



AB LIMARKO LAIVININKYSTĖS KOMPANIJA
LIMARKO SHIPPING COMPANY AB

TO: Lithuanian Securities Commission
Konstitucijos ave. 23
LT-08105 Vilnius, Lithuania

2010-08-26 Nr. FIN-1-114-10

Confirmation of responsible persons

Following the Article No. 22 of Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Vytautas Lygnugaris, Chief Executive Officer of Limarko laivininkystės kompanija AB, and Renaldas Vyšniauskas, Finance Director of Limarko laivininkystės kompanija AB, hereby confirm, that to the best of our knowledge, the attached not audited Limarko laivininkystės kompanija AB Interim Financial Statements for the six months of 2010, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of Limarko laivininkystės kompanija AB. We hereby also confirm, that to the best of our knowledge, the report on business development and activities in the attached Interim Report for the first six months of 2010 is correct.

Enclosure:

1. Limarko laivininkystės kompanija AB Interim Financial Statements for the six months of 2010;
2. Limarko laivininkystės kompanija AB Interim Report for the first six months of 2010.

Chief Executive Officer

Vytautas Lygnugaris

Chief Financial Officer

Renaldas Vyšniauskas



LIMARKO LAIVININKYSTĖS KOMPANIJA

Interim Financial Statements for the first six months of 2010



August 2010, Klaipėda

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The financial statements of Limarko laivininkystės kompanija AB have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

Interim financial statements for the first six months of 2010 are not audited.

Statement of financial position

In thousand of Litas	Note	2010 06 30	2009 12 31	2009 06 30
Assets				
Property, plant and equipment	6	281 992	291 953	311 100
Intangible assets	7	25	31	39
Other investments	8	83	83	166
Long term receivable				
Total non-current assets		282 099	292 067	311 304
Inventories	9	7 504	7 077	5 539
Receivable	10	13 356	8 516	10 644
Cash and cash equivalents	11	135	5 312	5 239
Total current assets		20 995	20 905	21 421
Total assets		303 094	312 973	332 725
Equity				
Issued capital		120 212	120 212	120 212
Reserves		7 645	7 645	7 645
Retained earnings		(45 390)	(11 135)	(891)
Total equity	12	82 467	116 723	126 967
Liabilities				
Interest-bearing loans and borrowings	13	158 343	135 014	151 127
Deferred tax liabilities				
Total non-current liabilities		158 343	135 014	151 127
Interest-bearing loans and borrowings	13	31 014	26 445	27 095
Trade and other payables	15	31 270	34 791	27 537
Total current liabilities		62 284	61 236	54 632
Total liabilities		220 627	196 250	205 758
Total equity and liabilities		303 094	312 973	332 725

The notes set out on pages 6 to 16 form an integral part of these financial statements.



Statement of comprehensive income

In thousand of Litas	Note	April- June 2010	April- June 2009	January- June 2010	January- June 2009
Revenue	1	33 556	32 950	66 896	71 590
Cost of sales	2	(35 728)	(32 377)	(68 754)	(66 243)
Gross profit		(2 171)	573	(1 857)	5 347
Other operating income, net	3	40	(49)	55	(27)
Distribution expenses		9	13	16	16
Administrative expenses	4	(153)	(2 191)	(1 283)	(4 089)
Operating profit before financing costs		(2 275)	(1 653)	(3 069)	1 247
Financial income		0	140	0	697
Financial expenses		(19 874)	9 886	(31 187)	(4 124)
Net financial costs/income	5	(19 874)	10 026	(31 187)	(3 427)
Profit (loss) before tax		(22 149)	8 373	(34 255)	(2 181)
Income tax expense					
Profit (loss) for the year		(22 149)	8 373	(34 255)	(2 181)
Other comprehensive income					
Total comprehensive income, net of income tax		(22 149)	8 373	(34 255)	(2 181)

The notes set out on pages 6 to 16 form an integral part of these financial statements.



