

**Public Joint Stock Company  
Latvian Shipping Company and its Subsidiaries**

## **Unaudited Condensed Interim Consolidated Financial Statements**

**for the nine month period ended 30 September 2013**



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## **Supervisory Council**

### **Chairman of the Council**

Robert Kirkup (from October 23, 2013)  
Vladimir Egger (from September 1, 2013 until October 17, 2013)  
Simon Boddy (until August 31, 2013)

### **Deputy Chairperson of the Council**

Mikhail Dvorak (until October 17, 2013 and from October 23, 2013)

### **Members of the Council:**

Christophe Theophanis Matsacos  
Rubil Yilmaz  
Vladimir Egger (until August 31, 2013 and from October 17, 2013)  
Javed Ahmed  
Mark Morrell Ware (until October 17, 2013)  
Jaakko Sakari Mikael Salmelin (until October 17, 2013)  
Ivars Girgensons  
Mārtiņš Kvēps  
Oļegs Stepanovs  
Serguei Choutov (until October 17, 2013)  
Simon Boddy (from September 1, 2013)  
Kristo Oidermaa (from October 17, 2013)  
Artūrs Lēmanis (from October 17, 2013)  
Robert Kirkup (from October 17, 2013 until October 23, 2013)  
Mikhail Dvorak (from October 17, 2013 until October 23, 2013)

## **Professional experience of the members of the Supervisory Council**

- Robert Kirkup* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Robert Kirkup is the Chairman of the JSC Ventspils nafta Management Board since 1 September 2013. R. Kirkup also holds positions in JSC Ventspils nafta subsidiaries - he is the Chairman of the Supervisory Councils of LatRosTrans Ltd, as well as a member of the Supervisory Council of Ventspils nafta termināls Ltd. He has worked in the oil and sugar business for more than 17 years. In 1996 he joined the Vitol Group and has held several positions in trading. Since July 2006 he has been appointed as the Global Head of Sugar at Vitol S.A. In addition he was a member of the World Sugar Committee for the ICE No11 Raw Sugar Futures Contract and still is a member of the Council of the Sugar Association of London, where he is an Arbitrator. Professional education: BA Honours Degree in Business. Mr. Robert Kirkup does not own any shares of JSC Latvian Shipping Company.
- Mikhail Dvorak* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Deputy Chairman of the JSC Ventspils nafta Supervisory Council since 20 January 2010. The Vitol Group's Financial Controller, Financial Director in the Group's companies in the CIS countries, Georgia and the Baltic States. In 2010 was elected member of LatRosTrans Ltd Supervisory Council on behalf of JSC Ventspils nafta. Mikhail Dvorak does not own shares of JSC Latvian Shipping Company.
- Simon Boddy* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Simon Boddy currently holds position as the Head of Vitol's office in Dubai in the United Arab Emirates. Previously for 3 years he was Chairman of the Supervisory Council of the JSC Latvian Shipping Company and Chairman of the JSC Ventspils nafta Management Board. He has been working in the petroleum industry for over 20 years. He has worked for energy companies Shell and BP. In 1989, Simon Boddy joined the Vitol Group of companies, where he was responsible for trade, refinement, supply and economic issues; from 2006 until 2008 he was Chief Representative of Vitol's Moscow office. He has been elected a member of the Vitol Tank Terminals International Management Board, he is also a licensed attorney in England. Professional education: Academic degree in mathematics from the University of Oxford, Postgraduate Diploma in Law from the College of Law of England and Wales in London. Simon Boddy does not own shares of JSC Latvian Shipping Company.
- Christophe Theophanis Matsacos* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Member of JSC Ventspils nafta Supervisory Council since 17 July 2010. Joined the Vitol financial group in 2008. He is working in Vitol's representation office in Moscow and is responsible for business development in Russia and former CIS countries. Before working for Vitol, K.T.Matsacos has gained experience in the banking sector, working for VTB Europe (London) (previously – Moscow Narodny Bank) where he was responsible for oil business and financial area in Russia and former CIS countries. Christophe Matsacos does not own shares of JSC Latvian Shipping Company.
- Rubil Yilmaz* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Member of JSC Ventspils nafta Supervisory Council since 20 January 2010, Financial Director of Vitol Tank Terminals International (VTTI). Holds the position of member of the Supervisory Council of Ventspils nafta termināls Ltd. Rubil Yilmaz does not own shares of JSC Latvian Shipping Company.

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- Vladimir Egger* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Member of JSC Ventspils nafta Supervisory Council since 20 January 2010. The Chief Representative of the Vitol Group's company VNT SA in Moscow. Mr. Egger has almost 30 years experience in trade of raw materials. Before joining Vitol he was Managing Director of Lukoil Asia Pacific based in Singapore and Beijing (China). Professional education: Bachelor's Degree in Economics and Business Management Master's Degree. Vladimir Egger does not own shares of JSC Latvian Shipping Company.
- Javed Ahmed* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Member of JSC Ventspils nafta Supervisory Council since 20 January 2010. At the moment the Head of the Vitol Group's purchasing and investment division; Management Board member of Vitol Tank Terminals International Group and Management Board member of Blue Knight Energy Partners. Professional education: Doctor of Legal Science and Business Management Master's Degree from the University of Harvard, Bachelor's Degree from Yale University. Javed Ahmed does not own shares of JSC Latvian Shipping Company.
- Kristo Oidermaa* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Kristo Oidermaa been working in the financial sector since 2006 and currently holds the portfolio manager's position in LHV Asset Management. Previously he was working as a senior analyst in LHV Bank and also filled the analyst roles in Avaron Asset Management and Trigon Capital. K.Oidermaa has a BA Economics degree from the University of Manchester and he is also a CFA charterholder. Kristo Oidermaa does not own shares of JSC Latvian Shipping Company.
- Ivars Girgensons* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. A lawyer in the corporate finance company Confide. His main area of specialization is civil law and commercial law. Previously he has managed Creative Consultation Centre Ltd, has worked for Baltijas Ofiss Ltd, Akvašips Ltd, and has been a manager of a branch of JSC SEB banka. Ivars Girgensons does not own shares of JSC Latvian Shipping Company.
- Mārtiņš Kvēps* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Sworn attorney since 1999, Deputy Chairman of the Supervisory Council of JSC Ventbunkers from 2006 until 2010, Chairman of the Supervisory Council of JSC Latvijas naftas tranzīts from 2007 until 2010. Mārtiņš Kvēps does not own shares of JSC Latvian Shipping Company.
- Oļegs Stepanovs* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. Doctor of Economic Sciences, Vice-president of the Baltic Association – Transport and Logistics from 2006 until 2011, Chairman of the Supervisory Board of JSC Ventspils Commercial Port from 2009 until 2010, Member of the Supervisory Council of JSC Ventspils Nafta from 2010 until 2011, Chairman of the Supervisory Council of JSC SS&F Group since 2008, Member of the Supervisory Council of JSC Baltic Coal Terminal since 2009. Oļegs Stepanovs does not own shares of JSC Latvian Shipping Company.
- Artūrs Lēmanis* Elected in the position of the member of the Supervisory Council on October 17, 2013 for 5 years term. In 2009 joined Elura Shipping as a partner, a company doing commercial operation of chartered in product tankers and acting as a tanker/lpg broker. Spent almost 12 years in JSC Latvian Shipping Company as operator, demurrage analyst, chartering of CPP and DPP tonnage and projects before joining Elura Shipping. Has a seagoing experience, last position - safety officer on board LPG carrier under Norwegian ownership and management before joining LSC as a post-fixtiture operator. Artūrs Lēmanis does not own shares of JSC Latvian Shipping Company.

