**2.827**	**46.368**	**37.319**
Shareholders equity as at 31 12 2006	**332.547**	**-1.668**	**8.470**	**32.391**	**0**	**167**	**42.729**	**414.636**

Legal reserve

Following the legislation, annual allocation to the legal reserve should amount to at least 5% of the net profit until the reserve makes up 10% of the share capital. The reserve can not be distributed.

Reserve for acquisition of own shares
The reserve is allocated and decreased at the shareholders' discretion.

Other reserves
Other reserves are allocated at the shareholders' discretion and can be distributed for covering losses and increasing the share capital.

Reserve for revaluation of financial instruments

This reserve is reviewed at the end of the financial year and movements in the reserve coincide with the movement of financial instruments. Refer to note 19.

Statement on changes in shareholders' equity - parent company

LTL '000	Share capital	Treasury shares	Reserves: Compulsory	Reserves: For acquisition of treasury shares	Reserves: Other	Retained earnings	Total
Shareholders equity as at 01 01 2005	332.547	-1.668	16.711	32.391	3.635	-31.486	352.130
Change in accounting policies							0
Adjusted shareholders equity at 01 01 2005	**332.547**	**-1.668**	**16.711**	**32.391**	**3.635**	**-31.486**	**352.130**
Changes in shareholders equity in 2005							
Increase/decrease in the the value of financial assets							0
Income/costs recognised directly in equity	0	0	0	0	0	0	0
Profit for the year						19.610	19.610
Total income/costs recognised	0	0	0	0	0	19.610	19.610
Allocated reserves							0
Increase/decrease in share capital							0
Changes in shareholders equity in 2005	**0**	**0**	**0**	**0**	**0**	**19.610**	**19.610**
Shareholders equity as at 31 12 2005	**332.547**	**-1.668**	**16.711**	**32.391**	**3.635**	**-11.876**	**371.740**
Shareholders equity as at 01 01 2006	**332.547**	**-1.668**	**16.711**	**32.391**	**3.635**	**-11.876**	**371.740**
Changes in shareholders equity in 2006							
Change in accounting policies/deferred tax assets							0
Change in accounting policies/ dock evaluation							0
Income/costs recognised directly in equity	0	0	0	0	0	0	0
Profit for the year						28.234	28.234
Total income/costs recognised	0	0	0	0	0	28.234	28.234
Transfer from reserves (Shareholder's decision)			-8.241		-3.635	11.876	
Changes in shareholders equity in 2006	**0**	**0**	**-8.241**	**0**	**-3.635**	**40.110**	**28.234**
Shareholders equity as at 31 12 2006	**332.547**	**-1.668**	**8.470**	**32.391**	**0**	**28.234**	**399.974**

The Company's share capital is divided into 332.547.434 ordinary shares at par value of 1 LTL each.

Cash flow statement

Parent company LTL '000				Consolidated LTL '000	
2005	**2006**	**Note**	**Items**	**2005**	**2006**
35.735	**23.220**		**Operating profit before depreciation (EBITDA)**	**62.006**	**63.129**
-466	-8.325	20	Adjustments	-500	-8.331
1.862	-659	21	Changes in working capital	1.200	-6.354
1.850	4.000		Changes in provisions	1.850	4.000
38.981	**18.236**		**Cash flows from operating activities**	**64.556**	**52.444**
5.128	8.438	6	Financial income	2.303	3.796
-448	-540	6	Financial expenses	-7.547	-10.420
-2.185	-4.395		Taxes paid	-2.599	-4.905
41.476	**21.739**		**Net cash flows from ordinary activities**	**56.713**	**40.915**
-5.416	-11.891		Acquisition of vessels	-7.136	-177.783
21.596	60.251		Disposal of vessels	21.596	60.251
		22	Disposal of buildings and terminals		
121	-1.979	22	Disposal of equipment	190	-1.608
250	-6	11	Capital increase in Group companies		
226		6	Dividends from Group companies		
16.777	**46.375**		**Cash flows from/used in investing activities**	**14.650**	**-119.140**
			Received loans, secured by pledged vessels		115.686
			Repayment of loans,secured by pledged vessels	-12.578	-16.434
-3.108	-50.988	23	Changes in other financial liabilities		1.944
			Payment of financial leasing liabilities	-97	-246
			Dividends paid out to shareholders		
-3.108	**-50.988**		**Cash flows from/used in financing activity**	**-12.675**	**100.950**
55.145	**17.126**		**Cash flows during the year, total**	**58.688**	**22.725**
79.627	134.772		Cash at bank and in hand in the beginning of the year	91.664	150.352
			Effect of currency exchange		
134.772	**151.898**		**Cash at bank and in hand at the year end**	**150.352**	**173.077**

Information presented above cannot be directly derived from the income statement and the balance sheet.

Accounting policies

Background information

AB DFDS Lisco (hereinafter – Parent company), company code 110865181, was established on 27 June 2001 upon reorganisation of AB Lietuvos Jūrų Laivininkystė. The major shareholder of the parent company is DFDS A/S, Denmark, which held 92,25 % shares as at 31 December 2006. The main activity of the parent company is transportation of cargo and passengers by ferries and vessels on international routes (activity codes - 61.10.20 "Cargo transportation by vessels", 61.10.30 "Transportation of passengers, vehicles and cargo by ferries").

Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union.

Figures in the financial statements are presented in thousand of Litas and the financial statements are prepared on the historical cost basis.

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect on the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from estimates.

The management considers that the accounting policies applied for consolidation of the financial statements and in respect of derivative financial instruments and operating lease are the most significant. Each of the areas mentioned below is described together with other accounting policies.

Basis of consolidation

The consolidated financial statements comprise AB DFDS Lisco, the parent company, and subsidiary undertakings, in which AB DFDS Lisco directly or indirectly, controls more than 50% of the voting rights.

The undertakings, which are not the subsidiary undertakings but in which AB DFDS Lisco has 20% or more of voting rights and exercises a considerable influence over the operational and financial management, are the associated undertakings. Participating interests in the associated undertakings are valued according to the equity method at the proportionately owned share of the undertakings' capital and reserves. The proportionally owned share of the associated undertakings' results is included in the profit and loss account.

When consolidating, inter-group income and expenses, inter-group receivables and payables and profit and loss on inter-group transactions are eliminated.

The subsidiary undertakings are recognised in the financial statements of the parent company based on cost method. The parent company recognises income from the investment to the extent of payments received from the accumulated profit of the investment object after acquisition.

Derivative financial instruments

The Group uses an interest rate swap transaction to hedge the interest related transaction.

The Group applies hedging accounting policies in accordance with IAS 39 prescribing the rules set for interest rate swap transactions. Transactions are stated at fair value and are restated at fair value on the balance sheet date. The change in value, if the transaction complies with the hedging transaction requirements, is recognised directly in equity. The accumulated change in transaction values is eliminated from the equity and recognised in the profit and loss account under interest income or costs.

The fair value is based on market prices or standard pricing models.

The accumulated fair value of the derivative financial instrument is reflected if positive in other receivable amounts and if negative - in other payable amounts.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity.

The accumulated profit or loss is transferred from the equity to the cost of assets acquired during the hedged transaction. Non-effective part of of gain or loss from revaluation of the derivative financial instrument is immediately recognised in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Other financial instruments

Loans and receivables are non derivative financial assets that are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment, if any.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost, less impairment, if any.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Litas at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Litas at foreign exchange rates ruling at the dates the fair value was determined.

Operating lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

Finance – Group as lessee

The Group recognizes finance leases as assets and liabilities in the balance sheet at the date of commencement of the lease term at amounts equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount factor used is the interest rate implicit in the lease, when it is practicable to determine. Otherwise, the Group's incremental borrowing rate is used. Initial direct costs incurred are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The costs identified as directly attributable to activities performed by the lessee for a finance lease, are included as part of the amount recognised as an asset under the lease.

Finance – Group as lessor

The Group recognises lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the lease receivables.

Operating – Group as lessee

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expenses on a straight-line basis over the lease term and included into other administrative and operating expenses.

Operating – Group as lessor

The Group presents assets subject to operating leases in the balance sheet according to the nature of the asset. Lease income from operating leases is recognized in statement of income on a straight-line basis over the lease term as other income. The aggregate cost of incentives provided to lessees is recognized as a reduction of rental income over the lease term on a straight-line basis. Initial direct costs incurred specifically to earn revenues from an operating lease are added to the carrying amount of the leased asset.

The depreciation policy for depreciable leased assets is consistent with the Group's normal depreciation policy for similar assets.

PROFIT AND LOSS ACCOUNT

Sales income

Income is stated on an accrual basis, i.e. registered in the accounting when earned not depending on the time of receipt of the cash. In the consolidated financial statements income is valued at fair value.

When services are rendered in the same period when started, income from services is recognised in the same period. When services are rendered for more than one accounting period, income is distributed proportionally among the periods in which the services have been rendered. Income is recognised only when it is probable that rendering of services will bring economic benefits.

Income from sales of goods is recognised when the goods are sold and it is probable that economic benefits will be received and costs related to the sales of goods can be reliably estimated.

