



AB LIMARKO LAIVININKYSTĖS KOMPA NIJA
LIMARKO SHIPPING COMPANY AB

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

2011-08-20 Nr. FIN-1-81-11

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, President & CEO 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 2011, 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 2011 is correct.

Enclosure:

1. Limarko laivininkystės kompanija AB Interim Financial Statements for the six months of 2011;
2. Limarko laivininkystės kompanija AB Interim Report for the first six months of 2011.

President & CEO

Vytautas Lygnugaris

Chief Financial Officer

Renaldas Vyšniauskas



LIMARKO LAIVININKYSTĖS KOMPANIJA

Interim Financial Statements for the first six months of 2011



August 2011, Klaipėda

TABLE OF CONTENTS

Statement of financial position	3
Statement of comprehensive income	4
Statement of cash flows.....	5
Statement of changes in equity	6
Explanatory letter	6



The financial statements of Limarko laivininkystės kompanija AB (LLK) 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 2011 are not audited.

Statement of financial position

In thousand of Litas	Note	2011 06 30	2010 12 31	2010 06 30
Assets				
Property, plant and equipment	6	244 173	258 523	281 992
Intangible assets	7	13	20	25
Other investments				83
Long term receivable				
Total non-current assets		244 186	258 543	282 099
Inventories	8	5 450	4 614	7 504
Trade and other receivable	9	10 864	12 084	13 356
Assets classified as held for sale			6 422	
Cash and cash equivalents	10	415	523	135
Total current assets		16 729	23 643	20 995
Total assets		260 915	282 186	303 094
Equity				
Issued capital		120 212	120 212	120 212
Reserves		7 645	7 645	7 645
Retained earnings		(33 671)	(41 980)	(45 390)
Total equity	11	94 187	85 877	82 467
Liabilities				
Interest-bearing loans and borrowings	12	105 072	138 827	99 125
Other long-term liabilities		110	110	
Total non-current liabilities		105 182	138 937	99 125
Interest-bearing loans and borrowings	12	38 738	24 627	90 232
Trade and other payables	14	22 808	32 745	31 270
Total current liabilities		61 546	57 372	121 502
Total liabilities		166 728	196 309	220 627
Total equity and liabilities		260 915	282 186	303 094

The notes set out on pages 6 to 15 form an integral part of these financial statements.



Statement of comprehensive income

In thousand of Litas	Note	April-June 2011	April-June 2010	January- June 2011	January- June 2010
Revenue	1	24 279	33 556	52 843	66 896
Cost of sales	2	(26 482)	(34 218)	(52 877)	(66 956)
Gross profit		(2 204)	(661)	(35)	(59)
Other operating	3	4	40	6	55
Distribution expenses		3	9	3	16
Administrative expenses	4	(1 432)	(1 663)	(2 816)	(3 080)
Operating profit before financing costs		(3 628)	(2 275)	(2 842)	(3 069)
Financial income		3 474	0	13 528	0
Financial expenses		(1 161)	(19 874)	(2 381)	(31 187)
Net financial costs/income	5	2 313	(19 874)	11 146	(31 187)
Profit (loss) before tax		(1 315)	(22 149)	8 305	(34 255)
Income tax expense	5	5		5	
Profit (loss) for the year		(1 310)	(22 149)	8 309	(34 255)
Other comprehensive income					
Total comprehensive income, net of income tax		(1 310)	(22 149)	8 309	(34 255)

The notes set out on pages 6 to 15 form an integral part of these financial statements.



Statement of cash flows

In thousand of Lit	Note	H1 2011	H1 2010
Cash flows from operating activities			
Profit (loss) before tax		8 309	(34 255)
Adjustments for:			
Depreciation	6	12 540	13 959
Amortization	7	8	11
Income tax expense		(5)	
Gain (loss) on disposal of property, plant and equipment		1 394	(8)
Effects of exchange rate changes on borrowings		(13 029)	27 899
Interest expenses, net	5	2 376	1 356
Net cash from ordinary activities before any changes in working capital		11 593	8 960
Change in inventories		(836)	(426)
Change in assets classified as held for sale		6 422	
Change in receivable		1 274	(4 841)
Change in trade and other payables		(9 932)	(3 522)
Net cash generated from ordinary activities		8 522	172
Net interests paid / received		(2 376)	(1 356)
Net cash used in operating activities		6 146	(1 184)
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(2 454)	(3 999)
Acquisitions of intangible assets	7	(1)	(5)
Proceeds from sale of property, plant and equipment		2 816	10
Net cash from investing activities		361	(3 994)
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings		(6 615)	
Net cash used in financing activities		(6 615)	
Change in cash and cash equivalents		(108)	(5 178)
Cash and cash equivalents at 1 January		523	5 312
Cash and cash equivalents at 30 June		415	135