## **Management Board**

**Chairman of the Management Board**

Simon Richard Blaydes

**Members of the Management Board**

Paul Thomas

Christopher James Kernon

## **Professional experience of the members of the Management Board**

- Simon Richard Blaydes* Member of the Management Board of Latvian Shipping Company since 1 June 2011, elected for 5 years term, Chairman of the Management Board since 15 November 2011. Previously from 2009 until 2010 CFO of the Arawak Group of companies. Before that he was a partner in the transaction support departments of Ernst & Young's Energy practices in Beijing, London and Kazakhstan. Mr. Simon Blaydes is a chartered accountant and an associate of the ICAEW who trained with Price Waterhouse (now PwC) working for them in the UK and Russia. Simon Blaydes does not own shares of JSC Latvian Shipping Company.
- Paul Thomas* Head of Vitol Group's World Wide Shipping, employed by Vitol Group since 1988, director of the shipping company Finaval Spa since 2007, Member of the Management Board of Latvian Shipping Company since July 2010, elected for 5 years term. Paul Thomas does not own shares of JSC Latvian Shipping Company.
- Christopher James Kernon* With more than 20 years experience in the shipping industry. Previously C. Kernon was responsible for shipping and chartering in Asia and Australia for Vitol Group. Since 2003 he is responsible for projects and shipping time charters at Vitol Group. Member of the Management Board of Latvian Shipping Company since February, 2011, elected for 5 years term. Christopher Kernon does not own shares of the JSC Latvian Shipping Company.

## Review of the shares

Information on share price/index dynamics for the period from 01.01.2013 until 30.09.2013



Index/Equity	01.01.2013	30.09.2013	+/-%
OMX Baltic Benchmark GI	546.98	630.17	15.21
LSC1R	0.25 LVL	0.34 LVL	35.32

### Securities information

ISIN	LV0000101103
Ticker	LSC1R
Market	BALTIC MAIN LIST
Issuer	Latvijas kuģniecība (LSC)
Nominal value	1.00 LVL
Total number of securities	200 000 000
Number of listed securities	200 000 000
Listing date	26.06.2002
Liquidity providers	None
Indexes	B2000GI, B2000PI, B2700GI, B2700PI, OMXBBCAPGI, OMXBBCAPPI, OMXBBGI, OMXBBPI, OMXBGI, OMXBPI, OMXRGI

### Securities trading history, LVL

Price	2009	2010	2011	2012	Q1-Q3/2013
Open	0.660	0.410	0.370	0.312	0.252
High	0.690	0.520	0.460	0.346	0.417
Low	0.360	0.340	0.301	0.203	0.230
Last	0.400	0.379	0.308	0.252	0.341
Traded volume	3,961,245	5,058,251	13,526,230	985,943	1,325,862
Turnover, million	1.91	2.03	5.85	0.27	0.41
Capitalisation, million	80.00	75.80	61.60	50.40	68.20

Information source: JSC „NASDAQ OMX Riga” webpage [www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com)



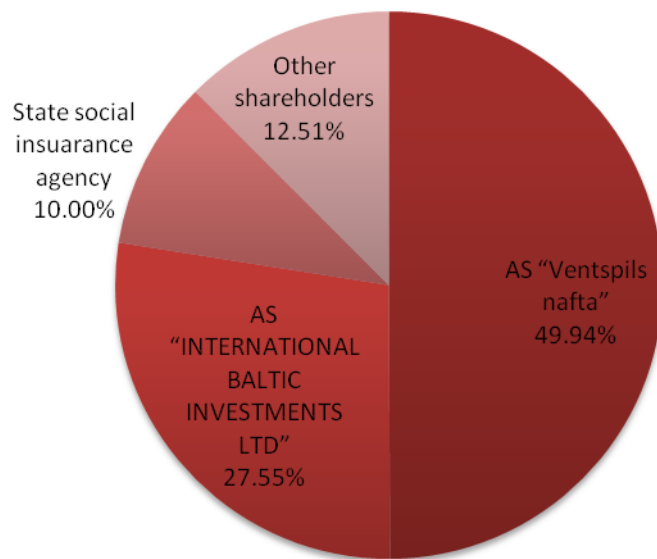
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**Company's shareholders (over 5%) as of 30.09.2013**

Name	Description	Ownership interest
JSC "Ventspils nafta"	Listed company	49.94%
JSC "INTERNATIONAL BALTIC INVESTMENTS LTD"	Private company	27.55%
State social insurance agency	Government institution	10.00%

**Company's shareholder structure as of 30.09.2013**



## Management report

Dear shareholders and stakeholders,

The interim financial result of Latvian Shipping Company (hereafter – LSC or Company) and its subsidiaries (hereafter – LSC Group or Group) for the Q3 of 2013 resulted in a net profit 1.96 million USD due to improved earnings, a decrease in administrative costs and a slight reduction in the fleet impairment charge. The total result for the nine months of 2013 is a net loss of 24.64 million USD due to a 23.67 million USD fleet non-cash impairment charge and a 5.40 million USD non-cash loss due to the sale of the vessel “Kaltene”. In the same period last year the financial result of LSC Group resulted in a net loss of 35.57 million USD.