Statement of cash flows

In thousand of Lit	Note	H1 2010	H1 2009
Cash flows from operating activities			
Profit (loss) before tax		(34 255)	(2 181)
Adjustments for:			
Depreciation	6	13 959	14 803
Amortization	7	11	16
Gain on sales of non-current assets	3	(10)	45
Written off non-current assets		2	1
Investments revaluation result			(553)
Effects of exchange rate changes on the bank loans		27 899	1 375
Gain on sales of investments			(134)
Interest expenses, net	5	1 356	2 392
Net cash from ordinary activities before any changes in		8 960	15 763
Change in inventories		(426)	377
Change in receivable		(4 841)	(1 046)
Change in trade and other payables		(3 522)	4 902
Net cash generated from ordinary activities		172	19 996
Net interests paid / received		(1 356)	(2 392)
Income tax paid			
Net cash from operating activities		(1 184)	17 604
Cash flows from investing activities			
Acquisition of tangible non-current assets	6	(3 999)	(1 726)
Acquisitions of intangible non-current assets	7	(5)	(10)
Acquisition of financial asset		0	1 708
Proceeds from sale of tangible non-current assets	3	10	2
Net cash from investing activities		(3 994)	(27)
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			(12 713)
Emission of shares			
Net cash from financing activities			(12 713)
Net decrease in cash and cash equivalents		(5 178)	4 865
Cash and cash equivalents at 1 January		5 312	374

The notes set out on pages 6 to 16 form an integral part of these financial statements.



Statement of changes in equity

Thousand Litas	Note	Share capital	Legal reserve	Retained earnings	Total equity
As at 1 January 2009		120 212	7 645	1 290	129 148
Comprehensive income for the period					
Net loss for 1H 2009				(2 181)	(2 181)
Total comprehensive income for the period					
Transactions with owners recognised in equity					
Allocated to reserves					
Increase of authorised capital					
Total transactions with owners					
At 30 June 2009	12	120 212	7 645	(891)	126 967
As at 1 January 2010		120 212	7 645	(11 135)	116 723
Comprehensive income for the period					
Net loss for 1H 2010				(34 255)	(34 255)
Total comprehensive income for the period					
Transactions with owners recognised in equity					
Allocated to reserves					
Increase of authorised capital					
Total transactions with owners					
At 30 June 2010	12	120 212	7 645	(45 390)	82 467

The notes set out on pages 6 to 16 form an integral part of these financial statements.

Explanatory letter

Limarko Shipping Company AB (the "Company") is a company registered in Lithuania. The Company provides the services of transportation of cargo by sea transport (vessels).

The major shareholder of the Company is Limarko UAB, a company incorporated in Lithuania, which owns 86.4% of the share capital (30 June 2010). The ordinary shares of the Company are listed on the NASDAQ OMX Vilnius.

The interim financial statements for the first six months of 2010 have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

The financial statements are presented in Litai, the legal currency of Lithuania, which is considered to be the functional currency of the Company, and are prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value, accounting records are maintained in accordance with Lithuanian laws and regulations.



1. Revenue

In thousand of Litas	H1 2010	H1 2009
Voyage charter operations	46 437	40 705
Time charter operations	5 255	18 225
Pool operations	12 683	10 074
Demurrage	1 196	2 190
Other revenue	1 326	397
Total revenue	66 896	71 590

As at 30 June 2010, the Company owned 16 vessels: 13 reefer ships and 3 container ships (as at 30 June 2009 – 14 reefer ships and 3 container ships).

As at 30 June 2010, 6 ships were chartered for separate voyages, 7 ships were operated under a Pool agreement and 3 ships under long-term charter agreements (as at 30 June 2009 – 8, 3 and 6 respectively).

On 1 May 2010 a new reefer vessel pool – Hamburg Reefer Pool – was established. The Pool was established by the largest reefer vessel operator Seatrade Group N.V. and Hamburg based reefer vessel operator Alpha Reefer Transport GmbH. On 1 August 2010 Green Reefers ASA joined the Hamburg Reefer Pool. After this expansion the number of vessels operated by Hamburg Reefer Pool increased to 110.