The notes set out on pages 6 to 15 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 2010		120 212	7 645	(11 135)	116 723
Comprehensive income for the period					
Net profit (loss) for H1 2010				(34 255)	(34 255)
Total comprehensive income for the period				(34 255)	(34 255)
At 30 June 2010	11	120 212	7 645	(45 390)	82 467
As at 1 January 2011		120 212	7 645	(41 980)	85 877
Comprehensive income for the period					
Net profit (loss) for H1 2011				8 309	8 309
Total comprehensive income for the period				8 309	8 309
At 30 June 2011	11	120 212	7 645	(33 671)	94 187

The notes set out on pages 6 to 15 form an integral part of these financial statements.

Explanatory letter

Limarko laivininkystės kompanija 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 86.1% of the share capital (30 June 2011). The ordinary shares of the Company are listed on the NASDAQ OMX Vilnius.

The interim financial statements for the first six months of 2011 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 Litai	H1 2011	H1 2010
Voyage charter operations	28 872	46 437
Pool operations	15 540	12 683
Time charter operations	7 683	5 255
Demurrage	495	1 196
Other revenue	252	1 326
Total revenue	52 843	66 896



As of 30 June 2011, the Company owned 13 vessels: 10 reefer ships and 3 container ships (as of 30 June 2010 – 13 reefer ships and 3 container ships).

As of 30 June 2011, 6 ships were operated under a Pool agreement, 4 ships were chartered for separate voyages, and 3 ships under long-term charter agreements (as of 30 June 2010 – 7, 6 and 3 respectively).

The Company sold m/v Ignalina (built 1983) in January 2011 and m/v Argo (built 1985) in April 2011.

2. Cost of sales

In thousand of Litas	H1 2011	H1 2010
Crew costs	(12 186)	(13 604)
Depreciation	(12 386)	(13 800)
Fuel	(12 778)	(19 920)
Repair and maintenance of vessels	(6 328)	(7 697)
Insurance	(2 717)	(1 560)
Lubricating oil	(2 298)	(2 719)
Port dues	(1 731)	(4 548)
Commissions	(1 496)	(1 657)
Other costs	(956)	(1 452)
	(52 877)	(66 956)

3. Other operating items

In thousand of Litas	H1 2011	H1 2010
Insurance compensation	1 370	10
Other income	30	46
	1 401	56

In thousand of Litas	H1 2011	H1 2010
Net loss on sale of property, plant and equipment	(1 394)	(2)
Other expenses	(0)	
	(1 394)	(2)
	6	55



4. Administrative expenses

In thousand of Litas	H1 2011	H1 2010
Staff costs	(1 325)	(1 504)
Rental costs	(390)	(415)
Depreciation and amortization	(161)	(170)
Business trips	(173)	(125)
Operation and maintenance expenses of real estate	(125)	(121)
Communication	(43)	(77)
Other costs	(600)	(669)
	(2 816)	(3 080)

5. Net financial income / costs

In thousand of Litas	H1 2011	H1 2010
Financial income:		
Currency exchange rate gain	13 527	
Total financial income	13 527	
Financial expenses:		
Currency exchange rate loss		(29 790)
Interest on borrowings	(2 377)	(1 356)
Penalties	(1)	(4)
Other financial costs	(4)	(36)
Total financial costs	(2 381)	(31 187)
	11 145	(31 187)



6. Property, plant and equipment

In thousand of Litas	Land and buildings	Vessels and cars	Other assets	Total
Cost				
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
Balance at 1 January 2011	411	366 435	1 412	368 257
Acquisitions		2 450	4	2 454
Disposals		(20 308)	(38)	(20 345)
Balance at 30 June 2011	411	348 577	1 378	350 366
Depreciation and impairment losses				
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
Balance at 1 January 2011	139	108 458	1 138	109 735
Depreciation charge for the period	16	12 437	86	12 540
Disposals		(16 044)	(37)	(16 081)
Balance at 30 June 2011	155	104 852	1 187	106 193
Carrying amounts				
At 1 January 2010	304	291 181	468	291 953
At 30 June 2010	288	281 336	367	281 992
At 1 January 2011	272	257 977	274	258 523
At 30 June 2011	256	243 726	191	244 173

Security

As of 30 June 2011, ships with the carrying amount of 235 896 thousand Litas (as at 30 June 2010 – 250 445 thousand Litas) were pledged to secure bank loans (see note 12).