During the nine months of 2013 the positive EBITDA trend continued and reached 36.81 million USD which was an improvement on 28.10 million USD over the same period in the previous year.

	2011 9 months	2012 9 months	2013 9 months
<b>Sales</b>	71 663	83 831	78 753
<b>EBITDA</b>	19 697	28 094	36 812
<b>Profit (loss) before sale of non-financial assets and exceptionals</b>	(17 154)	(7 313)	4 429
<b>Loss from sale of non-financial assets</b>	(681)	-	(5 400)
<b>Exceptionals (Fleet impairment)</b>	(12 575)	(28 238)	(23 669)
<b>Net profit (loss)</b>	(30 410)	(35 551)	(26 640)

During Q3 2013 the LSC Group also maintained a positive trend in respect of cash flow and as of 30 September 2013 the Group had cash and short term deposits of 36.08 million USD, which is 9.94 million USD more than at the beginning of 2013. The cash position of the Group has increased due to improved earnings, sale of vessel “Kaltene” and a reduction in administrative costs. As already reported before it is LSC’s intention to use part of the Group’s accumulated cash and any cash that may result from eventual sale of vessels to cover LSC Group’s financial liabilities which are due in Q3 next year in respect of the vessel “Riga”.

As mentioned above the substantial reduction in administrative costs continued throughout Q3 2013 with total savings for the nine months of 2013 when compared with the same period in 2012 in the amount of 2.81 million USD or 30% (nine months of 2013: 6.47 million USD versus nine months of 2012: 9.28 million USD).

The fleet non-cash impairment charge in Q3 2013 was slightly reduced by 0.35 million USD to 23.67 million USD due to receiving insurance compensation for vessel “Kolka”. Impairments are non-cash items which do not affect the cash position of the Group and are calculated using the higher of a vessel’s fair value less costs of disposal or its value in use.

In 2004 the LSC Group signed a ten year loan agreement with a loan facility of 75 million USD to finance the purchase of three vessels – “Kolka”, “Kaltene” and “Kuldiga” (all built 2003). The loan facility expires on June 15<sup>th</sup>, 2014. Given the current economic environment, there is little appetite on the part of the banks to finance shipping and the age of the vessels concerned would make refinancing very challenging even in normal circumstances. The existing lending banks are not offering any extension to the facility therefore the sale of the assets is the only option to raise the funds necessary to make the final balloon payments. As previously advised in April 2013 the vessel “Kaltene” was sold. An agreement to sell the vessel “Kolka” was signed in September 2013. A memorandum of understanding on the sale of the vessel “Kuldiga” was reached in October 2013. The sale of both vessels is planned to be completed during Q4 2013. After the sale of all three vessels is completed the LSC Group fleet will consist of 17 tankers, 16 of which are owned by the LSC Group, with one vessel (m/t “Riga”) chartered pursuant to a sale and leaseback contract. The average age of the fleet will be less than 6 years.

## Management report *(continued)*

The total income of the fleet for the nine months of 2013 was 78.187 million USD which is slightly less than for the same period in the previous year (nine months of 2012: 83.11 million USD). LSC Group fleet's net voyage result for nine months of 2013 was 67.39 million USD which is an improvement when compared to the previous year (nine months of 2012: 64.40 million USD). The net voyage result is a more comparable indicator of the fleet performance, rather than total income, as it is calculated by deducting voyage costs from voyage income and shows the Group's result, irrespective of whether the fleet is employed in the spot or time charter market. Vessels operating profit before depreciation and dry-dock amortisation for the nine months of 2013 was 41.76 million USD, a significant improvement on the previous period (nine months of 2012: 36.97 million USD).

LSC continues to release average quarterly TCE (Time charter equivalent) rates achieved by LSC Group's fleet:

### **Average LSC Group's Fleet net TCE (time charter equivalent) USD/per day**

Fleet	1Q 2012	2Q 2012	3Q 2012	4Q 2012	Y2012	1Q 2013	2Q 2013	3Q 2013
HS (7 vessels)*	13 003	12 131	12 776	13 239	12 703	12 408	13 661	14 291
MR (12 vessels)**	12 605	12 419	13 064	13 904	13 168	13 718	13 668	13 563
LR1 (1 vessel)	13 163	11 782	11 700	11 700	12 086	11 700	12 162	12 309

\*one HS vessel sold in April 2013; remaining number of HS vessels in fleet – 6.

\*\*From Q3 2013 m/t *Latgale* and m/t *Zemgale* removed from above statistics as they are employed on bareboat charter basis.

#### *Explanations:*

HS = handy size (37 dwt); MR = medium range (52 dwt); LR1 = long range (68 dwt).

Net TCE = a non IFRS measure which is used primarily to compare period to period changes in a shipping company's performance irrespective of changes in mix of charter. It is calculated after deduction of commissions payable to shipbrokers/charterers, port costs, bunker costs and any other applicable voyage related costs from vessel revenue and divided by the number of revenue days in the period. Revenue days are the number of days the vessel is trading less the number of days vessel is carrying out repairs or is in dry dock. The above figures reflect combined earnings of fleet for both time charters and spot market trading. The spot TCE is calculated on a pro-rata basis for the quarter after final voyages which commenced in Q2 were completed prior to the date of this report.

Although the majority of the LSC Group fleet is employed on time charter contracts with fixed guaranteed charter rates for all the chartering period, the seasonally strong first and second quarters have positively affected LSC Group financial results as those vessels which were employed on the spot market achieved positive results. Additionally new time charter agreements were signed throughout 2013 at relatively higher rates. The current strategy of the management is to continue to trade the remaining vessels (currently trading spot) on the spot markets and to review existing time charters as and when they come up for renewal. Towards the end of Q3 the spot markets did see a general decrease in earnings and this trend has continued into Q4. However this did not unduly impact on the LSC fleet as the greater proportion of the fleet are on time charter and those vessels trading on the spot markets still performed well despite the weaker spot market.

At 30 September 2013 the total value of the LSC Group assets was 549.69 million USD. The figure at 31 December 2012 was 605.78 million USD. The decrease is mainly attributable to the depreciation of the fleet and the impairment provisions as explained above. The total value of the LSC Group fleet was 444.36 million USD which considerably exceeds the total value of the outstanding loans used for the fleet financing (290.02 million USD). The total equity value of the Group at 30 September 2013 was 211.07 million USD (31 December 2012: 234.89 million USD).

