AKCINĖ BENDROVĖ
"LIETUVOS JŪRŲ LAIVININKYSTĖ"

PUBLIC COMPANY
"LITHUANIAN SHIPPING COMPANY"

To: The Bank of Lithuania
Žirmūnų str. 151,
LT-09128 Vilnius,
Lithuania

2014-05-08 Nr. (01)-5-128
Klaipėda

Į Nr.

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

Following the Rules of Preparation and Submission of Periodic and Supplemental of the Securities Commission of the Republic of Lithuania as well as the Law on Securities of the Republic of Lithuania, Item 22, we hereby confirm that, to the best of our knowledge Financial statements for the three months 2014, drawn in accordance with the International Financial Reporting Standards, corresponds to the reality and properly reflects the assets, liabilities, financial state, profit or loss and cash flows of Public Company "Lithuanian Shipping Company".

Public Company "Lithuanian Shipping Company"
General Director — Audronis Lubys

Public Company "Lithuanian Shipping Company"
Chief Accountant — Arvydas Stropus

Public Company
Lithuanian Shipping Company

Financial statements for the three month 2014

Content

Company details

Public Company Lithuanian Shipping Company

Telephone: +370 46 393105

Telefax: +370 46 393119

Company code: 110865039

Address: Malūnininkų St.3, Klaipėda

Supervisory Council

Tomas Karpavičius (Chairman)
Ona Barauskienė
Evaldas Zacharevičius
Laimutė Tinglum
Gytis Kaminskas

Board of Directors

Saulius Girdauskas
Andrius Šniuolis
Eglė Vyšniauskaitė
Mindaugas Utkevičius
Stepas Telešius

Management

Audronis Lubys, General Director
Arvydas Stropus, Chief Accountant

Auditor

KPMG Baltics, UAB

Banks

AB SEB Bankas
AB DNB Bankas
Danske bank A/S Lithuanian branch

(in thousand Litas, unless stated otherwise)

Statement of financial position

As at 31 March 2014

	Notes	31-03-2014	31-12-2013	01-01-2012
				(restated)
Intangible assets	2	1	1	15
Tangible assets	1	138.645	142.165	210.378
Total non-current assets		*138.646*	*142.166*	*210.393*
Inventories	3	3.876	4.101	2.437
Assets held for sale	4	5.233	10.327	-
Prepayments	3	471	833	1.431
Trade receivables	5	2.667	2.721	750
Other receivables	5	1.043	1.344	191
Cash and cash equivalents	6	397	1.602	1.793
Total current assets		*13.687*	*20.928*	*6.602*
Total assets		*152.333*	*163.094*	*216.995*
Share capital	7	200.901	200.901	200.901
Legal reserve		-	-	-
Other reserves		-	-	-
Retained profit (loss)		(120.553)	(119.081)	(61.500)
Total equity	*21*	*80.348*	*81.820*	*139.401*
Non-current employee benefits	9	414	414	200
Payables to credit institutions	8	-	-	30.050
Total non-current liabilities		*414*	*414*	*30.250*
Current part of non-current loans	8	48.178	52.819	36.553
Trade payables	11	13.139	18.232	5.468
Received prepayments	11	5.801	3.043	2.446
Employment related liabilities	10	4.213	6.431	2.130
Income tax liabilities		66	66	66
Other payables	11	174	269	881
Total current liabilities		*71.571*	*80.860*	*47.544*
Total shareholders' equity and liabilities		*152.333*	*163.094*	*216.995*

The notes set out on pages 3-24 form an integral part of these financial statements

General Director Audronis Lubys

Chief Accountant Arvydas Stropus

(in thousand Litas, unless stated otherwise)

Statement of comprehensive income

As at 31 March 2014

	Notes	31-03-2014	31-03-2013 (restated)
Sales	13	20.654	25.645
Cost of sales	14	(20.813)	(26.944)
Gross result		**(159)**	**(1.299)**
Administrative expenses	15	(1.094)	(1.016)
Impairment of vessels		-	-
Distribution expenses		(4)	-
Other operating income	16	5.627	3
Other operating expenses	16	(5.146)	(2)
Operating result		**(776)**	**(2.314)**
Financial income	17	-	-
Financial expenses	17	(696)	(2.892)
Net financial expenses	**17**	**(696)**	**(2.892)**
Profit (loss) before tax		(1.472)	(5.206)
Income tax expenses		-	-
Profit (loss) for the year		**(1.472)**	**(5.206)**
Other comprehensive income		-	-
Total comprehensive income, net of tax		**(1.472)**	**(5.206)**
Basic and diluted earnings (loss) per share (in Litas)	19	(0,007)	(0,026)

The notes set out on pages 3-24 form an integral part of these financial statements

General Director Audronis Lubys

Chief Accountant Arvydas Stropus

(in thousand Litas, unless stated otherwise)

Statement of changes in equity

As at 31 March 2014

	Authorized capital	Legal reserve	Other reserves	Retained earnings (losses)	Total
Balance at 31-12-2012 (restated)	**200.901**			**(77.932)**	**122.969**
Net profit (loss) for 31.03. 2013				(5.206)	(5.206)
Reserves used				-	-
Balance at 31-03-2013 (restated)	**200.901**			**(83.138)**	**117.763**
Net profit (loss) for 31.03.2013				(41.149)	(41.149)
Other comprehensive income, net of taxes				-	-
Reserves used				-	-
Balance at 31-12-2013	**200.901**			**(119.081)**	**81.820**
Net profit (loss) for 31.03. 2014				(1.472)	(1.472)
Other comprehensive income, net of taxes				-	-
Reserves used				-	-
Balance at 31.03.2014	**200.901**			**(120.553)**	**80.348**

The notes set out on pages 3-24 form an integral part of these financial statements.