Costs

Costs are recognised based on the accrual and matching principles in the accounting period in which the related income was earned not depending on the time the cash was released.

According to the matching principle, income and costs related to the same transaction are recognised in the same accounting period. Costs are recognised when they earn income. If costs cannot be reliably estimated, income is not recognised and are reflected as deferred income. As costs is recognised only that part of expenses, which were incurred in earning income during the accounting period. Expenses related to earning income in future periods are registered in the accounting as deferred costs and are stated as assets in the financial statements. In cases when it is not possible directly to attribute expenses to specific income and these expenses will not generate any income in the future, these expenses are recognised as costs in the same period when incurred. Cost of goods sold is determined applying the FIFO methods.

Operating costs related to vessels

Operating costs related to vessels include costs directly related to transportation of passengers and cargo, cost of goods sold, vessel fuel costs, port entering costs, vessel maintenance costs including repair of vessels which is not capitalised as tangible non-current assets.

Freight costs

Freight costs include "Bareboat charter" and "Time charter" costs.

Staff costs

Staff costs include salaries, social security and other costs related to employees of the Group.

Other activity, sales and administrative costs

These costs include costs which are not directly related to transportation by vessels, operating lease of equipment and maintenance costs as well as administrative and sales costs.

Profit (loss) from sales of vessels, buildings and terminals

The result from disposal of used non-current assets is shown in the profit and loss account separately from other income (costs) of the Company, except for the result from disposal of other tangible non-current assets which is stated in the profit and loss account as other activity, sales and administrative costs for the period.

Financial activity

Financial and investment activity includes the following: interest, penalties and fines, result of currency exchange and bank fees.

Income tax

Income tax comprises current and deferred tax.
Current tax is the expected tax payable on the taxable result for the year, using tax rates enacted at the balance sheet date.
Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at that date.
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

ASSETS

Property, plant and equipment

Non-current assets are stated at acquisition cost including all costs related to acquisition except for value added tax.

Tangible assets are attributed to non-current assets if these assets are expected to be used for a longer period than one year and it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably and is not less than the minimum cost determined for each asset group (capitalisation limit), and the risk related to this asset is transferred to the Company. Non-current assets also include assets, which have been received but are still not in use or are not fully replenished. Such assets are stated in the financial statements separately under work in progress.

Intangible assets include non-monetary assets which have no material form and are used by the company for generating direct and indirect economic benefits. Expenditures are recognised as intangible assets if the company expects to have future economic benefits from these assets, and the cost of such assets can be reliably determined and is higher than the minimum capitalisation limit, if defined, and if the company can use, control and put limitations on the usage of the assets for other persons.

The base for depreciation/amortisation of non-current assets is cost less expected residual value.

Depreciation/amortisation of non-current assets is calculated on a straight-line basis over the useful lifetime of an asset until it reaches the expected residual value.

Residual values and useful lifetimes of assets are reviewed once per year.

Depreciation/amortisation periods approved in the Group are as follows:	
Vessels	10 - 25 years
Buildings	25 - 50 years
Terminals	10 - 40 years
Other tangible non-current assets	4 - 7 years
Intangible assets	0 - 5 years

Goodwill and negative goodwill

Goodwill (negative and positive) is an amount calculated as a difference between the acquisition cost and the fair value of the acquired subsidiary undertaking. Positive goodwill is not amortised. Goodwill impairment is tested annually. Negative goodwill is recognised directly as income.

Vessels

Reconstruction of a vessel is capitalised if it relates to:
- security means;
- increase of the useful lifetime of a vessel;
- improvement of useful features of a vessel, enabling to earn more income;
- docking of a vessel.

Docking costs are capitalised and depreciated until the next docking, which usually takes place in 2,5 years.
Maintenance costs of vessels are recognised as costs for the period in which they were incurred.

Cost of Ro-Pax vessels is divided into slowly depreciated components (hull engines) and fastly depreciated components (passenger part). The residual value of fastly depreciated components is 0 LTL and the depreciation period is 10-15 years. Cargo vessels do not have the fastly depreciated component part. Depreciation period of the slowly depreciated components in cargo vessels, as well as in Ro-Pax vessels, is 25 years from the vessel's construction date.

Investments

Investments classified as being at a fair value through profit or loss are stated at fair value, with any resultant gain or loss being recognised in the income statement. When fair value of the investment can not be measured reliably, the investment is valued at the purchase cost less impairment losses.
Investments classified as held-to-maturity are stated at amortised cost.

Investments in subsidiary undertakings (parent company)

As of 1 January 2005, based on IAS 27 ”Consolidated and separate financial statements” the subsidiary undertakings are carried in the financial statements of the parent company at cost method. The parent company recognises income from the investment to the extent of payments from the accumulated profit received from the investee after acquisition.

Impairment

The carrying amounts of the company's assets, other than inventories, are reviewed at each balance sheet date to determine, whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price, less the estimated costs of completion and selling expenses.
The cost of the inventories is based on FIFO principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Receivable amounts

Trade and other receivables are stated at their amortised cost less impairment losses

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank.

EQUITY

Legal reserve

Following the legislation, annual allocation to the legal reserve should amount to at least 5% of the net profit until the reserve makes up 10% of the share capital. The reserve can not be distributed.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

LIABILITIES

Provisions

Provision is recognised in the balance when there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Subsequent events

Events subsequent to the year end that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

IFRS and IFRIC Interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these consolidated financial statements:

• IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to Group's financial instruments and share capital.

• IFRS 8 Operating Segments (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has not yet completed its analysis of the impact of the new Standard.

• IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.

• IFRIC 8 Scope of IFRS 2 Share-based Payment addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Group's 2007 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

• IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9 becomes mandatory for the Group's 2007 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

• IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 January 2004). The adoption of IFRIC 10 is not expected to have any impact on the consolidated financial statements.

• IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent, should be accounted for as cash-settled or equity-settled in the entity's financial statements. IFRIC 11 is not relevant to the Group's operations as the Group has not entered into any share-based payments arrangements.

• IFRIC 12 Service Concession Arrangements (effective from 1 January 2008). The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Group's operations.

Notes

Note 1. Information on segments

Allocation of segment income is the same as used for internal reporting. Costs in business segments are allocated directly also adding part of indirect costs, which relate to central administrative functions.

Segmental assets and liabilities include assets and liabilities directly related to segments. Part of assets and liabilities is attributed to segments indirectly.

Business segments - primary segmentation
LTL '000

The risk of the Group and the management control are mainly related to the Liner and Tramp business segments. Therefore the initial information on segments is as follows:

	Lines	Tramp	Other	Total
2006				
Income from external clients	212.789	65.735	4.384	282.908
Intersegment revenue	50.055	131	0	50.185
Eliminations	-50.055	-131	0	-50.185
Total income	*212.789*	*65.735*	*4.384*	*282.908*
Operating costs, external	-166.264	-48.523	-4.992	-219.779
Intersegment operating costs	-37.801	-12.385	0	-50.186
Eliminations	37.801	12.385	0	50.186
Operating profit before depreciation (EBITDA)	**46.525**	**17.212**	**-608**	**63.129**
Profit from sales of vessels, terminals and buildings	8.210	10.832	0	19.042
Impairment and depreciation	-26.972	-4.606	-39	-31.616
Operating profit (EBITA)	**27.763**	**23.438**	**-647**	**50.555**
Share of profit (loss) in associated companies	16			16
Goodwill / negative goodwill				0
Financial activity			-6.753	-6.753
Profit before taxation			**-7.400**	**43.818**
Income tax			-9.326	-9.326
Net profit for the year			**-16.726**	**34.492**
Total assets	441.351	76.677	177.681	695.709
Liabilities	33.795	18.483	228.795	281.073

	Lines	Tramp	Other	Total
2005				
Income from external clients	168.205	71.388	5.665	245.258
Intersegment revenue	36.204	302	0	36.506
Eliminations	-36.204	-302	0	-36.506
Total income	*168.205*	*71.388*	*5.665*	*245.258*
Operating costs, external	-132.324	-45.269	-5.659	-183.252
Intersegment operating costs	-28.013	-8.493	0	-36.506
Eliminations	28.013	8.493	0	36.506
Operating profit before depreciation (EBITDA)	**35.881**	**26.119**	**6**	**62.006**
Profit from sales of vessels, terminals and buildings	0	-749	0	-749
Impairment and depreciation	-22.189	-5.947	-65	-28.201
Operating profit (EBITA)	**13.692**	**19.423**	**-59**	**33.056**
Share of profit (loss) in associated companies	2			2
Goodwill / negative goodwill				0
Financial activity			-5.005	-5.005
Profit before taxation			**-5.064**	**28.053**
Income tax			-5.099	-5.099
Net profit for the year			**-10.163**	**22.954**
Total assets	299.223	92.702	157.952	549.877
Liabilities	32.383	13.878	126.299	172.560

Geographical segments - secondary segmentation

The Group does not have any natural secondary segments: the liner activities are limited to the southern region of the Baltic and the tramp activity does not have any fixed geographical regions.