During the nine months of 2013 the price of LSC shares quoted on the NASDAQ OMX Riga experienced growth of 35.32%. The OMX Baltic Benchmark GI index in the nine months of 2013 increased by 15.21%. There were 1 577 trades of Latvian Shipping Company's shares during nine months of 2013 involving 1 325 862 shares worth 410 565 LVL. On 30 September 2013 the capitalization of Latvian Shipping Company shares at NASDAQ OMX Riga was 68.20 million LVL.

## **Management report (continued)**

In July with the purpose of further streamlining its operations and focusing on developing its core business, LSC disposed of its subsidiary *LSC Marine Training* which was engaged in the third party seagoing personnel training business.

The LSC fleet has continued to generate earnings in line with expectations throughout Q3 2013 and the market indicators are that the petroleum product tanker sector will continue to perform well. At the same time it must be acknowledged that the products tanker market is dependent on worldwide economic growth which still remains finely balanced. It is this economic growth that drives demand for refined oil and ultimately the extent of this demand can either have a positive or detrimental impact on the product tanker market.



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Simon Richard Blaydes  
Chairman of the Management Board of  
Joint Stock Company Latvian Shipping Company  
Riga, 20 November 2013

## **Statement of Management's Responsibilities**

The Management Board of JSC "Latvian Shipping Company" prepares condensed interim consolidated financial statements for each reporting period. These condensed interim consolidated financial statements give a true and fair view of the state of affairs of the JSC "Latvian Shipping Company" and its subsidiaries (hereafter – the Group) as of 30 September 2013, changes in shareholders' equity, cash flows and the results of the Group for the nine month period ended 30 September 2013.

The aforementioned financial statements are prepared in accordance with applicable legislation on a going concern basis. During the reporting period, appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows of the Group and enable the management to ensure that financial statements are drawn up pursuant to current legislation.

For and on behalf of the Management Board



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Simon Richard Blaydes  
Chairman of the Management Board of  
Joint Stock Company Latvian Shipping Company  
Riga, 20 November 2013

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## Interim consolidated income statement

for the period ended 30 September 2013

	2013 US \$'000	2012 US \$'000	2013 LVL'000	2012 LVL'000	2013 EUR'000	2012 EUR'000
Voyage income	78 187	83 105	41 732	45 538	59 379	64 795
Income from other services	566	726	303	397	431	565
<b>Revenue</b>	<b>78 753</b>	<b>83 831</b>	<b>42 035</b>	<b>45 935</b>	<b>59 810</b>	<b>65 360</b>
Voyage costs	(10 798)	(18 709)	(5 759)	(10 230)	(8 195)	(14 556)
Cost of sales	(46 181)	(48 406)	(24 646)	(26 482)	(35 067)	(37 681)
<b>Gross profit</b>	<b>21 774</b>	<b>16 716</b>	<b>11 630</b>	<b>9 223</b>	<b>16 548</b>	<b>13 123</b>
Administrative expenses	(6 470)	(9 280)	(3 447)	(5 064)	(4 905)	(7 205)
Impairment of non-financial assets	(23 669)	(28 238)	(12 775)	(15 279)	(18 177)	(21 740)
Other operating income	1 502	163	569	89	810	126
Other operating expenses	(5 815)	(443)	(3 125)	(254)	(4 446)	(361)
<b>Operating loss</b>	<b>(12 678)</b>	<b>(21 082)</b>	<b>(7 148)</b>	<b>(11 285)</b>	<b>(10 170)</b>	<b>(16 057)</b>
Finance income	50	22	27	12	38	17
Finance costs	(11 871)	(13 899)	(6 327)	(7 593)	(9 002)	(10 804)
<b>Loss before tax</b>	<b>(24 499)</b>	<b>(34 959)</b>	<b>(13 448)</b>	<b>(18 866)</b>	<b>(19 134)</b>	<b>(26 844)</b>
Income tax	(141)	(612)	(75)	(335)	(107)	(477)
<b>Loss for the period</b>	<b>(24 640)</b>	<b>(35 571)</b>	<b>(13 523)</b>	<b>(19 201)</b>	<b>(19 241)</b>	<b>(27 321)</b>
Attributable to:						
Equity holders of the parent	(24 615)	(35 551)	(13 510)	(19 190)	(19 222)	(27 305)
Non-controlling interests	(25)	(20)	(13)	(11)	(19)	(16)
	<b>(24 640)</b>	<b>(35 571)</b>	<b>(13 523)</b>	<b>(19 201)</b>	<b>(19 241)</b>	<b>(27 321)</b>
<b>Loss per share</b>	<b>US \$ (0.12)</b>	<b>US \$ (0.18)</b>	<b>LVL (0.07)</b>	<b>LVL (0.10)</b>	<b>EUR (0.10)</b>	<b>EUR (0.14)</b>

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## Interim consolidated statement of comprehensive income

for the period ended 30 September 2013

	2013 US \$'000	2012 US \$'000	2013 LVL'000	2012 LVL'000	2013 EUR'000	2012 EUR'000
<b>Loss for the period</b>	<b>(24 640)</b>	<b>(35 571)</b>	<b>(13 523)</b>	<b>(19 201)</b>	<b>(19 241)</b>	<b>(27 321)</b>
Exchange differences on translation of foreign operations	234	(112)	(1 561)	260	(2 218)	372
Net movement on cash flow hedges	583	196	323	102	459	144
<b>Other comprehensive income/(expenses) for the period, net of tax</b>	<b>817</b>	<b>84</b>	<b>(1 238)</b>	<b>362</b>	<b>(1 759)</b>	<b>516</b>
<b>Total comprehensive loss for the period, net of tax</b>	<b>(23 823)</b>	<b>(35 487)</b>	<b>(14 761)</b>	<b>(18 839)</b>	<b>(21 000)</b>	<b>(26 805)</b>
Attributable to:						
Equity holders of the parent	(23 917)	(35 444)	(14 748)	(18 828)	(20 981)	(26 789)
Non-controlling interests	94	(43)	(13)	(11)	(19)	(16)
	<b>(23 823)</b>	<b>(35 487)</b>	<b>(14 761)</b>	<b>(18 839)</b>	<b>(21 000)</b>	<b>(26 805)</b>