Depreciation

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



In thousand of Litas	H1 2011	H1 2010
Cost of sales	(12 386)	(13 798)
General and administrative operating expenses	(154)	(161)
	(12 540)	(13 959)

7. Intangible assets

In thousand of Litas	Software	Total
Balance at 1 January 2010	315	315
Acquisitions	5	5
Disposals		
Balance at 30 June 2010	320	320
Balance at 1 January 2011	320	320
Acquisitions	1	1
Disposals	(2)	(2)
Balance at 30 June 2011	319	319
Amortisation and impairment losses		
Balance at 1 January 2010	284	284
Amortisation for the period	11	11
Disposals		
Balance at 30 June 2010	295	295
Balance at 1 January 2011	300	300
Amortisation for the period	8	8
Disposals	(2)	(2)
Balance at 30 June 2011	306	306
Carrying amounts		
At 1 January 2010	31	31
At 30 June 2010	25	25
At 1 January 2011	20	20
At 30 June 2011	13	13

Amortisation charge is provided in cost of sale and administrative costs.

8. Inventories

In thousand of Litas	2011-06-30	2010-06-30
Fuel	4 228	5 951
Lubricating oil	1 222	1 553
	5 450	7 504



During the six months of 2011 fuel and lubricants, amounting to 15 075 tLTL (during the six months of 2010 – 22 639 tLTL) were recognized under cost of sales.

9. Receivables

In thousand of Lit	2011-06-30	2010-06-30
Trade receivable	7 636	8 441
Prepaid expenses	2 701	3 686
Prepayments	67	620
Other receivable	460	610
	10 864	13 356

The majority of prepaid expenses comprise of prepaid insurance expenses.

The ageing of trade and other receivables as at 30 June 2011 and 2010 can be specified as follows:

In thousand of Lit	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	
2010-06-30	9 050						9 050
2011-06-30	8 096						8 096

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.

10. Cash and cash equivalents

In thousand of Lit	2011-06-30	2010-06-30
Bank balances	386	106
Cash in hand	29	29
	415	135

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

11. Share capital

As of 30 June 2011, 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 2011 was 770.

Shareholders who on 30 June 2011 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)	103 445 997	86,1%	86,1%	86,1%

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.

12. Interest-bearing loans and borrowings

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

Lending institution	Ref	Principal amount	Balance tLTL 2011-06-30	Balance tLTL 2010-06-30
AB SEB Bankas, (mv "Andromeda")	a)	7 366 tUSD	17 688	4 513
AB SEB Bankas, (mv "Libra")				7 334
AB SEB Bankas, (mv "Serenada")				13 341
„Swedbank“, AB, (mv "Pluto" and mv "Uranus")	b)	6 219 tUSD	14 934	19 748
„Swedbank“, AB, (mv "Capella")	c)	7 620 tUSD	18 299	23 931
„Swedbank“, AB (mv "Cassiopea")	d)	12 577 tUSD	30 200	39 652
UniCredit Bank, (mv "America Feeder")	e)	6 908 tUSD	16 588	23 237
UniCredit Bank, (mv "Tokata")	f)	19 198 tUSD	46 101	57 601
Total liabilities		59 888 tUSD	143 810	189 357
Less: current portion		-16 132 tUSD	-38 738	-90 232
Total long term portion of net liabilities		43 756 tUSD	105 072	99 125

a) The loan was received to finance acquisition of the vessels "Andromeda", "Libra" and "Serenada". The loan is to be repaid by 20 October 2012. The loan is secured by pledging the vessels "Andromeda", "Libra", "Serenada" and "Marsas".

b) The loan was received to finance the acquisition of the vessels "Pluto" and "Uranus". The loan is to be repaid by 3 January 2013.

c) The loan was received to finance the acquisition of the vessel "Capella". The loan is to be repaid by 31 December 2013.

d) The loan was received to finance the acquisition of the vessel "Cassiopea". The loan is to be repaid by 18 September 2015.

Loans b), c) and d) are secured by pledging the vessels "Pluto", "Uranus", "Capella", "Cassiopea", "Astra", "Lyra" and "Marsas".



e) The loan was received to finance the acquisition of the vessel "America Feeder". The loan is to be repaid by 30 September 2017.

f) The loan was received to finance the acquisition of the vessel "Tokata". The loan is to be repaid by 15 March 2013.

Loans e) and f) are secured by pledging the vessels "Tokata", "America Feeder" and "Marsas".