General Director Audronis Lubys

Chief Accountant Arvydas Stropus

(in thousand Litas, unless stated otherwise)

Statement of cash flows

As at 31 December 2014

Items	Notes	31-03-2014	31-03-2013 (restated)
Cash flows from operating activity			
Net loss for the period		(1.472)	(5.206)
Adjustments for:			
Depreciation and amortization	1,2	3.525	4.206
Effects of exchange rate changes on loans	8	111	2.000
Gain (loss) on disposal and write down of property, plant and equipment		-	1
Impairment losses on vessels		-	-
Impairment of assets available for sale			-
Interest income/expenses, net	17	536	484
Income tax expense		-	-
Operating cash flows before changes in working capital		**2.700**	**1.485**
Decrease (increase) in receivables	5	717	(2.303)
Increase (decrease) in payables	9, 10, 11	(4.650)	3.444
Decrease (increase) in inventories	3	226	553
Cash flows generated from operating activities		**(1.007)**	**3.179**
Income tax paid		-	-
Net cash flows from operating activities		***(1.007)***	***3.179***
Cash flows from investing activities			
Acquisitions of non-current assets	1,2	(4)	(3.031)
Disposals of non-current assets	1,2	5.094	-
Received dividends and interest		-	-
Net cash flows from investing activities		**5.090**	**(3.031)**
Cash flows from financing activities			
Interest paid	17	(536)	(484)
Dividends paid to shareholders		-	-
Repayments of loans	8	(4.752)	-
Net cash flow from financing activities		***(5.288)***	***(484)***
Change in cash and cash equivalents		***(1.205)***	***(336)***
Cash and cash equivalents at 1 January		***1.602***	***369***
Cash and cash equivalents at 31 March	6	***397***	***33***

The notes set out on pages 3-24 form an integral part of these financial statements

General Director Audronis Lubys

Chief Accountant Arvydas Stropus

(in thousand Litas, unless stated otherwise)

Notes to financial statements as at 31 March 2014

I. Reporting entity

Public Company Lithuanian Shipping Company (LSC) is a joint-stock company established after reorganizing (desintegration) Public Company Lithuanian Shipping Company (LISCO). LSC was registered in the Registry of Legal Entities, certificate No. 027245, on 27 June 2001 and was assigned with the company code 110865039. LSC is located at: Malūnininkų St. 3, Klaipėda. Main activities of the Company are sea freight and lease of vessels.

Management bodies of the Company are: the General Meeting of Shareholders, the Supervisory Board, the Board of Directors and the Chief Executive Officer.

As at 31 March 2014 there were 306 employees in the Company, 28 of them worked in management divisions and 278 in the fleet. As at 31 March 2013 there were 327 employees, 30 of them worked in management divisions and 297 in the fleet.

The shareholder structure as at 31 March 2014 was as follows:

	31-03-2014		31-03-2013	
	Number of shares	Ownership percent	Number of shares	Ownership percent
Ministry of Transport and Communication of the Republic of Lithuania	113.833.000	56,66	113.833.000	56,66
Swedbank AS (Estonia)	712.917	0,35	10.540.063	5,25
DFDS TOR LINE A/S	11.108.420	5,53	11.108.420	5,53
Other minor shareholders	75.246.959	37,46	65.419.813	32,56
Total:	**200.901.296**		**200.901.296**	

Ordinary shares of the Company are quoted at NASDAQ OMX Vilnius.

Basis of preparation

Statement of compliance

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

These financial statements were approved by the management on 21 March 2014. The shareholders of the Company have the right to reject these financial statements and request for the new ones to be issued.

Basis of preparation

The financial statements are prepared on the historical cost basis and in accordance with the accounting records maintained as to Lithuanian accounting laws and regulations.

Functional and presentation currency

The financial statements are presented in the national currency Litas, which is the Company's functional currency. All the figures presented in the financial statements are rounded to the nearest thousand, unless stated otherwise.

Foreign currency

Transactions in foreign currencies are translated into Litas at official exchange rates set by the Bank of Lithuania. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Since 2 February 2002, the Litas has been pegged to the Euro at the rate of LTL 3.4528 = EUR 1. At the year-end all transactions in EUR were translated into LTL at a fixed exchange rate of 1 EUR = 3.4528 LTL, set by the Bank of Lithuania, and the invoices in USD were restated at the exchange rate of 1 USD = 2.5139 LTL.

Foreign exchange differences arising on translation of foreign currencies into LTL or re-translation of item denominated in foreign currencies are recognised as financial income or financial costs for the period in which they were incurred.