## Interim consolidated statement of financial position

as at 30 September 2013

	30.09.2013.	31.12.2012.	30.09.2013.	31.12.2012.	30.09.2013.	31.12.2012.
	US \$'000	US \$'000	LVL'000	LVL'000	EUR'000	EUR'000
<b>Assets</b>						
<b>Non-current assets</b>						
Intangible assets	51	37	26	20	37	28
Fleet	444 364	517 823	231 514	274 964	329 415	391 239
Property, plant and equipment	3 274	3 527	1 706	1 873	2 427	2 665
Investment properties	1 896	1 880	988	999	1 406	1 421
Investment in associates	14	14	7	7	10	10
Other non-current financial assets	250	4 403	130	2 338	185	3 327
<b>Total non-current assets</b>	<b>449 849</b>	<b>527 684</b>	<b>234 371</b>	<b>280 201</b>	<b>333 480</b>	<b>398 690</b>
<b>Current assets</b>						
Inventories	3 746	4 766	1 952	2 531	2 777	3 601
Trade and other receivables	13 890	14 125	7 237	7 500	10 297	10 672
Prepayments	1 477	1 619	769	859	1 094	1 222
Other current financial assets	31 900	31 450	16 620	16 699	23 648	23 761
Cash and short-term deposits	36 075	26 133	18 795	13 876	26 743	19 744
<b>Total current assets</b>	<b>87 088</b>	<b>78 093</b>	<b>45 373</b>	<b>41 465</b>	<b>64 559</b>	<b>59 000</b>
Assets classified as held for sale	12 750	-	6 643	-	9 452	-
<b>Total assets</b>	<b>549 687</b>	<b>605 777</b>	<b>286 387</b>	<b>321 666</b>	<b>407 491</b>	<b>457 690</b>



**LATVIAN SHIPPING COMPANY AND ITS SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2013**

**Interim consolidated statement of financial position (continued)**

as at 30 September 2013

	<b>30.09.2013.</b>	<b>31.12.2012.</b>	<b>30.09.2013.</b>	<b>31.12.2012.</b>	<b>30.09.2013.</b>	<b>31.12.2012.</b>
	<b>US \$'000</b>	<b>US \$'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Share capital	362 319	362 319	200 000	200 000	284 574	284 574
Accumulated deficit	(143 894)	(119 279)	(78 177)	(64 667)	(111 318)	(92 096)
Other components of equity	(13 673)	(14 371)	(15 148)	(13 910)	(21 470)	(19 711)
<b>Equity attributable to equity holders of the parent</b>	<b>204 752</b>	<b>228 669</b>	<b>106 675</b>	<b>121 423</b>	<b>151 786</b>	<b>172 767</b>
Non-controlling interests	6 317	6 223	3 291	3 304	4 683	4 702
<b>Total equity</b>	<b>211 069</b>	<b>234 892</b>	<b>109 966</b>	<b>124 727</b>	<b>156 469</b>	<b>177 469</b>
<b>Non-current liabilities</b>						
Interest bearing loans	222 434	265 965	115 888	141 227	164 894	200 948
Finance lease	-	24 360	-	12 935	-	18 405
Derivative financial instruments	851	1 212	443	643	630	915
Trade and other payables	29 603	28 781	15 423	15 283	21 945	21 746
Deferred tax liabilities	107	105	56	56	79	80
<b>Total non-current liabilities</b>	<b>252 995</b>	<b>320 423</b>	<b>131 810</b>	<b>170 144</b>	<b>187 548</b>	<b>242 094</b>
<b>Current liabilities</b>						
Trade and other payables	16 034	14 628	8 354	7 768	11 886	11 053
Interest bearing loans	42 824	31 206	22 311	16 570	31 746	23 577
Finance lease	24 757	1 447	12 899	768	18 353	1 093
Derivative financial instruments	531	756	277	401	394	571
Deferred revenue	1 477	2 425	770	1 288	1 095	1 833
<b>Total current liabilities</b>	<b>85 623</b>	<b>50 462</b>	<b>44 611</b>	<b>26 795</b>	<b>63 474</b>	<b>38 127</b>
<b>Total equity and liabilities</b>	<b>549 687</b>	<b>605 777</b>	<b>286 387</b>	<b>321 666</b>	<b>407 491</b>	<b>457 690</b>

**LATVIAN SHIPPING COMPANY AND ITS SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2013**

## Interim consolidated statement of changes in equity

for the period ended 30 September 2013

	Attributable to the holders of the parent					Non-controlling interests	Total equity
	Share capital	Accumulated deficit	Cash flow hedge reserve	Foreign currency translation reserve	Total		
	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000		
<b>As at 31 December 2011</b>	<b>362 319</b>	<b>(84 722)</b>	<b>(2 689)</b>	<b>(13 187)</b>	<b>261 721</b>	<b>6 114</b>	<b>267 835</b>
Loss of the period	-	(35 551)	-	-	(35 551)	(20)	(35 571)
Other comprehensive income/(expenses)	-	-	196	(89)	107	(23)	84
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(35 551)</b>	<b>196</b>	<b>(89)</b>	<b>(35 444)</b>	<b>(43)</b>	<b>(35 487)</b>
<b>As at 30 September 2012</b>	<b>362 319</b>	<b>(120 273)</b>	<b>(2 493)</b>	<b>(13 276)</b>	<b>226 277</b>	<b>6 071</b>	<b>232 348</b>
Profit/(loss) of the period	-	994	-	-	994	(20)	974
Other comprehensive income	-	-	603	795	1 398	172	1 570
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>994</b>	<b>603</b>	<b>795</b>	<b>2 392</b>	<b>152</b>	<b>2 544</b>
<b>As at 31 December 2012</b>	<b>362 319</b>	<b>(119 279)</b>	<b>(1 890)</b>	<b>(12 481)</b>	<b>228 669</b>	<b>6 223</b>	<b>234 892</b>
Loss of the period	-	(24 615)	-	-	(24 615)	(25)	(24 640)
Other comprehensive income/(expenses)	-	-	583	115	698	119	817
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(24 615)</b>	<b>583</b>	<b>115</b>	<b>(23 917)</b>	<b>94</b>	<b>(23 823)</b>
<b>As at 30 September 2013</b>	<b>362 319</b>	<b>(143 894)</b>	<b>(1 307)</b>	<b>(12 366)</b>	<b>204 752</b>	<b>6 317</b>	<b>211 069</b>