Notes

Parent company LTL '000 2005	Parent company LTL '000 2006	Note 2 Sales	Consolidated LTL '000 2005	Consolidated LTL '000 2006
4.599	6.757	Sales of goods	4.622	6.773
127.361	109.239	Sales of services	157.738	154.027
82.910	122.070	Rent income	82.898	122.108
214.870	**238.066**	**Total income**	**245.258**	**282.908**

Parent company LTL '000 2005	Parent company LTL '000 2006	Note 3 Vessel costs	Consolidated LTL '000 2005	Consolidated LTL '000 2006
35.334	34.623	Fuel	35.334	34.623
26.080	33.033	Maintenance and repair	28.336	32.929
30.374	20.059	Port and cargo costs	48.339	50.420
91.788	**87.715**	**Total vessel costs**	**112.009**	**117.972**

Parent company LTL '000 2005	Parent company LTL '000 2006	Note 4 Staff costs	Consolidated LTL '000 2005	Consolidated LTL '000 2006
17.606	18.256	Salaries	23.245	26.380
5.826	5.700	Social security contributions	7.328	7.687
11.112	10.459	Other staff costs	11.552	11.163
34.544	**34.415**	**Total staff costs**	**42.125**	**45.230**
		Including, salaries to management		
1.510	1.257	Salaries	1.510	1.257
133	199	Other staff costs	133	199
600	591	Average number of employees	743	746
9	9	Average number of management	9	9

Other staff costs include: daily allowance for seamen, improvement of qualification, car rent and maintenance costs
No extraordinary agreements with the management regarding pensions or retirement have been concluded.

Parent company LTL '000 2005	Parent company LTL '000 2006	Note 5 Other activity, sales and administrative costs	Consolidated LTL '000 2005	Consolidated LTL '000 2006
7.793	6.861	External sales costs	8.821	7.942
3.056	4.687	Internal sales costs	0	0
8.147	6.333	Administrative costs	10.107	10.337
18.996	**17.881**	**Total other activity, sales and administrative costs**	**18.928**	**18.279**
		Including fee for auditors elected at the general shareholders' meeting		
156	155	Fee to KPMG	250	238
3	6	Fee to KPMG for other services, except audit	16	6

Notes

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 6 Financial activity**	**2005**	**2006**
2.062	3.360	Interest income	2.303	3.796
3.066	5.078	Interest income from Group companies		
-1	-8	Interest costs to credit institutions	-7.165	-9.870
-199	-265	Interest costs to Group companies		
4.928	*8.165*	*Net interest*	*-4.862*	*-6.074*
4.173	1.091	Currency exchange gain	4.528	1.180
-4.197	-1.065	Currency exchange loss	-4.309	-1.260
-24	*26*	*Net result from currency exchange*	*219*	*-80*
		Capital income from securities		
226		Dividends from companies under control		
		Dividends from associated companies		
-224	-293	Other interest costs and etc.	-362	-599
2	*-293*	*Net financial income and costs*	*-362*	*-599*
4.906	**7.898**	**Financial activity**	**-5.005**	**-6.753**

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 7 Income tax**	**2005**	**2006**
2.402	5.354	Current income tax	2.812	6.157
-61	169	Adjustment of prior years income tax	-63	174
2.350	3.150	Change in deferred tax	2.350	2.995
4.691	**8.673**	**Total income tax for the year**	**5.099**	**9.326**
		Taxes per year can be specified as follows:		
2.341	5.523	Income Income tax in the profit and loss account (current tax)	2.749	6.331
2.350	3.150	Tax on Change in deferred tax	2.350	2.995
4.691	**8.673**	**Total income tax for the year**	**5.099**	**9.326**
		Income tax		
1.549	1.704	Tax payable in the beginning of the year	1.690	1.831
-2.185	-4.395	Tax paid	-2.598	-4.905
	169	Adjustment	-80	174
2.341	5.354	Income tax recognised in the profit and loss account (current)	2.749	6.157
1.705	**2.832**		**1.761**	**3.257**
		Income tax in the balance sheet:		
		Income tax receivable	-80	
1.705	2.832	Income tax payable	1841	3.257
1.705	**2.832**	**Total income tax**	**1.761**	**3.257**
		Calculation of effective income tax rate:		
24.301	26.822	Profit before tax	28.053	43.818
-10.405	-8.519	Effect of non-current assets accounting	-10.417	-8.557
2.348	-381	Non-deductible expenses	1.941	104
-228	170	Non-taxable income	-1.607	-25
		Effect on income tax of the subsidiaries in foreign countries	780	-2.932
-407	890	Adjustments of prior periods	-421	913
15.609	**18.982**	**Total taxable value**	**18.329**	**33.321**
3.645	5.096	Expected income tax applying a 19% rate (2005 - 15%)	4.208	8.325
-1.561	-1.618	Effect of non-current assets accounting	-1.563	-1.626
352	-72	Non-deductible expenses	291	20
-34	32	Non-taxable income	-241	-5
		Effect on income tax of the subsidiaries in foreign countries	117	-557
-61	169	Adjustments of prior periods	-63	174
2.341	**3.607**	**Tax recognised in the income statement (current)**	**2.749**	**6.331**

Notes

Note 8 Basic earnings per share	Consolidated LTL '000 2005	2006
Profit for the current year	22.954	34.492
Minority	0	0
Share of profit for the current year attributed to shareholders	22.954	34.492
Number of ordinary shares in issue	332.547.434	332.547.434
Weighted average number of own shares	-4.093.177	-4.093.177
Weighted average number of ordinary shares	328.454.257	328.454.257
Weighted average number of options	0	0
Weighted average number of ordinary shares, net	328.454.257	328.454.257
Basic earnings per share (EPS) , ct	6.99	10.50
Diluted earnings per share, ct	6.99	10.50

Notes

Note 9 Intangible assets

Consolidated

LTL '000	Goodwill	Other intangible assets	Software	Development	Total
Acquisition cost as at 01 01 2005		506			506
Transfer from one caption to another					
Acquisitions					
Change in accounting policy		-251			-251
Disposals/write-offs		-255			-255
Acquisition cost as at 31 12 2005	**0**	**0**	**0**	**0**	**0**
Accumulated amortisation as at 01 01 2005		505			505
Amortisation					
Change in accounting policy		-250			-250
Amortisation of diposals/write-offs		-255			-255
Accumulated amortisation as at 31 12 2005	**0**	**0**	**0**	**0**	**0**
Carrying amount as at 31 12 2005	**0**	**0**	**0**	**0**	**0**
Acquisition cost as at 01 01 2006					
Transfer from one caption to another					
Acquisitions					
Disposals/write-offs					
Acquisition cost as at 31 12 2006	**0**	**0**	**0**	**0**	**0**
Accumulated amortisation as at 01 01 2006					
Amortisation					
Amortisation of diposals/write-offs					
Accumulated amortisation as at 31 12 2006	**0**	**0**	**0**	**0**	**0**
Carrying amount as at 31 12 2006	**0**	**0**	**0**	**0**	**0**

Notes

Note 9 Intangible assets

Parent company

LTL '000	Goodwill	Other intangible assets	Sofware	Development	Total
Acquisition cost as at 01 01 2005		255			255
Transfer from one caption to another					
Acquisitions					
Disposals/write-offs		-255			-255
Acquisition cost as at 31 12 2005	**0**	**0**	**0**	**0**	**0**
Accumulated amortisation as at 01 01 2005		255			255
Amortisation					
Amortisation of diposals/write-offs		-255			-255
Accumulated amortisation as at 31 12 2005	**0**	**0**	**0**	**0**	**0**
Carrying amount as at 31 12 2005	**0**	**0**	**0**	**0**	**0**
Acquisition cost as at 01 01 2006					
Transfer from one caption to another					
Acquisitions					
Disposals/write-offs					
Acquisition cost as at 31 12 2006	**0**	**0**	**0**	**0**	**0**
Accumulated amortisation as at 01 01 2006					
Amortisation					
Amortisation of diposals/write-offs					
Accumulated amortisation as at 31 12 2006	**0**	**0**	**0**	**0**	**0**
Carrying amount as at 31 12 2006	**0**	**0**	**0**	**0**	**0**

Notes

Note 10 Property, palnt and equipment

Consolidated

LTL '000	Land and buildings	Terminals	Vessels	Machinery and equipment	Construction in progress	Total
Acquisition cost as at 01 01 2005	7.674		478.667	3.881	4.399	494.621
Transfer from one caption to another			4.589		-4.589	0
Change in accounting policy				-459		-2.137
Acquisitions			5.518	53	1.444	7.015
Disposals/write-offs			-37.718	-290		-38.008
Acquisition cost as at 31 12 2005	**7.674**	**0**	**451.056**	**3.185**	**1.254**	**463.169**
Accumulated depreciation as at 01 01 2005	430		84.835	2.182		87.447
Change in accounting policy				-305		-1.748
Depreciation	161		27.340	545		28.046
Depreciation on disposals/write-offs			-15.841	-253		-16.094
Accumulated depreciation as at 01 01 2005	**591**	**0**	**96.334**	**2.169**	**0**	**99.094**
Carrying amount as at 31 12 2005	**7.083**	**0**	**354.722**	**1.016**	**1.254**	**364.075**
Out of this, value of pledged assets	**0**	**0**	**199.455**	**0**	**0**	**199.455**
Acquisition cost as at 01 01 2006	7.674		451.056	3.185	1.254	463.169
Transfer from one caption to another			4.913		-4.913	0
Acquisitions			172.870	55	6.638	179.563
Disposals/write-offs			-84.028	-850		-84.878
Acquisition cost as at 31 12 2006	**7.674**	**0**	**544.811**	**2.390**	**2.979**	**557.854**
Accumulated depreciation as at 01 01 2006	591		96.334	2.169		99.094
Depreciation	161		31.084	371		31.616
Depreciation on disposals/write-offs			-51.141	-678		-51.819
Accumulated depreciation as at 31 12 2006	**752**	**0**	**76.277**	**1.862**	**0**	**78.891**
Carrying amount as at 31 12 2006	**6.922**	**0**	**468.534**	**528**	**2.979**	**478.963**
Out of this, value of pledged assets	**0**	**0**	**347.283**	**0**	**0**	**347.283**

DFDS Lisco group company "Lisco Optima Shipping Ltd" acquired the vessel "Lisco Optima" in April 2006.
During 2006 AB "DFDS Lisco" sold 3 vessels: "Palanga", "Klaipeda" and "Tor Neringa".