Financial instruments

(a) Non-derivative financial instruments

Loans and receivables as well as deposits are initially stated at the date of their origination. All other financial assets are initially stated at the date of transaction, when the Company becomes a party under the contractual terms of a financial instrument.

Financial assets are derecognised upon expiry of the rights to receive cash flows from the asset or upon transfer of the rights to receive cash flows from the asset when all the risks and rewards of the asset are transferred. Any benefit retained or created by the Company, related to the transferred financial asset, is recognised as a separate asset or liability.

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when the Company has a legal right to make such a set off and intends either to settle on a net basis or to dispose that asset and settle the liability simultaneously.

Significant accounting principles

Loans and receivables

Receivables of the Company are not traded in an active market. They are included in current assets except for maturities greater than 12 months. Trade receivables are initially recognized at fair value. Loans and other receivables are initially recognized at fair value, plus transaction costs that are directly attributable to the acquisition. Subsequently, receivables are measured at amortized cost using the effective interest rate method, less impairment, if any. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. Short-term receivables are not discounted.

Cash and cash equivalents

Cash includes cash on hand and cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

In the statement of cash flows cash and cash equivalents include cash on hand, cash at banks, deposits in current accounts with the maturity of less than 3 months, and deposits. Unrealised gain and losses, arising from currency exchange differences, are not cash flows. However, an effect of the currency exchange differences on cash and cash equivalents, held or payable in foreign currency, is presented in the statement of cash flows in order to compare cash and cash flows in the beginning and at the end of the period. The amount is presented separately from the cash flows from ordinary, investing and financing activities, and includes currency exchange differences, if any, recorded on these cash flows at the end of the period.

Borrowing costs

Borrowing costs are either recognised as costs when incurred, or are capitalised depending on the purpose of borrowing. The Company capitalises its borrowing costs, which are directly attributable to acquisition, construction or production of qualifying assets, as part of cost of such assets.

Ordinary shares

Ordinary shares are classified as equity. Additional costs, directly attributable to issue of ordinary shares and share options, are stated as deduction from equity net of any tax effects.

Property, plant and equipment

In the financial statements all economic resources held by the Company are recognised as assets provided the Company expects to benefit from the use of these resources and they have the value that can be reliably measured.

Items of property, plant and equipment are stated at actual acquisition cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour costs and an appropriate proportion of production overheads.

Costs incurred during regular dock surveys of ships are accounted as separate component of non-current tangible asset. The value of repair works of non-current tangible asset that do not improve qualities of the asset for a few years (and the repair costs will not produce economic benefits in the future) are recognised as costs at the time in which they are performed.

Depreciation is calculated from the first day of the next month after an item of property, plant and equipement is put into operation, and is not calculated from the first day of the next month after its retirement or disposal, and when the total value of the used asset (less residual value) is transferred to the cost of production (works, services). Tangible non-current assets are depreciated on a stright-line basis over the useful life of each component of the asset. Dock survey and repair costs are depreciated over the period until the next dock survey (repair).

Property groups	**Useful lives (in years)**
Vessels	30 years since construction
Machines and equipment	7 – 16
Repair of vessels	2 – 3
Buildings and plant	15
Other vehicles	6 – 10
Other tangible assets	4

The Company capitalises borrowing costs directly related to acquisition, construction or production of a related asset under cost of the asset. In 2014 and 2013 the borrowing costs were not capitalised.

The management establishes useful lives of property, plant and equipment at the time of acquisition, and later reviews them on annual basis. A useful lifetime is determined based on past experience and anticipated future events that can have influence on the time of useful service. It can be changed if there is reason to believe that the remaining useful life time does not reflect the physical condition and the economic usage of the asset. The Company reviews useful lives, residual values and depreciation methods on annual basis.

Intangible assets

Computer software and other intangible assets with the definite period of usage are stated at cost less accumulated amortization and impairment losses. Amortization is provided on a stright-line basis over the useful life of an asset. Non-current intangible assets are amortised within the period of 3 years.

Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities), that are expected to be recovered primarily through sale rather than through continuing use, are classified as non-current assets held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured. Thereafter generally the assets, or parts of disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses are initially attributed to goodwill and subsequently to remaining assets and liabilities in proportion, other than inventories, financial assets, deferred tax asset, and employee benefits. Impairment losses are continued to be calculated in accordance with the accounting policies of the Company. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Reversal income of impairment losses are not recognized in excess of any cumulative impairment loss.

Inventories

Inventories are recognized at the lower of the acquisition cost or net realizable value. Cost of inventories is calculated based on the FIFO method. Net realizable value is estimated as expected selling price less selling expenses.

When inventories are purchased from other parties, their acquisition cost is their purchase price combined with all purchase-related taxes (customs duties, etc.), transportation, preparation for use and other costs directly attributable to acquisition, less received discounts and rebates. When the amounts of inventory transportation and preparation for usage are insignificant or constant for several reporting periods, they are written off to operating expenses rather than included into the cost of purchase.