Hamburg Reefer Pool operates vessels ranging from 180,000 to 356,000 cubic feet. The main aims of the Pool are to reduce vessel operating costs and to offer broader and more effective scope of services to existing and new clients. At the same time the Pool is response to the competition from reefer containers, as the Pool can offer more commercially attractive services.

Limarko laivininkystės kompanija AB is a shareholder of Alpha Reefer Transport GmbH and actively participates in the activities of the Pool through this organization. At present, 7 vessels of Limarko laivininkystės kompanija AB take part in the activities of the newly established Hamburg Reefer Pool.

2. Cost of sales

In thousand of Litas	H1 2010	H1 2009
Fuel	19 920	13 311
Crew costs	13 604	17 340
Depreciation	13 800	14 581
Repair and maintenance of vessels	7 697	6 995
Port dues	4 548	3 880
Insurance	3 357	3 353
Lubricating oil	2 719	3 180
Commissions	1 657	2 417
Other costs	1 452	1 185
	68 754	66 243



3. Other operating income/expenses

In thousand of Litas	H1 2010	H1 2009
Revenue from sale of non-current assets	10	2
Cost of sold non-current assets	(2)	(46)
Net revenue from sale of non-currents assets	8	(45)
Other operating income, net	46	17
	55	(27)

4. Operating costs

In thousand of Litas	H1 2010	H1 2009
Staff costs	1 504	1 735
Rental costs	415	482
Depreciation and amortization	170	238
Business trips	125	127
Exploitation and maintenance of real estate	121	158
Communication	77	104
Other costs	(1 129)	1 245
	1 283	4 089

5. Net financial costs / income

In thousand of Litas	H1 2010	H1 2009
Financial income:		
Currency exchange rate gain		
Interest	0	9
Penalties		1
Investments revaluation gain		553
Gain on sales of investments		
Total financial income	0	563
Financial expenses:		
Currency exchange rate loss	(29 790)	(1 723)
Interest	(1 356)	(2 401)
Penalties	(4)	(1)
Derivatives loss	(36)	
Total financial costs	(31 187)	(4 124)
	(31 187)	(3 562)



6. Property, plant and equipment

In thousand of Litas	Land and buildings	Vessels and cars	Other assets	Total
Cost				
Balance at 1 January 2009	2 909	406 598	1 659	411 166
Acquisitions		1 707	19	1 726
Disposals		(2 449)	(17)	(2 466)
Balance at 30 June 2009	2 909	405 856	1 661	410 427
Balance at 1 January 2010	411	392 061	1 598	394 070
Acquisitions		3 995	4	3 999
Disposals		(4 643)	(45)	(4 688)
Balance at 30 June 2010	411	391 413	1 557	393 381
Depreciation and impairment losses				
Balance at 1 January 2009	1 094	84 877	971	86 942
Depreciation charge for the period	44	14 634	125	14 803
Disposals		(2 402)	(17)	(2 419)
Balance at 30 June 2009	1 138	97 108	1 080	99 327
Balance at 1 January 2010	106	100 880	1 130	102 116
Depreciation charge for the period	16	13 840	103	13 959
Disposals		(4 643)	(43)	(4 686)
Balance at 30 June 2010	123	110 077	1 190	111 389
Carrying amounts				
At 1 January 2009	1 815	321 721	688	324 224
At 30 June 2009	1 771	308 748	581	311 100
At 1 January 2010	304	291 181	468	291 953
At 30 June 2010	288	281 336	367	281 992

Security

As at 30 June 2010, ships with the carrying amount of 250 445 thousand Litas (as at 30 June 2009 – 269 804 thousand Litas) are pledged to secure bank loans (see note 13).