Carrying amount of the vessels amounts to 468.534 tLTL, out of which slowly depreciated components amount to 412.157 tLTL; components with fast depreciation amount to 51.428 tLTL; docking value of the vessels amounts to 4.949 tLTL.

The major part of Construction in progress amounting to 2.292 tLTL relates to essential improvement of the vessel "Vilnius".

Based on the impairment tests no impairment of the vessels has been indicated as at 31 December 2006. Refer to note 28.

Notes

Note 10 Property, palnt and equipment

Parent company

LTL '000	Land and buildings	Terminals	Vessels	Machinery and equipment	Construction in progress	Total
Acquisition cost as at 01 01 2005	5.234		261.249	1.635	1.429	269.547
Transfer from one caption to another			1.618		-1.618	0
Acquisitions			3.798	53	1.444	5.295
Disposals/write-offs			-37.718			-37.718
Acquisition cost as at 31 12 2005	**5.234**	**0**	**228.947**	**1.688**	**1.255**	**237.124**
Accumulated depreciation as at 01 01 2005	294		74.294	957		75.545
Depreciation	111		15.226	256		15.593
Depreciation on disposals/write-offs			-15.839			-15.839
Accumulated depreciation as at 01 01 2005	**405**	**0**	**73.681**	**1.213**	**0**	**75.299**
Carrying amount as at 31 12 2005	**4.829**	**0**	**155.266**	**475**	**1.255**	**161.825**
Out of this, value of pledged assets	**0**	**0**	**0**	**0**	**0**	**0**
Acquisition cost as at 01 01 2006	5.234		228.947	1.688	1.255	237.124
Transfer from one caption to another			4.913		-4.913	0
Acquisitions			6.978	55	6.837	13.870
Disposals/write-offs			-84.028	-224		-84.252
Acquisition cost as at 31 12 2006	**5.234**	**0**	**156.810**	**1.519**	**3.179**	**166.742**
Accumulated depreciation as at 01 01 2006	405		73.681	1.213		75.299
Depreciation	110		13.021	138		13.269
Depreciation on disposals/write-offs			-51.143	-224		-51.367
Accumulated depreciation as at 31 12 2006	**515**	**0**	**35.559**	**1.127**	**0**	**37.201**
Carrying amount as at 31 12 2006	**4.719**	**0**	**121.251**	**392**	**3.179**	**129.541**
Out of this, value of pledged assets	**0**	**0**	**0**	**0**	**0**	**0**

The carrying amount of vessels amounts to 121.251 tLTL, out of which slowly depreciated components amount to 109.095 tLTL; components with fast depreciation amount to 7.207 tLTL; docking value of the vessels amounts to 4.949 tLTL.

Notes

Note 11 Investments in Group companies	Parent company LTL '000 2005	2006
Acquisition cost as at 1 January 1	10.735	10.485
Acquisitions		6
Disposals/write-offs	-250	
Acquisition cost as at 31December	**10.485**	**10.491**
Accumulated impairment loss as at 1 January		
Impairment loss		
Disposals/write-offs		
Accumulated impairment loss as at 31 December	**0**	**0**
Carrying amount at 31 December	**10.485**	**10.491**

Parent company
LTL '000

2005	Domicile	Owner-ship	Income	Profit (loss) for the year	Total assets	Total liabilities	Equity	Profit (loss) for the year
Aukse Multipurpose Shipping Ltd.	Cyprus	100.0%	11.187	-622	84.642	87.704	-3.062	-622
Rasa Multipurpose Shipping Ltd.	Cyprus	100.0%	12.430	2.228	121.394	120.481	913	2.228
Laivyno Technikos Prieziuros Baze	Lithuania	100.0%	4.768	98	3.695	313	3.382	98
UAB Krantas Shipping	Lithuania	100.0%	35	128	8.175	16	8.159	128
UAB Krantas Travel	Lithuania	100.0%	7.909	149	1.666	1.584	82	149
UAB Lisco Crew	Lithuania	100.0%	270	123	0	0	0	123
UAB Lisco SL	Lithuania	100.0%	22.350	1.263	5.670	2.385	3.285	1.263
Lisco Baltic Service GmbH	Germany	100.0%	7.942	236	11.701	9.502	2.199	236
			66.891	3.603	236.943	221.985	14.958	3.603

2006	Domicile	Owner-ship	Income	Profit (loss) for the year	Total Assets	Total liabilities	Equity	Profit (loss) for the year
Aukse Multipurpose Shipping Ltd.	Cyprus	100.0%	11.187	-229	77.989	81.280	-3.291	-229
Rasa Multipurpose Shipping Ltd.	Cyprus	100.0%	12.430	2.090	117.919	112.089	5.830	2.090
Lisco Optima Shipping Ltd	Cyprus	100.0%	12.921	1.677	167.026	165.343	1.683	1.677
Laivyno Technikos Prieziuros Baze	Lithuania	100.0%	6.927	482	4.299	436	3.863	482
UAB Krantas Shipping	Lithuania	100.0%		139	8.332	34	8.298	139
UAB Krantas Travel	Lithuania	100.0%	7.234	240	2.093	1.770	323	240
UAB Lisco SL	Lithuania	100.0%	32.764	1.862	8.199	3.052	5.147	1.862
DFDS Lisco GmbH (name changed)	Germany	100.0%	11.760	221	13.773	11.353	2.420	221
			95.223	6.482	399.630	375.357	24.273	6.482

A new group company "Lisco Optima Shipping Ltd" was founded in year 2006, which acquired the vessel "Lisco Optima" in April 2006.

Tests on the recoverable value impairment of the parent company's investments in Group companies are performed at least once per year. Based on the impairment tests, no impairment of the value of investments in Group companies have been indicated as at 31 December 2006. Refer to note 28.

Notes

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 12 Investments in associated companies**	**2005**	**2006**
84	86	Balance at 1 January	84	86
		Disposal		
84	**86**	**Balance at 31 December**	**84**	**86**
		Disposal		
2	16	Share of profit for the year	2	16
		Dividends from associated companies		
2	**16**	**Value adjustments**	**2**	**16**
86	**102**	**Carrying amount as at 31 December**	**86**	**102**

Consolidated
LTL '000

2005	Domicile	Ownership	Income	Profit (loss) for the year	Total assets	Total liabilities	Equity	The share of profit (loss)
UAB Krantas Forwarding	Lithuania	50.0%	944	4	218	47	171	2
							171	2

Consolidated
LTL '000

2006	Domicile	Ownership	Income	Profit (loss) for the year	Total assets	Total liabilities	Equity	The share of profit (loss)
UAB Krantas Forwarding	Lithuania	50.0%	871	32	273	70	203	16
							203	16

Notes

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 13 Trade and other receivables**	**2005**	**2006**
79.484	131.275	Receivable from Group companies		
		Other long-term receivables		
79.484	**131.275**	**Total long-term receivables**	**0**	**0**
15.523	16.452	Trade debtors	22.531	32.246
876	5.001	Receivable from Group companies		
		Receivable from associated companies		
		Receivable income tax	80	
764	276	Other receivables and current assets	973	984
17.163	**21.729**	**Total short-term receivables**	**23.584**	**33.230**
96.647	**153.004**	**Total receivables**	**23.584**	**33.230**
		Trade receivables can be specified as follows		
16.255	17.022	Total trade receivable	23.450	32.981
-732	-570	Impairment loss on doubtful receivable	-919	-735
15.523	**16.452**	**Trade receivables, net**	**22.531**	**32.246**

Credit risk
Credit risk, or the risk of counter-party default, is controlled by application of credit terms and monitoring procedures. Trade receivables are recognised in the balance sheet less impairment for doubtful receivables.

The Group companies have no significant credit risk with any single counterpart or a group of counter-parties.