Dividends

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

Provisions

Provisions on obligations are accounted only when the Company has legal obligation or irrevocable commitment as a result of the past events; and it is probable that an outflow of resources embodying economic benefits will be required to settle it; and the amount of obligation can be measured reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the most accurate current estimates. When the time effect on the value of money is significant the amount or provision is equal to the current value of outflows which are expected to be required for the settlement of obligation. When the discounting is used, an increase in provision reflecting the past period is recognised as interest expenses.

Employee benefits

Short-term employee benefits are recognized as a current expense in the period when employees render the services. These include salaries and wages, social security contributions, vacation payouts, compensation for the first two days of illness, bonuses, allowances, severance payments, vacation accruals, which are recognized as costs when an employee has fulfilled his duties in exchange to the received allowance.
Pursuant to the Labour Code of the Republic of Lithuania, each employee leaving the Company at the age of retirement is paid a single two-month salary.

Cost of the current part of employee benefits is immediately recognised as costs in the statement of comprehensive income. The past service costs are recognised as an expense in equal instalments over the average period until the benefits become vested. Gains or losses resulting from changes in benefit terms (reduction or increase) are recognised immediately in profit or loss.

The employee benefit liability is recognised in the statement of financial position and reflects the present value of the benefits as at the date of the statement of financial position.

Transactions with related parties

The Company has decided not to disclose transactions with the state institutions as provided for in IAS 24.

Segment reporting

Operating segments are segments that meet the criteria set for operating segments on which the Company receives financial information, regularly reviewed by the management who makes decisions on evaluation of operating results on the basis of such information. Operating segments have separate assets and segment liabilities, estimations of specific income and costs items, gross profit (loss) that are reconciled with the Company's financial statements. The Company identifies segments based on vessel tonnage. There are three segments: „ Asta“ type vessels („Asta“, „Audre“, „Akvilė“, „Daina“, with the deadweight up to 6.000 tons), „Alka“ type vessels („Alka“, „Skalva“ with the deadweight up to 10.000 tons), and „Raguva“ type vessels („Raguva“, „Deltuva“, „Romuva“, „Voruta“, „Venta“ with the deadweight up to 25.000 tons).

Sales

The income earning moment is the moment of supplying services when it is probable that the Company will receive economic benefits from the transaction, and the revenue amount can be reliably estimated. Income from sale of goods and services is recognized at fair value less the value of returned goods and discounts. Services are deemed granted when paid immediately or without substantial additional conditions are undertaken to be paid by the client at a later date (when both parties sign a relevant document: invoice, bill of lading, etc.). Prepayments for services are recorded as increase in liabilities to suppliers. In this case income is recognized only after the services have been rendered.

Income from the lease of vessels includes voyage-charters and time-charters of vessels.

Income from voyage-charter contracts is recognised based on percentage of completion method: the percentage of completion is calculated based on proportion of an actual time to the total estimated voyage duration.

Income from time-charter contracts is recognised on a straight-line basis over the lease period.

Cost of sales

Costs are stated based on accrual and matching principles. Only that part of costs of prior or current periods, which relates to income earned during the current period irrespective of the time of money release, is recognized as costs. Costs not related to specific income are registered in the period in which they were incurred.

Cost of services is always connected with the services provided during the reporting period. Cost of sales includes depreciation of cash generating units, salaries and other costs incurred to earn the income.

Vessel repair costs incurred during regular dock-surveys are capitalised as part of an asset and amortised over a period of 2-3 years. Other repair and maintenance costs are recognised as costs for the year in which they were incurred.

Distribution and administrative costs

Distribution and administrative costs include costs related to administrative staff, management, Office expenses, depreciation, amortisation and etc.

Costs are stated based on accrual principle in the period in which they were incurred.

Costs are usually measured at a paid or payable amount, excluding VAT. In the event of a long settlement period and not identified interest, costs are estimated by discounting the amount at the market interest rate.

Other operating income and costs

Other operating income and costs includes gain and losses from disposal of vessels and other property, plant and equipment, lease of premises and other income and losses not directly related to the primary activity of the Company.

Financial income and costs

Financial income and expenses comprise receivable and payable interest, gain and loss of realized and unrealized currency exchange regarding debtors and creditors denominated in foreign currencies.

Interest income is recognized in profit or loss using the effective interest rate method. The interest expense component of finance lease payments is recognized in the profit or loss using the effective interest rate method.

Income tax

Calculation of income tax is based on the annual profit and is made in accordance with the requirements of tax legislation of the Republic of Lithuania. Deferred income tax is calculated on the basis of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases. An amount of deferred income tax depends on expected manner of realisation of assets and future settlements of liabilities and expected tax rates of the corresponding periods. Deferred tax assets and liabilities are not calculated when there is no origination of temporary differences as provided for by the Law on Income Tax.

The deferred tax assets and liabilities for current and previous years are recognised by an amount which is expected to be recovered from or paid to tax authorities. Income tax is calculated using the rates enacted at the date of statement of financial position.

Since the year 2007, the result of the Company from sea freight is subject to tonnage tax directly dependable on the total fleet capacity. Following the amendment and supplement to the Law on Income Tax of the Republic of Lithuania, dated 3 May 2007, the Company has chosen that its taxable income for the taxable periods started in 2007 or later is taxed by a fixed income tax rate. Fixed income tax base is calculated on payload capacity units (PC) of each of 100 vessels, applying a fixed daily amount and multiplying it by an amount of shipping days in the taxable period. The fixed income tax is applicable on shipping activities. Other activities of the Company, not related to shipping, are subject to normal income tax rate.