Depreciation

Depreciation is recognised in the following items of the statement of comprehensive income:

In thousand of Litas	H1 2010	H1 2009
Cost of sales	13 798	14 578
General and administrative operating expenses	161	226
	13 959	14 803



7. Intangible assets

In thousand of Litas	Software	Total
Balance at 1 January 2009	302	302
Acquisitions	10	10
Disposals		
Balance at 30 June 2009	312	312
Balance at 1 January 2010	315	315
Acquisitions	5	5
Disposals		
Balance at 30 June 2010	320	320
Amortisation and impairment losses		
Balance at 1 January 2009	257	257
Amortisation for the period	16	16
Disposals		
Balance at 30 June 2009	273	273
Balance at 1 January 2010	284	284
Amortisation for the period	11	11
Disposals		
Balance at 30 June 2010	295	295
Carrying amounts		
At 1 January 2009	45	45
At 30 June 2009	39	39
At 1 January 2010	31	31
At 30 June 2010	25	25

Amortisation charge is provided in administrative costs.

8. Investments

In thousand of Litas	2010 06 30	2009 06 30
Shares of Alpha Reefer Transport GmbH	83	166
	83	166

Financial assets at fair value through profit and loss include 20% of the shares of Alpha Reefer Transport GmbH. Alpha Reefer Transport GmbH is the company, through which Limarko Shipping Company AB earns pool revenue. A change in fair value of 83 thousand Litas on the investment was recognised in the statement of comprehensive income for 2009. Pool income and costs include income from the Company's ships operating under Pool agreement (note 1) and related costs. Pool costs are in proportion to earned income.



9. Inventories

In thousand of Litas	2010 06 30	2009 06 30
Fuel	5 951	3 762
Lubricating oil	1 553	1 777
	7 504	5 539

During the six months of 2010 fuel and lubricants, amounting to 22 639 tLTL (during the six months of 2009 – 16 492 tLTL) were accounted for in the cost of sales.

10. Receivables

In thousand of Litas	2010 06 30	2009 06 30
Trade receivable	8 441	6 468
Deferred expenses	3 686	3 649
Prepayments	620	47
Other receivable	610	480
	13 356	10 644

The majority of deferred expenses comprise prepaid insurance expenses.

The ageing of trade and other receivables as at 30 June 2010 and 2009 can be specified as follows:

In thousand of Litas	Trade and other receivables not past due an impairment allowance on which is not recognised	Trade receivables past due an impairment allowance on which is not recognised					Total
		Less than 30 days	30–59 days	60–89 days	90–359 days	More than 360 days	
2009 06 30	6 948						6 948
2010 06 30	8 945						8 945

Quality of financial assets not past due on which no impairment allowance has been formed

No indication exists that receivables which are not past due and not impaired as at reporting date will not be settled as the Company provides services only to well known and solvent third parties.



11. Cash and cash equivalents

In thousand of Litas	2010 06 30	2009 06 30
Bank balances	106	3 452
Cash in hand	29	46
	135	5 239

In accordance with loan agreements with Swedbank AB and AS UniCredit Bank Lithuanian branch, the Company has pledged existing and future cash balances in certain bank accounts to these banks.

12. Share capital

As of 30 June 2010, the authorised share capital, issued and fully paid, comprised 120 212 429 ordinary shares at a par value of LTL 1 each.

Holders of ordinary shares are entitled to one vote per share in the General Meeting of the Company and are entitled to receive dividends.

The shares are listed in NASDAQ OMX Vilnius.

The total number of shareholders of Limarko laivininkystės kompanija AB on 30 June 2010 was 797.

Shareholders who on 30 June 2010 owned more than 5% of the Company's authorized capital:

Shareholder's name, surname (enterprise name, form, office address, enterprise register code)	Number (units) of shares belonging to shareholders by the right of ownership	Owned portion of the authorized capital	Portion of votes granted by shares belonging by the right of ownership	Portion of votes belonging to a shareholder jointly with associated persons
Limarko UAB (Naujoji uosto str. 8, Klaipėda, enterprise code 140765379)	103 837 817	86,4%	86,4%	86,4%

Legal reserves

Under Lithuanian legislation, an annual allocation to the legal reserve should amount to at least 5% of the net profit, calculated as to International Financial Reporting Standards, until the reserve makes up 10% of the share capital. The reserve cannot be distributed.