	Consolidated Number of shares	
Note 14 Treasury shares	**2005**	**2006**
Number of treasury shares as at 1 January	4.093.177	4.093.177
Change during the year	0	0
Number of treasury shares as at 31 December	**4.093.177**	**4.093.177**
Market value of treasury shares as at 31 December '000 LTL	3.152	2.824

During 2006 the Company did not acquire any of its own shares. The number of treasury shares held by the Company at the end of 2006 amounted to 4.093.177 or 1,23 % of the share capital.

Notes

Parent company LTL '000 2005	2006	Note 15 Deferred income tax	Consolidated LTL '000 2005	2006
9.950	7.600	Balance at 1 January	9.950	7.600
-2.350	-3.150	Deferred taxes for the year, recognised in the profit and loss statement	-2.350	-2.995
0	0	Deferred taxes for the year, recognised in equity	0	0
0	0	Adjustments related to previous years	0	0
7.600	**4.450**	**Deferred income tax as at 31 December 31**	**7.600**	**4.605**
		Deferred taxes recognised in the balance sheet:		
7.600	4.450	Deferred tax asset	7.600	4.605
0	0	Deferred tax liabilities	0	0
7.600	**4.450**	**Total deferred tax at 31 December**	**7.600**	**4.605**

The major influence on temporary differences is caused by tangible non-current assets, i.e. by differences between the book values of the vessels and their tax basis.
The specification of temporary differences is presented below:

Parent company
LTL '000

2005	Balance at 31 December
Intangible assets	860
Vessels	40.000
Buildings, terminals and equipment	730
Inventories	185
Other	8.892
Total:	**50.667**

2006	Balance at 31 December
Intangible assets	464
Vessels	26.595
Buildings, terminals and equipment	496
Inventories	194
Other	1.918
Total:	**29.667**

Consolidated
LTL '000

2005	Balance at 31 December
Intangible assets	860
Vessels	40.000
Buildings, terminals and equipment	730
Inventories	185
Other	8.892
Total:	**50.667**

2006	Balance at 31 December
Intangible assets	464
Vessels	26.595
Buildings, terminals and equipment	898
Inventories	260
Other	2.483
Total:	**30.700**

Notes

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 16 Provisions**	**2005**	**2006**
3.100	4.950	Balance at 1 January	3.100	4.950
1.850	4.000	Provisions established during the year	1.850	4.000
0	0	Provisions used during the year	0	0
0	0	Release of unused provisions	0	0
4.950	**8.950**	**Provisions as at 31 December**	**4.950**	**8.950**
		Provisions expected to be paid during		
0	4.000	0 - 1 year	0	4.000
4.950	4.950	1 - 5 years	4.950	4.950
0	0	After 5 years	0	0
4.950	**8.950**	**Provisions as at 31 December**	**4.950**	**8.950**

As at 31 December 2006 a provision for claims from third parties amounts to 8.150 tLTL, out of which a provision established in the parent company AB DFDS Lisco in 2005 amounted to 4.150 tLTL. In 2006 an additional provision related to sale of vessel of 4.000 tLTL was established.

A provision for reorganisation costs in the parent company amounts to 800 tLTL as at 31 December 2006 (800 tLTL as at 31 December 2005).

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 17 Loans and financial lease liabilities**	**2005**	**2006**
0	0	Loans secured by pledging vessels	111.643	203.302
0	0	Finance leasing liabilities	144	0
0	0	Bank loans	0	0
0	0	Other long-term liabilities	0	83
0	**0**	**Total long-term liabilities**	**111.787**	**203.385**
0	0	Loans secured by pledging vessels	12.570	20.292
0	0	Finance leasing liabilities	102	0
10.776	11.579	Payable to Group companies	0	0
0	0	Bank loans	0	0
0	0	Other long-term liabilities	0	1.861
10.776	**11.579**	**Total short-term liabilities**	**12.672**	**22.153**
10.776	**11.579**	**Total liabilities**	**124.459**	**225.538**

Payables of the parent company to the Group companies comprise short-term deposits.

Liabilities amounting to 81.250 tLTL include payable from 1 to 5 years (2005 - 50.423 tLTL). Liabilities of 122.135 tLTL are payable after 5 years (2005 - 61.364 tLTL).

The effective interest rate for liabilities to the Group varies from 4,0% - 4,7% during the year (2005 - 3,1% - 4,7% during the year). Out of interest bearing borrowings with a variable interest rate an amount of 60.060 tLTL (2005 - 65.942 tLTL) was assigned with a fixed annual interest rate of 4,7%.

		Financial liabilities per currencies, principal amount (LTL '000)		
0	0	DKK	65.942	171.969
8.632	10.220	EUR	58.271	53.569
2.144	1.359	LTL	246	
10.776	**11.579**	**Total liabilities (LTL '000)**	**124.459**	**225.538**

Notes

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 18 Other payable amounts**	**2005**	**2006**
0	0	Accrued interest	1.488	2.346
9.715	7.569	Accrued expenses	10.015	8.037
950	1.264	Taxes payable	1.035	2.203
2.050	548	Liabilities related to labour relations	2.652	866
0		Fair value adjustment on derivatives	2.661	
151		Other	356	1.061
12.866	**9.381**	**Total other payable amounts**	**18.207**	**14.513**

Notes

Note 19 Risk related to currency exchange, oil, interest rate, cash flows and derivative financial instruments applied

Financial risk management

The main financial risk factors are related to currency exchange, oil, interest rates and liquidity. Credit risk is discribed in note 13. The financial risk management of AB DFDS LISCO Group companies aims to minimise the financial risk, related to performance, investments and financial activities without participation in an active speculation related to financial risks.

Currency exchange risk

Currency exchange risk arises due to a difference between inflows and outflows denominated in different currencies and due to net investments in foreign subsidiaries.

The major part of the Group's transactions concluded in 2006 are denominated in LTL or EUR, therefore the Group is not exposed to a significant currency exchange risk.

The major part of receivable and payable amounts in foreign currencies are expressed in EUR and DKK as at 31 December 2006. Open currency positions of the same level are expected in the year 2007.

The Group companies did not use any financial instruments to hedge its currency exchange risk.

Interest rate risk

The Group is exposed to an interest rate risk due to financial liabilities. The aim of the interest rate risk management is to minimise the impact of interest rate fluctuations on the income statement and balance sheet.

Loans bearing a variable interest rate as at 31 December 2006 amount to 172 million LTL, and with a fixed interest rate - 51,6 million LTL. The average term of the loan portfolio is 8,4 years comprising sindicated loans secured by the pledge of vessels. The received financing complies with market prices plus a margin. One of the loans with a variable interest rate is swapped to a fixed interest rate as to Interest Rate Swap agreement.

An increase of interest by 1% would increase interest costs of the Group by 1,1 million LTL in 2007.

Oil price risk

The oil price risk is directly related to the purchase of fuel for the company's vessels. The total fuel costs amounted to 34,6 million LTL (2005 - 35,4 million LTL).

The oil price risk in the Group is partly minimised by prepayments for fuel. In 2007 the Group is planning to consume 12.800 tones of fuel.

Due to the increased oil price by 1% since the middle of January 2007, the fuel costs of the company would increase by approximately 80 tLTL on a yearly basis.

Liquidity risk

The Group's policy is to maintain a sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities.

Hedging of future transactions (LTL '000)

Consolidated

2005

Future transaction	Hedging instrument	Term	Transaction amount	Income/costs recognised in equity 0-1 year	Income/costs recognised in equity After 1 year
Interest	Interest rate swap transaction	0-10 years	65.942	0	-2.661
				0	-2.661

2006

Future transaction	Hedging instrument	Term	Transaction amount	Income/costs recognised in equity 0-1 year	Income/costs recognised in equity After 1 year
Interest	Interest rate swap transaction	0-10 years	62.820	0	2.827
				0	2.827

Notes

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 20 Adjustments**	**2005**	**2006**
0	0	Gain/loss from sales of equipment	-32	0
-466	-8.323	Additional vessel sales costs	-466	-8.323
0	0	Write-off of non-current assets	0	0
0	0	Reclassification of non-current assets into current assets	0	0
0	-2	Other	-2	-8
-466	**-8.325**	**Total adjustments**	**-500**	**-8.331**

Parent company LTL '000			Consplidated LTL '000	
2005	**2006**	**Note 21 Change in working capital**	**2005**	**2006**
-1.066	458	Change in inventories	-1.095	511
-4.245	-6.212	Change in receivable amounts	-6.074	-8.882
7.173	5.095	Change in current liabilities	8.369	2.017
1.862	**-659**	**Change in working capital**	**1.200**	**-6.354**

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 22 Net investments in non-current assets**	**2005**	**2006**
0	0	Investments	0	0
0	0	Sales	0	0
0	**0**	**Net investments in buildings and terminals**	**0**	**0**
-1.497	-6.892	Investments	-1.497	-6.692
1.618	4.913	Sales	1.687	5.084
121	**-1.979**	**Net investments in equipment**	**190**	**-1.608**

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 23 Change in other loans**	**2005**	**2006**
-3.108	-50.988	Issue and repayment	0	1.944
0	0	Re-classification of loans	0	0
-3.108	**-50.988**	**Net change in other loans**	**0**	**1.944**

Loans issued by the parent company include loans to Group companies.