Profit earned not from sea freight services is taxed in accordance with the Law on Income Tax.

Since in 2007 the Company chose to pay the tonnage tax, the base of which does not depend on the Company's profit, all temporary differences between the tax and financial reporting have disappeared. Due to this, the deferred tax does not originate in the Company.

Basic and diluted earnings (loss) per share

Basic earnings per share is calculated by dividing net profit attributable to ordinary equity holders by the weighted average number of ordinary shares. In the cases of a change in the number of shares without affect the economic resources; the weighted average of ordinary shares issued is adjusted in proportion to the change in the number of shares as if this change has occurred in the beginning of the previous period. As there are no instruments that dilute the equity, the basic and diluted earnings per share do not differ.

(in thousand Litas, unless stated otherwise)

Subsequent events

Events that provide additional information on the status of the Company on the day of the conclusion of the financial statement (the correcting events) are reflected in the final statements. Other subsequent events are not correcting events and are described in the notes if it is important.

Credit risk

Credit risk is the risk of Company's financial loss if customer or partner fails to comply with contractual obligations. Credit risk is controlled by applying credit limits and monitoring procedures. The carrying amount of financial assets represents the maximum credit exposure, which was as follows as at the date of statement of financial position:

thousand LTL	31-03-2014	31-12-2013
Trade receivables	2.667	2.721
Cash and cash equivalents	397	1.602
Other receivables	1.043	1.344
Prepayments	471	833
Total:	**4.578**	**6.500**

The major part of receivables consists of amounts due from Euro zone countries. Ageing of receivables is presented in note 5.

Liquidity risk

In order to avoid the liquidity risk, the Company maintains sufficient flow of cash and cash equivalents or has financing through respective credit planning in advance as well as controlling cash flows. The Company does not have an approved liquidity ratio to aspire to, however the management shall aim at keeping the balance between unattractiveness and flexibility of financing. Liquidity ratios of the Company are provided in Note 22.

(d) Capital management

The Board's policy is to keep the shareholders' equity over borrowings at the level to maintain the confidence of investors, creditors and the market and to fund business development opportunities in the future in order to comply with external capital requirements. The Board keeps track on the ratios of capital return and makes suggestions regarding proposed dividends, taking into account the financial results and strategic plans of the Company. Capital comprises equity owned by the shareholders.

The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes for reporting period.

According to the Law on Companies of the Republic of Lithuania, the Company's equity must make not less than 50% of the share capital. The Company did not comply with the requirement of the Law as at 31 March 2014.

(in thousand Litas, unless stated otherwise)

Notes to the financial statements

1. Property, plant and equipment

Items Thousand LTL	Buildings and plant	Machinery and equipment	Vessels (Restated)	Other vehicles	Repair of vessels	Other non-current assets	Not finished repair of vessels	Total
Acquisition cost								
Balance as at 31 December 2011	3.672	807	453.676	297	22.131	538	751	481.872
Acquisitions	-	59	47	-	10.677	7	-	10.790
Written down (-)	-	(72)	(4)	-	(9.754)	-	-	(9.830)
Reclassifications	-	(52)	52	-	751	-	(751)	-
Balance as at 31 December 2012	3.672	742	453.771	297	23.805	545	-	482.832
Acquisitions	-	12	3	-	5.227	6	-	5.248
Written down (-)	-	(30)	(18.420)	-	(10.175)	(85)	-	(28.710)
Transfers to assets available for sale	-	-	(51.910)	-	(5.488)	-	-	(57.398)
Reclassifications	-	(18)	18	-	-	-	-	-
Balance as at 31 December 2013	3.672	706	383.462	297	13.369	466	-	401.972
Acquisitions	-	-	1	-	-	3	-	4
Written down (-)	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Balance as at 31 March 2014	3.672	706	383.463	297	13.369	469		401.976
Revaluation/impairment								
Balance as at 31 December 2011	-	-	(93.557)	-	-	-	-	(93.557)
Impairment	-	-	(5.750)	-	-	-	-	(5.750)
Balance as at 31 December 2012	-	-	(99.307)	-	-	-	-	(99.307)
Impairment	-	-	(22.100)	-	-	-	-	(22.100)
Transfers to assets available for sale	-	-	15.788	-	-	-	-	15.788
Balance as at 31 December 2013	-	-	(105.619)	-	-	-	-	(105.619)
Balance as at 31 March 2014	-	-	(105.619)	-	-	-	-	(105.619)
Accumulated depreciation								
Balance as at 31 December 2011	507	756	157.260	116	18.856	442	-	177.937
Depreciation for the period	196	38	14.258	40	5.061	45	-	19.638
Written down (-)	-	(72)	(4)	-	(9.754)	-	-	(9.830)
Reclassifications	-	(51)	51	-	-	-	-	-
Balance as at 31 December 2012	703	671	171.565	156	14.163	487	-	187.745
Depreciation for the period	196	39	11.193	39	6.968	30	-	18.465
Written down (-)	-	(30)	(14.845)	-	(9.765)	(78)	-	(24.718)
Transfers to assets available for sale	-	-	(22.374)	-	(4.930)	-	-	(27.304)
Reclassifications	-	(18)	18	-	-	-	-	-
Balance as at 31 December 2013	899	662	145.557	195	6.436	439	-	154.188
Depreciation for the period	48	9	2.112	7	1.346	3	-	3.525
Written down (-)	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Balance as at 31 March 2014	947	671	147.669	202	7.782	442	-	157.713
Carrying amounts								
31 December 2011	3.165	51	202.859	181	3.275	96	751	210.378
31 December 2012	2.969	71	182.899	141	9.642	58	-	195.780
31 December 2013	2.773	44	132.286	102	6.933	27	-	142.165
31 March 2014	2.725	35	130.176	95	5.587	27	-	138.645