13. Interest-bearing loans and borrowings

The company's interest-bearing loans and borrowings are as follows:

Lending institution	Ref	Principal amount	Balance tLTL 2010 06 30	Balance tLTL 2009 06 30
AB SEB Bankas, (mv "Andromeda")	a)	1 600 tUSD	4 513	4 682
AB SEB Bankas, (mv "Libra")	b)	2 600 tUSD	7 334	7 294
„Swedbank“, AB, (mv "Pluto" and mv "Uranus")	c)	7 001 tUSD	19 748	20 111
„Swedbank“, AB, (mv "Capella")	d)	8 484 tUSD	23 931	22 262
AB SEB Bankas, (mv "Serenada")	e)	4 729 tUSD	13 341	12 813
UniCredit Bank, (mv "America Feeder")	f)	8 238 tUSD	23 237	21 654
UniCredit Bank, (mv "Tokata")	g)	20 420 tUSD	57 601	52 785
„Swedbank“, AB (mv "Cassiopea")	h)	14 057 tUSD	39 652	36 620
Total liabilities		67 129 tUSD	189 357	178 221
Less: current portion		-10 995 tUSD	-31 014	-27 095
Total long term portion of net liabilities		56 134 tUSD	158 343	151 127

a) The loan was received to finance acquisition of the vessel "Andromeda". The loan is to be repaid by 31 December 2011 in quarterly payments. The loan is secured by pledging the vessel "Andromeda".

b) The loan was received to finance the acquisition of the vessel "Libra". The loan is to be repaid by 23 October 2012 in quarterly payments. The loan is secured by pledging the vessel "Libra".

c) The loan was received to finance the acquisition of the vessels "Pluto" and "Uranus". The loan is to be repaid by 3 January 2013 in quarterly payments. The loan is secured by pledging the vessels "Pluto", "Uranus" and "Lyra".

d) The loan was received to finance the acquisition of the vessel "Capella". The loan is to be repaid by 31 December 2013 in quarterly payments. The loan is secured by pledging the vessel "Capella".

e) The loan was received to finance the acquisition of the vessel "Serenada". The loan is to be repaid by 11 August 2012 in quarterly payments. The loan is secured by pledging the vessel "Serenada".

f) The loan was received to finance the acquisition of the vessel "America Feeder". The loan is to be repaid by 30 September 2017 in quarterly payments. The loan is secured by pledging the vessel "America Feeder".

g) The loan was received to finance the acquisition of the vessel "Tokata". The loan is to be repaid by 15 June 2011 in quarterly payments. The loan is secured by pledging the vessel "Tokata".

h) The loan was received to finance the acquisition of the vessel "Cassiopea". The loan is to be repaid by 18 September 2015 in quarterly payments. The loan is secured by pledging the vessels "Cassiopea", "Astra", as well as "Uranus" by secondary pledge.



14. Deferred tax assets and liabilities

Due to the fact that in 2007 the Company chose a fixed tonnage tax, the base of which is independent of the Company's results, no temporary differences between tax and financial reporting exist. Due to this no deferred taxes arise in the Company.

15. Trade and other payables

In thousand of Lit	2010 06 30	2009 06 30
Trade payable	20 553	12 646
Amounts received in advance	2 705	6 728
Remuneration payable	7 813	8 057
Other payable	199	105
	31 270	27 537

16. Contingencies

At the issuance date of the financial statements the Company did not have any contingent liabilities.

17. Contingent assets and liabilities

The tax authorities may at any time inspect the books and records of the reported fiscal year and 5 preceding years. The Company's management is not aware of any circumstances that may give rise to a potential material liability in this respect.

18. Subsequent events

The Company sold m/v Saturnas (built 1982) in July 2010.