Note 24 Guarantees and contingent liabilities

Guarantees and contingent liabilities of the Group amount to 0 tLTL (2005: 0 tLTL).

Guarantees and contingent liabilities of the parent company, issued to insurance companies in favour of the subsidiary UAB Krantas Travel, amount to 650 tLTL (2005 : 565 tLTL).

As at 31 December 2006 the parent company was a party in several legal cases. The outcome of the mentioned cases will not have significant influence on the Group's financial position, except the amounts recognised in the balance sheet.

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Note 25 Operating lease agreements**	**2005**	**2006**
		Minimum lease payment		
141	141	0-1 year	365	456
422	281	1-5 years	506	1.413
		After 5 years		
563	**422**	**Total land and buildings**	**871**	**1.869**
		0-1 year		
		1-5 years		
		After 5 years		
0	**0**	**Total terminals**	**0**	**0**
16.763	42.020	0-1 year	0	6.646
5.966	43.115	1-5 years	0	0
0	0	After 5 years	0	0
22.729	**85.135**	**Total vessels**	**0**	**6.646**
534	355	0-1 year	612	557
321	103	1-5 years	478	380
		After 5 years		
855	**458**	**Total machinery and equipment**	**1.090**	**937**
		Total minimum lease payments as to maturities:		
17.438	42.516	0-1 year	977	7.659
6.709	43.499	1-5 years	984	1.793
0	0	After 5 years	0	0
24.147	**86.015**	**Total minimum lease payments**	**1.961**	**9.452**

The above liabilities are not discounted.

The Group's operating lease costs, recorded in the profit and loss account, amount to 16.234 tLTL (2005 - 10.631 tLTL), and the

The vessel operating lease agreements are usually drawn up for a period from three to ten years. Most of the vessel operating

At the end of 2005 the Group has finance leasing agreements for premises. Liabilities related to the mentioned agreements are

Parent company LTL '000			Consolidated LTL '000	
2005	**2006**	**Financial lease agreements**	**2005**	**2006**
		Minimum lease payments		
		0-1 year	115	
		1-5 years	164	
		After 5 years		
		Total minimum lease payments	279	0
		Interest	-33	
0	**0**	**Net investment into lease**	**246**	**0**
		Recognised in the balance sheet		
		Current liabilities	102	
		Non-current liabilities	144	
0	**0**	**Total recognised in the balance sheet**	**246**	**0**

Notes

Note 26 Related parties

The parent company of AB DFDS Lisco Group is DFDS A/S, Copenhagen, which holds 92.25% shares of AB DFDS Lisco. Members of the Board and Council of DFDS A/S are also related parties.

Furthermore, the related parties are all companies, owned by DFDS A/S, companies controlled by AB DFDS Lisco and associated companies (refer to notes 11 and 12) as well as their board members, management and their family members.

Except for internal balances and turnovers, which are eliminated when consolidating, ordinary remuneration to the management and the transactions presented below, there were no other transactions with related parties during the year.

Transactions which are mainly related to purchase of services, with the DFDS A/S Group, controlled companies and associated companies were carried out on market conditions.

Parent company
LTL '000

2005	Sale of services	Purchase of services	Sale of assets	Purchase of assets	Receivable amounts	Payable amounts
DFDS A/S Group	18.997	4.858	0	0	1.463	370
Controlled companies	3.637	31.972	0	0	876	1.031
Associated companies	11	251	0	0	0	22

2006	Sale of services	Purchase of services	Sale of assets	Purchase of assets	Receivable amounts	Payable amounts
DFDS A/S Group	71.190	26.563	0	0	944	11.147
Controlled companies	1.768	46.141	0	0	5.001	332
Associated companies	8	206	0	0	0	29

Note 27 Test on impairment of assets

Impairment calculations in the Group are based on the tests on vessel impairment as the book value of the vessels makes the major part of the Group's assets.

Vessels
The impairment tests are performed on an individual basis for all the vessels of the Group. Separate shipping lines are considered to be the smallest cash generating units of the Group. There are several cases when shipping line combinations are treated as the smallest cash generating units. The expected future cash flows from shipping lines are attributed to the vessels. This allocation is based on the vessel capacity, compared to the shipping lines capacity and the expected usage of the vessels over their useful lifetime in the Group. The expected cash flows from each vessel are added to the expexted carrying amount of the vessel at the end of the useful lifetime. The carrying amount of the vessel at the end of the useful lifetime is calculated based on the expected realisable value or scrap value.

The carrying amount of the vessel is the higher of the two values: the amount of expected cash flows from the vessels or net realisable value. Net realisable value is calculated based on the valuation of independent broker. If the value is less than than the carrying amount, an impairment loss is recognised.

Assumptions for calculation of cash flows
The calculation of cash flows is based on the budget approved for the next financial year and the forecasts for an additional 5 years period as well as on the extrapolation from the seventh year till the end of the useful lifetime of the vessel in the shipping line.

The expected growth rate during the forecasted period is 0-3%. Extrapolation after the forecasted period foresees a 0% growth in all shipping lines.

The Group uses a discount rate of 7%, which comprises a risk free rate of 3.5%, risk premium of 6.5%, beta 0.895, interest rate up to 5.2% and the tax rate of 15%.

Sensitivity analysis
Sensitivity analysis of expected income is prepared annually by estimating relevant risk factors, which can be reasonably measured by the Group.

Results of impairment tests
Based on the impairment tests performed, there is no indication of impairment of the vessels, which should be recognised by the parent company and the Group.

Tests of impairment of investments in subsidiaries (parent company)
The tests on impairment of investments are performed in all Group companies. Each Group company is considered to be the smallest cash flow generating unit.

The calculation of cash flows is based on the budget approved for the next financial year and the extrapolation, assuming that the growth rate will be 0%. Calculations of future cash flows are adjusted according to the assumption and historic results as well as taking into account the expected fluctuations of cash flows in the future.

The Group applies a 7% discount rate, comprising a risk free rate of 3.5%, risk premium of 6.5%, beta 0.895, interest rate up to 5.2% and the tax rate of 15%.

Based on the impairment tests performed, there is no indication regarding the loss due to impairment of investments into subsidiaries, which should be recognised by the parent company.

Note 28 Significant accounting estimates and decisions

Significant decisions regarding implementation of accounting policies
Estimates and assumptions considered by the management as significant for the financial statements are described below.

Useful lifetime of vessels, residual value and impairment tests
The useful lifetime of the vessels and the residual value are calculated at least once per year. Furthermore, each year an impairment test of the vessels is carried out for determination of the carrying amount. Significant changes in the useful lifetime, residual values and impairment tests may have influence on the operating profit (EBITA).

Group companies

Company	Ownership 2005*	Ownership 2006*	Country	City	Currency	Share capital
AB DFDS Lisco			Lithuania	Klaipėda	LTL	332.547.434
Lisco Optima Shipping Ltd.		100	Cyprus	Limassol	CYP	1.000
Aukse Multipurpose Shipping Ltd.	100	100	Cyprus	Limassol	CYP	1.000
Rasa Multipurpose Shipping Ltd.	100	100	Cyprus	Limassol	CYP	1.000
Laivyno Technikos Priežiuros Bazė	100	100	Lithuania	Klaipėda	LTL	3.300.000
UAB Krantas Shipping	100	100	Lithuania	Klaipėda	LTL	1.850.000
UAB Krantas Travel	100	100	Lithuania	Klaipėda	LTL	400.000
UAB Lisco SL	100	100	Lithuania	Klaipėda	LTL	100.000
UAB Krantas Forwarding	50	50	Lithuania	Klaipėda	LTL	100.000
DFDS Lisco GmbH	100	100	Germany	Kiel	EUR	25.565

A new subsidiary company "Lisco Optima Shipping Ltd." was founded in Cyprus, which acquired the vessel "Lisco Optima" in April 2006.

List of vessels

As at 31 December 2006

Ro-Ro and Ro-Pax vessels	Construction year	GT	Lane metres	Passengers
LISCO Gloria	2002	20.140	2.493	302
LISCO Patria	1991	18.332	1.800	250
LISCO Optima	1999	25.206	2.300	327
Kaunas	1989	25.606	1.500	235
Vilnius	1987	22.341	1.740	120

Universal vessels	Construction year	GT	Container capacity [1]
Rasa	1998	3.893	353
Aukse	1997	3.893	353
Gediminas	1996	3.097	254
Vytautas	1995	3.097	254
Kollund [2]	1994	2.818	245
Pride [2]	2002	2.061	126
Hanseatic Scout [2]	2002	2.896	181
Hanseatic Trader [2]	2001	2.896	181
Graneborg [2]	1997	2.863	261

1 Container capacity by 20 feet containers
2 Time Charter

Management's report on financial statements

The management has today discussed and authorised for issue the consolidated annual accounts and the annual report and have signed the parent company's and the consolidated annual accounts and report on behalf of the Company.

The parent company's and the consolidated accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. We consider that the accounting policies used are appropriate.

We recommend the parent company's and the consolidated accounts be approved at the annual shareholders meeting.