**LATVIAN SHIPPING COMPANY AND ITS SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2013**

**Interim consolidated statement of changes in equity (continued)**

for the period ended 30 September 2013

	Attributable to the holders of the parent						Non-controlling interests	Total equity
	Share capital	Accumulated deficit	Cash flow hedge reserve	Foreign currency translation reserve	Total			
	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000		
<b>As at 31 December 2011</b>	<b>200 000</b>	<b>(46 039)</b>	<b>(1 463)</b>	<b>(10 122)</b>	<b>142 376</b>	<b>3 326</b>	<b>145 702</b>	
Loss of the period	-	(19 190)	-	-	(19 190)	(11)	(19 201)	
Other comprehensive income	-	-	102	260	362	-	362	
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(19 190)</b>	<b>102</b>	<b>260</b>	<b>(18 828)</b>	<b>(11)</b>	<b>(18 839)</b>	
<b>As at 30 September 2012</b>	<b>200 000</b>	<b>(65 229)</b>	<b>(1 361)</b>	<b>(9 862)</b>	<b>123 548</b>	<b>3 315</b>	<b>126 863</b>	
Profit/(loss) of the period	-	562	-	-	562	(11)	551	
Other comprehensive income/(expenses)	-	-	357	(3 044)	(2 687)	-	(2 687)	
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>562</b>	<b>357</b>	<b>(3 044)</b>	<b>(2 125)</b>	<b>(11)</b>	<b>(2 136)</b>	
<b>As at 31 December 2012</b>	<b>200 000</b>	<b>(64 667)</b>	<b>(1 004)</b>	<b>(12 906)</b>	<b>121 423</b>	<b>3 304</b>	<b>124 727</b>	
Loss of the period	-	(13 510)	-	-	(13 510)	(13)	(13 523)	
Other comprehensive income	-	-	323	(1 561)	(1 238)	-	(1 238)	
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(13 510)</b>	<b>323</b>	<b>(1 561)</b>	<b>(14 748)</b>	<b>(13)</b>	<b>(14 761)</b>	
<b>As at 30 September 2013</b>	<b>200 000</b>	<b>(78 177)</b>	<b>(681)</b>	<b>(14 467)</b>	<b>106 675</b>	<b>3 291</b>	<b>109 966</b>	

**LATVIAN SHIPPING COMPANY AND ITS SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**Interim consolidated statement of changes in equity (continued)**

for the period ended 30 September 2013

	Attributable to the holders of the parent				Total	Non-controlling interests	Total equity
	Share capital	Accumulated deficit	Cash flow hedge reserve	Foreign currency translation reserve			
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>As at 31 December 2011</b>	<b>284 574</b>	<b>(65 590)</b>	<b>(2 081)</b>	<b>(14 320)</b>	<b>202 583</b>	<b>4 732</b>	<b>207 315</b>
Loss of the period	-	(27 305)	-	-	(27 305)	(16)	(27 321)
Other comprehensive income	-	-	144	372	516	-	516
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(27 305)</b>	<b>144</b>	<b>372</b>	<b>(26 789)</b>	<b>(16)</b>	<b>(26 805)</b>
<b>As at 30 September 2012</b>	<b>284 574</b>	<b>(92 895)</b>	<b>(1 937)</b>	<b>(13 948)</b>	<b>175 794</b>	<b>4 716</b>	<b>180 510</b>
Profit/(loss) of the period	-	799	-	-	799	(14)	785
Other comprehensive income/(expenses)	-	-	509	(4 335)	(3 826)	-	(3 826)
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>799</b>	<b>509</b>	<b>(4 335)</b>	<b>(3 027)</b>	<b>(14)</b>	<b>(3 041)</b>
<b>As at 31 December 2012</b>	<b>284 574</b>	<b>(92 096)</b>	<b>(1 428)</b>	<b>(18 283)</b>	<b>172 767</b>	<b>4 702</b>	<b>177 469</b>
Loss of the period	-	(19 222)	-	-	(19 222)	(19)	(19 241)
Other comprehensive income	-	-	459	(2 218)	(1 759)	-	(1 759)
<b>Total comprehensive income/(expenses)</b>	<b>-</b>	<b>(19 222)</b>	<b>459</b>	<b>(2 218)</b>	<b>(20 981)</b>	<b>(19)</b>	<b>(21 000)</b>
<b>As at 30 September 2013</b>	<b>284 574</b>	<b>(111 318)</b>	<b>(969)</b>	<b>(20 501)</b>	<b>151 786</b>	<b>4 683</b>	<b>156 469</b>

**LATVIAN SHIPPING COMPANY AND ITS SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2013**

## Interim consolidated statement of cash flows

for the period ended 30 September 2013

	2013 US \$'000	2012 US \$'000	2013 LVL'000	2012 LVL'000	2013 EUR'000	2012 EUR'000
<b>Operating activities</b>						
<b>Loss before tax</b>	<b>(24 499)</b>	<b>(34 959)</b>	<b>(13 448)</b>	<b>(18 866)</b>	<b>(19 134)</b>	<b>(26 844)</b>
<u>Adjustments for:</u>						
Depreciation and amortisation	20 372	20 897	10 877	11 438	15 476	16 275
Result on disposal of non-financial assets	5 400	-	2 901	-	4 128	-
Impairment of non-financial assets	23 669	28 238	12 775	15 279	18 177	21 740
Other adjustments	10 818	10 933	5 602	5 994	7 968	8 530
<u>Working capital adjustments:</u>						
Changes in trade and other receivables and prepayments	4 520	(4 577)	2 412	(2 511)	3 432	(3 573)
Changes in inventories	1 020	(1 240)	544	(680)	774	(968)
Changes in trade and other payables	407	(3 011)	217	(1 652)	309	(2 351)
<b>Net cash flows from operating activities</b>	<b>41 707</b>	<b>16 281</b>	<b>21 880</b>	<b>9 002</b>	<b>31 130</b>	<b>12 809</b>
Net cash flows generated from/(used in) investing activities	10 346	(4 173)	5 522	(2 290)	7 858	(3 258)
<b>Cash flows before financing activities</b>	<b>52 053</b>	<b>12 108</b>	<b>27 402</b>	<b>6 712</b>	<b>38 988</b>	<b>9 551</b>
Net cash flows used in financing activities	(42 111)	(9 311)	(22 483)	(5 132)	(31 989)	(7 303)
<b>Net increase in cash and cash equivalents</b>	<b>9 942</b>	<b>2 797</b>	<b>4 919</b>	<b>1 580</b>	<b>6 999</b>	<b>2 248</b>
<b>Cash and cash equivalents at 1 January</b>	<b>26 133</b>	<b>26 983</b>	<b>13 876</b>	<b>14 679</b>	<b>19 744</b>	<b>20 886</b>
<b>Cash and cash equivalents at 30 September</b>	<b>36 075</b>	<b>29 780</b>	<b>18 795</b>	<b>16 259</b>	<b>26 743</b>	<b>23 134</b>

## **Notes to the unaudited condensed interim consolidated financial statements**

### **1. Accounting policies**

These unaudited condensed consolidated financial statements are prepared in accordance with and comply with accounting policies applied in preparation of the consolidated financial statements of Latvian Shipping Company and its Subsidiaries for the year ended 31 December 2012, which were prepared in accordance with the International Financial Reporting Standards.