The Company continues to negotiate with the banks regarding extension of loan maturities and the breach of certain covenants. It is expected that supplements to the loan agreements will be signed by the end of the third quarter of 2010. This will allow the Company to improve its liquidity ratios and strengthen its working capital.

19. Segment reporting

Segment reporting to the key executive decision makers of the company is performed as to type of vessels – vessels of each segment operate in different markets. There are two distinguishable segments as to vessel types – refrigerators and container vessels. The Company operates exclusively in the international shipping market and this geographical segment reporting is not possible.



During the six months of 2010:

In thousand of Lit	Reefers	Containers	Retranslation	Total
Voyage income	58 453	8 444	-	66 896
Voyage costs	(24 717)	(1 535)	-	(26 252)
Net voyage result	33 736	6 909		40 644
Vessel operating costs	(24 501)	(4 201)	-	(28 701)
Administration expenses	-	-	(1 097)	(1 097)
Operating result before depreciation, EBITDA	9 235	2 708	(1 097)	10 846
Depreciation	(10 714)	(3 086)	(170)	(13 970)
Operating result, EBIT	(1 480)	(378)	(1 266)	(3 123)
Result from sale of assets	(2)	(0)	10	8
Net other operating items	32	14	-	46
Interest expenses	598	751	7	1 356
Result on currency exchange rate	-	-	(29 790)	(29 790)
Net other financial items	-	-	(2 752)	(2 752)
Taxes	-	-	-	-
Net result	(851)	387	(33 792)	(34 255)
Segment assets	178 307	102 138	1 571	282 017
Segment liabilities	95 178	94 179	-	189 357
Investments	2 808	1 190	5	4 004

During the six months of 2009:

In thousand of Lit	Reefers	Containers	Retranslation	Total
Voyage income	58 681	12 909	-	71 590
Voyage costs	(19 074)	(617)	-	(19 691)
Net voyage result	39 607	12 292		51 899
Vessel operating costs	(26 942)	(5 029)	-	(31 971)
Administration expenses	-	-	(3 835)	(3 835)
Operating result before depreciation, EBITDA	12 666	7 262	(3 835)	16 093
Depreciation	(11 371)	(3 211)	(238)	(14 820)
Operating result, EBIT	1 295	4 052	(4 073)	1 274
Result from sale of assets	-	-	(45)	(45)
Net other operating items	-	-	18	18
Interest expenses	(1 245)	(1 155)	-	(2 401)
Result on currency exchange rate	-	-	(1 723)	(1 723)
Net other financial items	-	-	696	696
Taxes	-	-	-	-
Net result	50	2 896	(5 127)	(2 181)
Segment assets	201 052	106 716	3 371	311 139
Segment liabilities	90 969	87 252	-	178 221
Investments	1 710	4	22	1 736



20. Fair value of financial instruments

The Company's principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, non-current and current borrowings.

Fair value is defined as the amount at which the instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate.

The management of the Company is of the opinion that book values of trade and other receivables, trade and other payables as well as borrowings approximate their fair value.

The table below shows the comparison of carrying amounts of financial assets and financial liabilities to their fair values as at 30 June 2010:

Financial assets at 30 June 2010:

In thousand of Litas	Carrying amount	Fair value
Other investments	83	83
Long term receivable		
Receivable	13 356	13 356
Other receivable	135	135
	13 574	13 574

Financial assets at 30 June 2009:

In thousand of Litas	Carrying amount	Fair value
Other investments	166	166
Long term receivable		
Receivable	10 644	10 644
Other receivable	5 239	5 239
	16 048	16 048

Financial liabilities at 30 June 2010:

In thousand of Litas	Carrying amount	Fair value
Interest-bearing loans and borrowings	189 357	189 357
Trade and other payables	31 270	31 270
	220 627	220 627

Financial liabilities at 30 June 2009:

In thousand of Litas	Carrying amount	Fair value
Interest-bearing loans and borrowings	178 221	178 221
Trade and other payables	27 537	27 537
	205 758	205 758