Klaipėda, 5 March 2007

General Director

Anders Refsgaard

Consolidated annual report 2006

1) a fair review of an entity's position, the performance and development of the entity's business, a description of the principal risks and uncertainties that it faces;

AB DFDS LISCO, company code 110865181, was established on 27 June 2001 upon the reorganization of AB "Lithuanian Shipping Company". The major shareholder of the Company is DFDS A/S, holding 92.25% of shares at 31 December, 2006.

The executive bodies of the Company are the General Shareholders Meeting, the Board and the Head of Administration – the General Director.

AB DFDS LISCO is one of the leading ferry operators in the Baltic countries. The core activities of AB DFDS LISCO are freight transportation by ferries and dry-cargo ships as well as passenger transportation by ferries. The Company also renders liner agent services both for its own and DFDS Tor Line lines from Lithuania to Germany, Sweden, Denmark and Russia (Kaliningrad region).

In 2006, the Company employed in average 591 employees including 486 seafarers working on 9 vessels owned by the Company.

At 31 December, 2006, the AB DFDS LISCO holds the following ownership in subsidiaries and associates:

Name of subsidiary	Address	Number of shares	Value of the owned shares	Ownership, %
DFDS LISCO GmbH, Germany	Ostuferhafen 15, D-24149 Kiel	N/A	25,565 EUR	100
UAB LISCO Shipping Logistics	J.Janonio 24, LT-92251 Klaipeda	1,000	100,000 LTL	100
UAB Laivyno technikos prieziuros baze	Perkelos 10, LT-93270 Klaipeda	330,000	3,300,000 LTL	100
UAB Krantas Travel	J.Janonio 24, LT-92251 Klaipeda	400	400,000 LTL	100
UAB Krantas Forwarding	Perkelos 10, LT-93270 Klaipeda	500	50,000 LTL	50
Rasa Multipurpose Shipping Ltd., Cyprus	J.Janonio 24, LT-92251 Klaipeda	1,000	1,000 CYP	100
Aukse Multipurpose Shipping Ltd., Cyprus	J.Janonio 24, LT-92251 Klaipeda	1,000	1,000 CYP	100
LISCO Optima Shipping Ltd., Cyprus	J.Janonio 24, LT-92251 Klaipėda	1,000	1,000 CYP	100
UAB Krantas Shipping	Perkelos 10, LT-93270 Klaipeda	18,500	1,850,000 LTL	100

DFDS LISCO GmbH

On 1 January 2006, the branch offices of DFDS Tor Line GmbH in Kiel and Lübeck were merged to LISCO BALTIC SERVICE GmbH and the name of the company was changed to DFDS LISCO GmbH.

During the year, in the port of Kiel, the company acted as cargo agent to the conference line "NevaBridge" of DFDS AS and OOO Sovcomflot Lines as well as the cargo and passenger agent to the conference line "DFDS LISCO Line" of DFDS AS and AB DFDS LISCO. Furthermore, the company acted as cargo and passenger agent to DFDS AS in the ports of Lübeck ("HansaBridge") and Sassnitz ("RailBridge").

In 2006, the company employed in average 38 employees.

The income of the company in 2006 was EUR 3.4 million (LTL 11.8 million).

UAB LISCO Shipping Logistics

The main activities of UAB LISCO SHIPPING LOGISTICS are shipping logistic services as well as cargo search and arrangement of cargo shipments by ferries.

Using the DFDS Tor Line ferry line and DFDS LISCO ferry line network and its equipment, in 2006 the company successfully increased the volumes of the general cargoes carried both by sea and land and expanded the scope of its own services when searching for new opportunities in the field of shipping logistics.

This year, the company handled 167,500 t of general cargoes (an increase of 26 proc. compared to 2005) in the International Ferry Terminal (Klaipeda).

In 2006, the company employed in average 14 employees. The income of the company in 2006 totaled LTL 32.8 million.

UAB Laivyno Technikos Prieziuros Baze (LTPB)

UAB Laivyno technikos prieziuros baze is a ship repair company based in the territory of the Klaipeda International Ferry Terminal. Services rendered by the company include repair of diesel engines, hulls and pipelines, electrical system maintenance, painting, cleaning as well as safety equipment inspections. All of the services rendered by the company are certified.

In 2006, the company employed in average 70 employees. The income of the company in 2006 totaled LTL 6.9 million.

UAB Krantas Travel

In 2006, the travel agency and tour operator UAB Krantas Travel increased sales by 16 percent and amounted to LTL 7,2 million. Four sales offices in Vilnius, Kaunas and Klaipeda employed in average 36 employees. UAB Krantas Travel is among the top five travel agencies in the country.

The main business of the company includes ferry and airline ticketing, organisation of business and tourist trips, hotel bookings, coach and automobile rental, insurance, conference and seminar organisation. The company also provides services for foreign tourists visiting Lithuania and other Baltic countries. Krantas Travel is the ferry ticket sales leader in Lithuania. The company is successfully consolidating its position in the cruise ship passenger service market.

In 2006, the company won the "Best Lithuanian Tour Operator Award" in a competition arranged by the Lithuanian Tourism Department. The agency is a member of IATA (International Air Transport Association), BTC (Baltic Sea Tourism Commission) and LTA (Lithuanian Tourism Association).

UAB Krantas Forwarding

The company Krantas Forwarding renders forwarding and surveyor services at the Klaipeda International Ferry Terminal. The company uses a computerized system, allowing accurate control of cargo movement, correct processing of documents, and prompt servicing of customers.

AB DFDS LISCO holds 50 percent of shares in this company.

In 2006, the company employed in average 19 employees. The income of the company in 2006 totaled LTL 0.9 million.

Rasa Multipurpose Shipping Ltd

The company is registered in Cyprus. Rasa Multipurpose Shipping Ltd owns the vessel LISCO GLORIA which it bareboat charters to the parent company AB DFDS LISCO.

Aukse Multipurpose Shipping Ltd

The company is registered in Cyprus. Aukse Multipurpose Shipping Ltd owns the vessel LISCO PATRIA which it bareboat charters to the parent company AB DFDS LISCO.

LISCO Optima Shipping Ltd

The company was founded and registered in Cyprus in 2006. LISCO OPTIMA Shipping Ltd owns the vessel LISCO OPTIMA which it bareboat charters to the present company AB DFDS LISCO.

UAB Krantas Shipping

As of 1 September 2004, the company was placed into status of "under liquidation". It's expected that the liquidation process will be completed in the year 2007.

AB DFDS LISCO

The year 2006 was the most successful year of the company ever. Consolidated profit grew from LTL 23 million in 2005 to LTL 34.5 million in 2006 - an increase of 50 percent. The sale of vessels as well as active development in the passenger and cargo segments contributed considerably to the very positive results of the Company.

Looking back on the year 2006, the Company went through several changes - one of the most visible was the change of the well-known name and brand AB LISCO BALTIC SERVICE to AB DFDS LISCO with the characteristic DFDS-Maltese cross added as the logo. This change has already given the Company the intended and stronger positioning toward our primary segment, the trucking companies, but it is most certainly also a signal in our region that we are an important part of the larger DFDS Group of Companies. Despite the change of the name and logo, we decided to keep "LISCO" as a brand name for our passenger segment. So, our clients traveling onboard our vessels will still notice the old and respected brand here.

Another major and important event took place on 26th April when the Company took delivery of yet another large ro-pax vessel, M/V LISCO OPTIMA, which was immediately introduced on the Kiel - Klaipeda line on which she is sailing today with great success. The acquisition of this vessel illustrates the investments the Company is prepared to do, if and when the market requires it.

A change in the top management of the company was carried out upon decision by the Board of the Company effective 1st August: Mr. Anders Refsgaard assumed the helm from Mr. Arturas Gedgaudas, who had headed the Company since privatization in 2001. The new top management now consists of Mr. Anders Refsgaard as General Director (CEO), Mr. Hans-Henrik Pedersen as Deputy General Director (DCEO), Mr. Jonas Nazarovas as Financial Director (CFO) and Mr. Samuil Vindergauz as Commercial Director (COO).

Throughout 2006, we made minor modifications to the number of staff and crews after the sale and delivery of 3 vessels: the Company's organization is now streamlined and optimized.

The Company continues to follow its strategy of providing funding to the local community sports and cultural activities, but has also added its support to various educational institutions.

Every company faces changes and challenges, most of which cannot be foreseen in advance. We strongly believe that DFDS LISCO is now geared more than ever to face any challenge irrespective of whether it is known to us in advance or not. Looking to the nearest future, we recognize today that bottleneck situations at some of the terminals and adjustments of tonnage on our lines are some of those challenges. With our strong and motivated organization, we are fully convinced that we will conquer these exciting challenges now and in the future.