The financial statements are prepared in U.S. dollars which is the functional currency of the primary (shipping) business and Latvian Lats (LVL) which is the presentation currency of the Group in accordance with legislation of the Republic of Latvia. Functional currency of non-primary businesses is LVL, which is translated to the functional currency of the primary business as described below.

Monetary assets and liabilities of the Group entities denominated in other currencies are translated into functional currency at the rate of exchange prevailing at the end of the financial period. Share capital and reserves are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated to the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

LB rate of exchange as at 30.09.2013 USD/LVL - 0.521 (average – 0.533719)

LB rate of exchange as at 30.09.2012 USD/LVL - 0.546 (average – 0.548607)

LB rate of exchange as at 31.12.2012 USD/LVL - 0.531

These financial statements are translated into Euros using the rate of exchange set by the Bank of Latvia prevailing at the 30.09.2013: 1 EUR = 0.702804 LVL, 30.09.2012: 1 EUR = 0.702804 LVL due to requirements of JSC „NASDAQ OMX Riga”.

## Notes to the unaudited condensed interim consolidated financial statements (continued)

### 2. Segment information

#### Shipping segment for the period ended 30 September 2013

	2013 US \$'000	2012 US \$'000	2013 LVL'000	2012 LVL'000	2013 EUR'000	2012 EUR'000
Time charter hire income	55 270	50 304	29 538	27 687	42 029	39 395
Freight income	22 917	32 801	12 194	17 851	17 350	25 400
<b>Voyage income from external customers</b>	<b>78 187</b>	<b>83 105</b>	<b>41 732</b>	<b>45 538</b>	<b>59 379</b>	<b>64 795</b>
Voyage costs	(10 798)	(18 709)	(5 759)	(10 230)	(8 195)	(14 556)
<b>Net voyage result</b>	<b>67 389</b>	<b>64 396</b>	<b>35 973</b>	<b>35 308</b>	<b>51 184</b>	<b>50 239</b>
Vessel operating costs	(25 634)	(27 427)	(13 676)	(15 001)	(19 458)	(21 343)
<b>Vessel operating profit</b>	<b>41 755</b>	<b>36 969</b>	<b>22 297</b>	<b>20 307</b>	<b>31 726</b>	<b>28 896</b>
Other revenue	566	726	303	397	431	565
Costs of sales (Vessel operating costs excluding)	(431)	(515)	(231)	(281)	(328)	(400)
Administrative expenses	(6 099)	(8 736)	(3 248)	(4 767)	(4 622)	(6 783)
Result from disposal of non-financial assets	(5 400)	-	(2 901)	-	(4 128)	-
Depreciation and amortisation	(20 371)	(20 896)	(10 876)	(11 437)	(15 476)	(16 274)
Impairment of non-financial assets	(23 669)	(28 238)	(12 775)	(15 279)	(18 177)	(21 740)
Other operating income	1 503	163	569	89	811	126
Other operating expenses	(416)	(443)	(224)	(254)	(319)	(361)
<b>Result before financial items</b>	<b>(12 562)</b>	<b>(20 970)</b>	<b>(7 086)</b>	<b>(11 225)</b>	<b>(10 082)</b>	<b>(15 971)</b>
Interest income	42	22	22	12	32	17
Interest expense	(11 261)	(13 579)	(6 014)	(7 430)	(8 556)	(10 570)
Finance expenses, net	(591)	(314)	(303)	(156)	(432)	(223)
<b>Net result before tax</b>	<b>(24 372)</b>	<b>(34 841)</b>	<b>(13 381)</b>	<b>(18 799)</b>	<b>(19 038)</b>	<b>(26 747)</b>
<b>Segment assets</b>	<b>511 056</b>	<b>577 155</b>	<b>266 260</b>	<b>315 126</b>	<b>378 853</b>	<b>448 383</b>
Including additions to non-current assets	903	3 860	482	2 118	686	3 013

For management purposes the Group is organised into business units based on their business activities and has one reportable operating segment - *Shipping*. Shipping segment primarily derives its revenues from the handy sized and medium range tankers transportation services mainly on the basis of time charter agreements. Segment's expenses include voyage costs, commissions, vessel operating expenses (including crew expenses and training) and administrative expenses relating to the management of shipping segment.

## Notes to the unaudited condensed interim consolidated financial statements (continued)

### 2. Segment information (continued)

#### Reconciliation of segment results and assets to income statement and statement of financial position for the period ended 30 September 2013

	2013 US \$'000	2012 US \$'000	2013 LVL'000	2012 LVL'000	2013 EUR'000	2012 EUR'000
Net result before tax for reportable segment	(24 372)	(34 841)	(13 381)	(18 799)	(19 038)	(26 747)
Administrative expenses	(116)	(112)	(62)	(60)	(88)	(86)
Interest income	8	-	5	-	6	-
Interest expenses	(23)	-	(12)	-	(17)	-
Finance income/(expenses), net	4	(6)	2	(7)	3	(11)
<b>Loss before tax</b>	<b>(24 499)</b>	<b>(34 959)</b>	<b>(13 448)</b>	<b>(18 866)</b>	<b>(19 134)</b>	<b>(26 844)</b>
	<b>30.09.2013.</b>	<b>30.09.2012.</b>	<b>30.09.2013.</b>	<b>30.09.2012.</b>	<b>30.09.2013.</b>	<b>30.09.2012.</b>
Segment assets for reportable segment	511 056	577 155	266 260	315 126	378 853	448 383
<b>Unallocated:</b>						
Investment properties	1 896	1 835	988	1 002	1 406	1 426
Other assets of subsidiaries not included in segment	6 184	6 709	3 222	3 663	4 584	5 212
Available-for-sale financial assets	30 551	29 516	15 917	16 116	22 648	22 931
<b>Total assets</b>	<b>549 687</b>	<b>615 215</b>	<b>286 387</b>	<b>335 907</b>	<b>407 491</b>	<b>477 952</b>