(in thousand Litas, unless stated otherwise)

1. Property, plant and equipment (cont'd)

At the end of the financial year the Company's property, plant and equipment comprised 8 vessels, an administration building, vehicles, machinery and equipment. The depreciation of vessels, equipment and machinery and other tangible assets on vessels was recognised under cost of sales. The depreciation of the building, other vehicles, equipment and machinery and other tangible assets on shore was recognised under administrative expenses.

Thousand LTL	31-03-2014	31-03-2013
Depreciation (including repairs) recognised under cost of sales	3.525	4.135
Depreciation recognised under administrative expenses	65	71
Total:	**3.590**	**4.206**

All the vessels have been pledged to the bank to secure the bank loans (note 8).

2. Intangible assets

Items Thousand LTL	Software	Total
Acquisition cost		
As at 31 December 2011	387	387
Additions	3	3
Write-offs	-	-
As at 31 December 2012	390	390
Additions	-	-
Write-offs	5	5
As at 31 December 2013	385	385
Additions	-	-
Write-offs	-	-
As at 31 March 2014	385	385
Accumulated amortisation		
As at 31 December 2011	372	372
Amortisation for the period	10	10
As at 31 December 2012	382	382
Amortisation for the period	7	7
Write-offs	(5)	(5)
As at 31 December 2013	384	384
Amortisation for the period	-	-
Write-offs	-	-
As at 31 December 2013	384	384
Carrying amounts		
31 December 2011	15	15
31 December 2012	8	8
31 December 2013	1	1
31 March 2014	1	1

Intangible assets are amortised over 3 years.
Intangible assets are carried under administrative expenses in the statement of comprehensive income.

(in thousand Litas, unless stated otherwise)

3. Inventories and prepayments

Thousand LTL	31-12-2013	31-12-2013
Fuel and lubricants on vessels	3.532	3.261
Spare parts, materials	143	659
Food supplies on vessels	200	181
Total inventories:	*3.875*	*4.101*
Prepayments	471	833
Total:		**4.934**

As at 31 March 2014, fuel on vessels amounted to 3.532 thousand LTL. There were no revaluations of inventories to net realisable value as at 31 March 2014. As at 31 March 2014, the prepayments include the following amounts: 23 thousand LTL – advances paid, 306 thousand LTL – deferred commission costs related to sale of vessels, 517 thousand LTL – other prepayments (insurance, subscription, etc.) and 142 thousand LTL - prepayments to ship agents.

4. Assets available for sale

On 14 January 2014 the Board of the Company adopted a decision to sell the m/v "Alka". The sales transaction at the reporting date is not an event.. At the moment of reclassification the m/v "Alka" was stated at fair value less selling costs, which is lower than the carrying amount. The amount, at which the carrying amount was reduced, has been recognized as loss due to impairment.

Thousand LTL	31-03-2014	31-12-2013
Fair value of m/v "Alka"	*5.233*	-
Sales costs of m/v "Alka" for 2014	-	-
Total:	*5.233*	-

5. Trade and other receivables

Thousand LTL	31-03-2014	31-12-2013
Trade receivables	3.781	3.835
Impairment (-)	(1.1140	(1.114)
Trade receivables, net	***2.667***	***2.721***
Receivable from the budget	53	21
Prepayments to vessels	101	86
Other receivables	889	1.237
Total other receivables	*1.043*	*1.344*
Total:	**3.710**	**4.065**

As at 31 March 2014 trade receivables amounted to 2.667 thousand LTL, 2.053 thousand LTL out of which are current trade receivables for services rendered, 588 thousand LTL – received prepayments and receivables, and 26 thousand LTL receivable for communication and other services.

Other receivables as at 31 March 2014 include 889 thousand LTL of 878 thousand LTL insurance premium, and 11 thousand LTL of other receivable amounts.

			Overdue amounts, on which no impairment has been recognised			
Thousand LTL	**Outstanding balance**	**Not overdue amounts, on which no impairment has been recognised**	**Overdue up to 30 days**	**Overdue from 31 to 60 days**	**Overdue from 61 to 90 days**	**Overdue more than 91 days**
31-03-2014	2.667	547	1.334	511	106	169
31-12-2013	2.721	1.421	682	239	5	374

(in thousand Litas, unless stated otherwise)

As at 31 December 2013 the Company's management performed an evaluation of receivable amounts. Based on the evaluation of the amounts, received after the date of the financial statements, and the historical data concerning payments from the clients, no impairment has been recognized. According to the management, there are no indications that the amounts overdue as at the date of the financial statements will not be settled.