2) **analysis of financial and non-financial performance, information relating to environmental and employee matters;**

The results of AB DFDS LISCO activities in 2005-2006 are presented below:

‘000 LTL	2005 Consolidated	2005 Parent Company	2006 Consolidated	2006 Parent Company
Revenue	245,258	214,870	282,908	238,066
EBITDA	62,006	35,735	63,129	23,220
Net profit	22,954	19,610	34,492	28,234

The results of the subsidiaries and associates for 2006 are presented below:

Name of subsidiary	Activity	Equity, ‘000 LTL	Net profit, ‘000 LTL
UAB Krantas Shipping	Under liquidation	8,298	139
UAB LISCO Shipping Logistics	Logistics, forwarding	5,147	1,862
UAB Laivyno technikos priežiūros bazė	Repair and maintenance of vessels	3,863	482
UAB Krantas Travel	Travel agency	323	240
UAB Krantas Forwarding	Forwarding, survey	203	16
DFDS LISCO GmbH	Shipping agency	2,420	221
LISCO Optima Shipping Ltd.	Shipping	1,683	1,677
Rasa Multipurpose Shipping Ltd. Cyprus	Shipping	5,830	2,090
Auksė Multipurpose Shipping Ltd. Cyprus	Shipping	-3,291	-229

In 2006, the Group’s revenue amounted to 282.9 million LTL (Parent Company: 238.1 million LTL) signifying an increase of 15 percent (Parent Company: 11 percent) when compared to 2005. The growth of revenue was mainly due to the acquisition and introduction of the vessel LISCO Optima on the “DFDS LISCO line”. The net consolidated profit for 2006 amounts to 34.5 million LTL (Parent Company: 28.2

million LTL), which signifies an increase of 50 percent (Parent Company: 44 percent) when compared to 2005. This result may be largely explained by the profit received from the sale of the line and the vessels.

The major part of the Parent Company's revenue was earned from vessel charter and passengers line activities.

In 2006, the Parent Company together with the mother company DFDS A/S operated the "DFDS LISCO Line" (Klaipeda – Kiel); served the DFDS Tor Line cargo lines: "ScanBridge" (Klaipeda – Karlshamn, Karlshamn – Klaipeda – Baltiysk), "RailBridge" (Klaipėda – Sassnitz), "BalticBridge" (Klaipeda – Copenhagen/Fredericia); operated passenger lines from Klaipeda to Karlshamn, Baltiysk, Kiel and Sassnitz and until 30 September 2006 operated the passenger line "HansaBridge" (Riga-Lübeck).

In 2006, cargo and passenger markets were more active than expected. After expansion of the EU in 2004, with its negative effect on cargo transportation by sea, the reallocation of production facilities, and the increase of international competition, these markets stabilised. The markets of the CIS and Baltic states continue to grow quickly with a continuously increasing need for truck drivers. The acquisition of the new ro-pax vessel LISCO OPTIMA at the end of April had a positive impact on the "DFDS LISCO line".

Transit cargoes between Russia and Western Europe accounted for the major part of the cargo volume shipped in 2006, followed by the cargo volume to and from the Baltic countries.

Passenger flow in 2006 increased by 29 percent as a result of deploying a new vessel on the line between Klaipeda and Kiel as well as stable expansion of the tourist market and free labour movement to and from Lithuania and neighbouring Latvia after accession into the EU.

During 2006, three vessels were sold and one acquired. Naturally, this had an impact on the number of employees in the Company. To the greatest possible extent, the employee reduction process was reached through a natural exiting of employees or by the reallocation of staff to other positions within the group.

The "LISCO ACADEMY" strengthened its platform during 2006 with continuous improvement in the skills of both seamen and shore staff. Special focus was given to improving English skills, but also German and Swedish for relevant seamen are included in education and training plans. Managers - both seamen and shore staff - continue to focus on improving their managerial skills.

A number of employees successfully used the "LISCO ACADEMY" platform in improving their personal skills, relevant for their position, for the benefit of both the employee and the Company.

3) references to and additional explanations of the data presented in annual financial statements;

The overview of the main activities

“DFDS LISCO Line” (Klaipeda–Kiel)

Two AB DFDS LISCO ro-pax vessels have six scheduled sailings per week in both directions on the “DFDS LISCO Line” service. Cargo volumes increased by 22 percent in comparison with 2005, due to a general market growth and the acquisition of the new vessel. The structure of the transported cargo changed insignificantly, i.e. trailers and trucks accounted for 72 percent.

The new vessel provided for an increase in passenger capacity; passenger volume grew by 98 percent in comparison with 2005.

The line was operated under a Conference Agreement with DFDS A/S.

“RailBridge” (Klaipeda–Sassnitz)

One AB DFDS LISCO railway vessel sailed three times per week in both directions on the DFDS Tor Line “RailBridge” service. AB DFDS LISCO is the cargo agent and passenger operator of this line.

Cargo volumes increased by 30 percent in comparison with 2005. The reason for this growth was the deployment of a different vessel capable of carrying more passengers and cargoes. Railcars were also transported on this line; their numbers increased by 14 percent in comparison with 2005.

The number of passengers grew 5 times since the vessel’s substitute in July 2006. The line was popular among travelers to and from East or Central Germany and East European countries.

“ScanBridge” (Klaipeda–Karlshamn)

Two AB DFDS LISCO ro-pax vessels sailed six times per week on the DFDS Tor Line “ScanBridge” service. AB DFDS LISCO is the cargo agent and passenger operator of this line.

Cargo volumes increased by 24 percent in comparison with 2005 and utilization of vessels reached about 75 percent.

As in 2005, trailers and trucks accounted for the major share of vehicles shipped by ferries.

The volume of passengers increased by 3 percent in comparison with 2005, due to an increase of tourists and the free labour movement from Lithuania to Scandinavia.

“ScanBridge” (Karlshamn–Baltiysk–Klaipeda)

One AB DFDS LISCO ro-pax vessel sailed on the DFDS Tor Line Karlshamn–Baltiysk–Klaipeda service, inaugurated on 11 June 2005. AB DFDS LISCO is the cargo agent and passenger operator of this line.

Trailers and other vehicles shipped in the Eastern direction accounted for the major share of freight.

Due to the visa regime with the Kaliningrad Oblast and only one weekly voyage, the volume of passengers transported on this line was relatively low.

"HansaBridge" (Lübeck–Riga/Ventspils)

On "HansaBridge" AB DFDS LISCO was responsible for passenger transportation only. At the end of September 2006, AB DFDS LISCO transferred the passenger service over to DFDS Tor Line.

Tramp fleet

In 2006, the trend of freight decrease dominated the short sea shipping markets of Europe. Construction of new ships, started during the boom of the shipping markets in 2003-2004, supplemented the European ship market and provided for increased tonnage availability in 2006. This had a negative impact on freight rates. Operating results of shipping companies were further dampened by increasing fuel prices.

General market conditions and unplanned hedge cover repairs on the m/v RASA had negative effect on operating results of the tramp ships. But this notwithstanding, with the increased number of managed vessels and the new activity as ship broker, turnover generated by dry-cargo vessels increased by 11 percent as compared to 2005.

The main shipping region in 2006 remained unchanged: the Baltic Sea – Continental Europe – the Mediterranean Sea – the Black Sea. At the beginning of the year one vessel underwent scheduled repairs.

4) **the number of the shares acquired by the entity and the entity's own shares as well as nominal value thereof and a part of the authorised capital made up by these shares;**

Company has 4,093,177 own shares with the nominal value of 4,093,177 LTL what corresponds to 1.23 percent of the authorised capital.

5) **the number of the own shares acquired and transferred during the reporting period, where they are acquired or transferred against payment;**

Company hasn't acquired own shares during year 2006.

6) **information about payment for own shares, where they are acquired or transferred against payment;**

Not relevant.

7) **reasons for acquiring the entity's own shares during the reporting period;**

Not relevant.

8) **information about the entity's branches and representative offices;**

Since 1 April 2003, AB DFDS LISCO has a representative office in Moscow at Ozerkovskij str. 12. The purpose of this office is to represent the interests of the Company in the Russian Federation, to collect and analyze information about the Russian market, to maintain and strengthen contacts with existing partners and to search for new partners in Russia. The representative office employs two employees.

9) **the important events which have occurred since the end of the preceding financial year;**

There are no post balance sheet events, which can have an influence on the AB DFDS LISCO and group financial position.

10) **the entity's operating plans and forecasts;**

In comparison to year 2006 it is expected that the Company will continue its core activities in year 2007. AB DFDS LISCO expects the result in the region of LTL 12 – 15 million, which is in line with the result of year 2006 excluding sale of the vessels and the line.

11) **information about activities of the entity in the field of research and development;**

Company spending on R&D is insignificant and mostly related with the technical – environmental issues. AB DFDS LISCO belongs to DFDS group therefore there is no specific need to have the separate R&D activity unit in the Company.

12) **where the entity uses financial instruments and where this is of importance for the evaluation of the entity's assets, equity capital, liabilities, financial position and performance, the entity shall disclose financial risk management objectives, its policy for hedging major types of**

forecasted transactions for which hedge accounting is used, and the entity's exposure to price risk, credit risk, liquidity risk and cash flow risk.

The detail information regarding management of the financial risk and use of financial instruments is provided in Note 19 of the financial statement Y2006 of AB DFDS LISCO.

13) information about compliance with Governance Code;

The information about compliance with Governance Code is provided in Annex 1.

Klaipeda, 05 03 2007

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Peder Gellert Pedersen
Chairman of the Board