## Notes to the unaudited condensed interim consolidated financial statements (continued)

### 3. Related party transactions

for the period ended 30 September 2013

	Income	Expenses	Amounts due from related parties	Amounts due to related parties
	USD '000	USD '000	USD '000	USD '000
Freight and hire revenue / Outstanding balances	27 949	-	76	(1 048)
Technical management fee and IT services / Outstanding balances	298	-	10	-
Interest income/(expense) / Outstanding balances	4	(666)	546	(31 200)
Consulting services / Outstanding balances	-	(65)	-	(20)
Other services / Outstanding balances	35	-	2	-
<b>Total</b>	<b>28 286</b>	<b>(731)</b>	<b>634</b>	<b>(32 268)</b>

Including:

Non-current			-	(31 200)
Current			634	(20)
Deferred income			-	(1 048)
<b>Total</b>			<b>634</b>	<b>(32 268)</b>

	Income	Expenses	Amounts due from related parties	Amounts due to related parties
	LVL '000	LVL '000	LVL '000	LVL '000
Freight and hire revenue / Outstanding balances	14 917	-	40	(546)
Technical management fee and IT services / Outstanding balances	160	-	5	-
Interest income/(expense) / Outstanding balances	2	(355)	284	(16 255)
Consulting services / Outstanding balances	-	(35)	-	(11)
Other services / Outstanding balances	19	-	1	-
<b>Total</b>	<b>15 098</b>	<b>(390)</b>	<b>330</b>	<b>(16 812)</b>

Including:

Non-current			-	(16 255)
Current			330	(11)
Deferred income			-	(546)
<b>Total</b>			<b>330</b>	<b>(16 812)</b>

## Notes to the unaudited condensed interim consolidated financial statements (continued)

### 3. Related party transactions (continued)

for the period ended 30 September 2013

	Income	Expenses	Amounts due from related parties	Amounts due to related parties
	EUR'000	EUR'000	EUR'000	EUR'000
Freight and hire revenue / Outstanding balances	21 225	-	57	(777)
Technical management fee				
IT services / Outstanding balances	228	-	7	-
Interest income/(expense) / Outstanding balances	3	(505)	404	(23 129)
Consulting services / Outstanding balances	-	(50)	-	(16)
Other services / Outstanding balances	27	-	1	-
<b>Total</b>	<b>21 483</b>	<b>(555)</b>	<b>469</b>	<b>(23 922)</b>
Including:				
Non-current			-	(23 129)
Current			469	(16)
Deferred income			-	(777)
<b>Total</b>			<b>469</b>	<b>(23 922)</b>

for the period ended 30 September 2012

	Income	Expenses	Amounts due from related parties	Amounts due to related parties
	USD '000	USD '000	USD '000	USD '000
Freight and hire revenue / Outstanding balances	26 328	-	1 267	(993)
Technical management fee				
IT services / Outstanding balances	270	-	7	-
Interest expense / Outstanding balances	-	(382)	-	(28 320)
Consulting services / Outstanding balances	-	(154)	-	(42)
Real estate rent / Outstanding balances	-	(129)	26	(13)
Other services / Outstanding balances	29	-	2	-
<b>Total</b>	<b>26 627</b>	<b>(665)</b>	<b>1 302</b>	<b>(29 368)</b>
Including:				
Non-current			26	(28 320)
Current			1 276	(55)
Deferred income			-	(993)
<b>Total</b>			<b>1 302</b>	<b>(29 368)</b>

**Notes to the unaudited condensed interim consolidated financial statements**  
*(continued)*

**3. Related party transactions** *(continued)*  
**for the period ended 30 September 2012**

	<u>Income</u>	<u>Expenses</u>	<u>Amounts due from related parties</u>	<u>Amounts due to related parties</u>
	<u>LVL '000</u>	<u>LVL '000</u>	<u>LVL '000</u>	<u>LVL '000</u>
Freight and hire revenue / Outstanding balances	14 444	-	692	(542)
Technical management fee				
IT services / Outstanding balances	148	-	4	-
Interest expense / Outstanding balances	-	(213)	-	(15 463)
Consulting services / Outstanding balances	-	(85)	-	(23)
Real estate rent / Outstanding balances	-	(71)	14	(7)
Other services / Outstanding balances	16	-	1	-
<b>Total</b>	<b><u>14 608</u></b>	<b><u>(369)</u></b>	<b><u>711</u></b>	<b><u>(16 035)</u></b>
Including:				
Non-current			14	(15 463)
Current			697	(30)
Deferred income			-	(542)
<b>Total</b>			<b><u>711</u></b>	<b><u>(16 035)</u></b>
	<u>Income</u>	<u>Expenses</u>	<u>Amounts due from related parties</u>	<u>Amounts due to related parties</u>
	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>
Freight and hire revenue / Outstanding balances	20 551	-	984	(771)
Technical management fee				
IT services / Outstanding balances	211	-	6	-
Interest income/(expense) / Outstanding balances	-	(303)	-	(22 002)
Consulting services / Outstanding balances	-	(121)	-	(33)
Real estate rent / Outstanding balances	-	(101)	20	(10)
Other services / Outstanding balances	23	-	1	-
<b>Total</b>	<b><u>20 785</u></b>	<b><u>(525)</u></b>	<b><u>1 011</u></b>	<b><u>(22 816)</u></b>
Including:				
Non-current			20	(22 002)
Current			991	(43)
Deferred income			-	(771)
<b>Total</b>			<b><u>1 011</u></b>	<b><u>(22 816)</u></b>

## Notes to the unaudited condensed interim consolidated financial statements (continued)

### Contact person with respect to information presented in these financial statements

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### Forward-Looking Statements

Matters discussed in the management report may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements. The forward-looking statements in the management report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections. In addition to these important factors, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the failure of counterparties to fully perform their contracts with us, the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for tanker vessel capacity, changes in our operating expenses, including bunker prices, dry-docking and insurance costs, the market for our vessels, availability of financing and refinancing, charter counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other factors. LSC management shall not be liable for the decisions made by third persons based on information provided by LSC management as the forward-looking statements.