6. Cash and cash equivalents

Thousand LTL	31-12-2013	31-12-2013
Cash at bank in national currency	1	4
Cash at bank in foreign currencies	386	1.592
Cash on hand in national currency	4	-
Cash on hand in foreign currencies	6	6
Total:	**397**	**1.602**

Under the conditions of credit agreement with the bank, 100 % of banking operations of the Company must be carried out through accounts opened with this credit institution. In addition, all current and future cash balances in all currencies on these accounts are pledged to the bank.

7. Authorised capital

Thousand LTL	Authorised capital	Share premium	Total
31-12-2013	200.901	-	200.901
New emission of shares	-	-	-
Acquisition of own shares	-	-	-
31-03-2014	200.901	-	200.901

The Company‘s financial statements for the year ended 31 March 2014 show that the Company‘s equity as at 31 March 2014 amounts to 80.349 thousand LTL and is less than 50% of the authorized capital (100.450 thousand LTL). Therefore, the Company‘s management will request the general shareholders meeting to discuss the issue of restoration of the equity to the minimum amount required by the law.

The authorized capital of the Company at 31March 2013 comprised 200.901.296 ordinary shares at par value of 1 LTL each. All shares are fully paid. Holders of ordinary shares have one vote per share at the general meeting of shareholders of the Company and are entitled to receive dividends when they are declared and the right to return the capital in case of capital reduction.

The shares of the Company are quoted by AB NASDAQ OMX Vilnius.

Legal reserve

Legal reserves are formed in accordance with the legal acts of the Republic of Lithuania. Transfers of not less than 5% of net profit must be performed on annual basis until the reserve makes 10% of the authorized capital. This reserve can be used only to cover the accumulated losses.

8. Financial liabilities to credit institutions

Thousand LTL	31-03-2013	31-12-2013
Payable after one year	-	-
Payable within one year	48.178	52.624
Accrued payable interest within one year	-	194
Total:	**48.178**	**52.819**
Loan balances in the beginning of the year	52.819	56.398
Loans received	-	-
Loans repaid	(4.752)	(1.692)
Accrued payable interest within one year	-	194
Currency exchange differences	111	(2.082)
Total:	**48.178**	**52.819**

(in thousand Litas, unless stated otherwise)

All financial liabilities to the bank are secured by pledging the Company's property. The Company has pledged 8 vessels with the carrying amount of which as at 31 March 2013 amounted to 130.177 thousand LTL and m/v "Alka" (the carrying amount less selling costs of 5.232 thousand LTL . The total loan balance payable to the bank as at 31 March 2014 amounted to 48.178 thousand LTL. The loan repayment deadline is 27 February 2015.

The loans bear variable interest rates related to 3 months LIBOR (USD). The effective interest rate in 2014 varied from 4,2419 % to 4,2361%. A decline in the shipping market caused a decrease in cash flows; therefore, in October 2013 the loan repayment schedule was restructured. The restructured schedule anticipates repayment of the loan from the expected gain from disposal of the vessels as well as partial (monthly) instalments from operational revenues.

According to loan agreements with the banks, the Company must comply with certain financial ratios. Since the Company did not meet some of the financial ratios as at 31 March 2014, the total financial liability was classified under current liabilities.

9. Non-current employee benefits

The Company has recognised non-current employee benefits related to retirement payments. Costs in relation to accounting of these liabilities have been stated under the administrative expenses in the statement of comprehensive income as well as under a separate item of long-term employee benefits in the statements of financial position. In 31 March 2014 emploee benefits consist 414 thousand LTL.

10. Employment related liabilities

Thousand LTL	31-03-2014	31-12-2013
Payable salaries	2.112	4.173
Vacation reserve (salaries)	1.264	1.294
Vacation reserve (Sodra)	510	519
Payable to Sodra	245	367
Other payables	82	78
Total:	**4.213**	**6.431**

11. Other payable amounts

Thousand LTL	31-12-2013	31-12-2013
Payable to suppliers (a)	13.139	18.232
Prepayments received (b)	5.801	3.043
Payable dividends	95	95
Accrued expenses	38	77
Other	41	97
Total:	**19.114**	**21.544**

(a) As at 31 March 2014 payable to suppliers amounted to 13.139 thousand LTL which can be specified as follows: 5.669 thousand LTL – repair and technical supply of vessels; 489 thousand LTL – lubricants; 908 thousand LTL – payable to agents for services provided to vessels; 3.554 thousand LTL – fuel; 668 thousand LTL – vessel supervision classifying companies; 374 thousand LTL – vessel insurance ; 1.477 thousand LTL – various services to vessels and on-shore divisions.

(b) As at 31 March 2014 prepayments received amounted to 5.801 thousand LTL and include receivable for voyages and deferred income.