13. 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.

14. Trade and other payables

In thousand of Litas	2011-06-30	2010-06-30
Trade payable	15 771	20 553
Remuneration payable and related taxes	6 204	7 813
Amounts received in advance for voyages	736	2 705
Other payable	97	199
	22 808	31 270

15. Contingencies

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

16. Contingent assets and liabilities

The tax authorities have not performed a full scope tax review of Limarko Shipping Company AB for the period from 2006 to 30 June 2011. According to prevailing tax legislation the tax authorities have the right to check accounting registers and records of the company for 5 years prior to the current accounting period and may charge additional taxes and penalties. The Company's management is not aware of any circumstances that may give rise to a potential material liability in this respect.

17. Segment reporting

Segment reports to the management of the company are prepared on a type of vessels basis – vessels of each segment operate in different markets. There are two segments based on the vessels' types – reefers and container vessels. The Company operates exclusively in the international shipping market and geographical segment reporting is not possible.



During the six months of 2011:

In thousand of Lit	Reefers	Containers	Unallocated	Total
Voyage income	44 679	8 163	-	52 843
Voyage costs	(15 451)	(616)	-	(16 067)
Net voyage result	29 228	7 547		36 775
Vessel operating costs	(20 042)	(4 382)	-	(24 424)
Administration expenses	-	-	(2 652)	(2 652)
Operating result before depreciation, EBITDA	9 186	3 165	(2 652)	9 699
Depreciation	(9 148)	(3 238)	(161)	(12 547)
Operating result, EBIT	38	(73)	(2 813)	(2 848)
Result from sale of property, plant and equipment	(1 394)	-	-	(1 394)
Net other operating items	1 370	2	28	1 401
Interest expenses	(1 170)	(1 206)	-	(2 377)
Result on currency exchange rate	6 353	6 675	498	13 527
Net other financial items	-	-	(4)	(4)
Taxes	-	-	5	5
Net result	5 197	5 399	(2 286)	8 309
Segment property, plant and equipment	147 268	95 661	1 257	244 186
Assets classified as held for sale	-	-	-	-
Segment borrowings	69 765	74 045	-	143 810
Aquisition of property, plant and equipment	2 452	-	3	2 455

During the six months of 2010:

In thousand of Lit	Reefers	Containers	Unallocated	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	(22 703)	(4 201)	-	(26 904)
Administration expenses	-	-	(2 894)	(2 894)
Operating result before depreciation, EBITDA	11 033	2 708	(2 894)	10 846
Depreciation	(10 714)	(3 086)	(170)	(13 970)
Operating result, EBIT	318	(378)	(3 064)	(3 123)
Result from sale of property, plant and equipment	(2)	(0)	10	8
Net other operating items	32	14	-	46
Interest expenses	(598)	(751)	(7)	(1 356)
Result on currency exchange rate	(14 023)	(13 876)	(1 892)	(29 790)
Net other financial items	-	-	(40)	(40)
Taxes	-	-	-	-
Net result	(14 272)	(14 990)	(4 993)	(34 255)
Segment property, plant and equipment	178 307	102 138	1 571	282 017
Segment borrowings	95 178	94 179	-	189 357
Aquisition of property, plant and equipment	2 808	1 190	5	4 004



18. 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 the carrying amounts of trade and other receivables, trade and other payables approximate their fair value due to their short-term nature, as well as borrowings approximate their fair value due to re-pricing based on the Libor interest rate in regular intervals.

19. Related parties

Limarko Shipping Company AB is a subsidiary of UAB Limarko, which owns 86,1% of the Company's share capital as at 30 June 2011.

UAB Limarko Jūrų Agentūra and UAB Baltkonta are subsidiaries of UAB Limarko.

Related party balances are as follows:

In thousand of Litas	30 June 2011		30 June 2010	
	Receivable	Payable	Receivable	Payable
UAB "Limarko"	-	2 455	-	1 326
UAB "Limarko jūrų agentūra"	-	74	-	69
UAB "Baltkonta"	-	-	-	7
	-	2 529	-	1 402

Related party transactions are as follows:

In thousand of Litas	January-June 2011		January-June 2010	
	Sales	Purchases	Sales	Purchases
UAB "Limarko"	1	823	-	589
UAB "Limarko jūrų agentūra"	-	74	-	-
UAB "Baltkonta"	-	9	-	-
	1	906	-	589

During the six months of 2011 Limarko UAB rendered vessel chartering (brokerage) services to the Company. Also the Company leases office premises from Limarko UAB.