(in thousand Litas, unless stated otherwise)

12. Deferred tax asset and liabilities

Since in 2007 the Company chose to pay the tonnage tax, the base of which is independent of the Company's result, all temporary differences between the financial and tax reporting have disappeared. Due to this reason, there are no deferred taxes in the Company.

13. Sales

Thousand LTL	31-03-2014	31-03-2013
Time-charter revenues	6.728	2.233
Other *Time-charter* revenues	-	-
Voyage-charter revenues	13.741	23.079
Other	185	333
Total:	**20.114**	**25.645**

The company in the first quarter of 2014, revenue was less than during the same period in 2013, the main reason – less the Company's existing vessels (2 vessels were sold during the year).

14. Cost of sales

Thousand LTL	31-03-2014	31-03-2013
Fuel	(5.678)	(9.967)
Crew costs	(4.155)	(5.123)
Depreciation	(3.460)	(4.135)
Port dues	(2.186)	(3.654)
Insurance	(1.122)	(1.236)
Commissions	(671)	(923)
Vessel's functional expenses	(548)	(852)
Lubricants	(433)	(338)
Emergency repair of vessels	(1.335)	-
Spare parts	(428)	(255)
Other vessel costs	(797)	(461)
Total:	**(20.813)**	**(26.944)**

Fuel costs for 2013 amounted to 31.943 thousand LTL (2012 - 21.798 thousand LTL). Port dues for 2013 amounted to 10.944 thousand LTL (2012 - 5.428 thousand LTL). In 2013 the Company's fleet worked more days under voyage-charter contracts (2.223 days), i.e. the Company itself purchased fuel and paid port dues, whereas in 2012 the fleet of LSC worked more days under time-charter contracts (2.594 days), where the contract terms and conditions prescribe that the fuel costs and port dues are covered by the charterer.

Depreciation charge has decreased due to changed depreciation periods, restated residual values and adjusted values of the vessels (note 24).

15. Administrative expenses

Thousand LTL	31-03-2014	31-03-2013
Impairment of vessels	-	-
Staff costs	(647)	(672)
Depreciation and mortization	(65)	(71)
Consultation and legal services	(108)	(63)
Bank services	(52)	(33)
Business maintenance expenses	(21)	(30)
Transport expenses	(29)	(25)
Maintenance of premises	(28)	(32)
Communication services	(29)	(19)
Other	(119)	(70)
Total:	**(1.098)**	**(1.015)**

Staff costs include employee salaries, business trips and daily allowances.

(in thousand Litas, unless stated otherwise)

16. Other operating income/expenses

Thousand LTL	31-03-2014	31-03-2013
Proceeds from disposal of non-current assets	5.094	-
Other income	533	43
Total other operating income:	*5.627*	*43*
Loss from disposal of non-current assets	-	-
Other expenses	(181)	(1)
Total other operating expenses:	*(5.146)*	*(1)*
Total:	***481***	***42***

17. Financial and investing activity

Thousand LTL	31-03-2014	31-03-2013
Interest income	-	-
Gain of currency exchange	-	1.791
Total financial activity income:	-	*1.791*
Interest expenses	(536)	(525)
Loss of currency exchange	(160)	-
Total financial activity expenses:	*(696)*	*(525)*
Total:	**(696)**	**(1.266)**

18. Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net profit (loss) attributable to ordinary equity holders by the weighted average number of ordinary shares.

Basic loss per share as at 31 March 2014 amounts to 0,007 LTL, basic loss per share as at 31 March 2013 – 0,026 LTL.

The Company does not have any convertible or potentially convertible shares; therefore, basic and diluted earnings (loss) per share are equal.

19. Related parties

The related parties of the Company are: members of the Board, general director, fleet management director, technical director, common affairs director (as of 2 January 2013), chief accountant and their family members. Remuneration to the mentioned persons in first quarter 2014 amounted to 98,3 thousand LTL (in first quarter 2013 – 119,9 thousand LTL). There were no other transactions with the related parties in 2014.

20. Segments

The main operating markets of the Company are as follows:

- Trans-Atlantic market, where the steel and nonferrous metals, alloys, fertilizer cargo are being carried from Europe, to USA, Latin and South America. Cargo for return trips consists of grain, coal, alumina and fluorspar.
- Northern European-North African market, where the rough sawn timber, paper cargo are being carried from Northern Europe and Scandinavia to the Mediterranean coast. Cargo for return trips consists of fertilizes, ore, steel coils and minerals.
- Caribbean market, where various cargo are being carried between USA and the Caribbean and Central American countries.

The Company has no clients, income from which in 2013 made more than 10% of the total income. In 2012 the Company had two clients, income from which made 32% of the Company's total income for 2012.

According to the size (tonnage) of vessels, there are three vessel segments: „Asta"- type vessels („Asta", „Audrė", „Akvilė", „Daina" – with the dead weight up to 6.000 tons), „Alka"- type vessels („Alka", „Skalva" – with the dead weight up to 10.000 tons), and „Raguva"- type vessels („Raguva", „Deltuva", „Romuva", „Voruta" and „Venta" – with the dead weight up to 25.000 tons).

31-03-2014, in thousand LTL	**Asta**	**Alka**	**Raguva**	**Not attributed**	**Total**
Voyage income	3.087	1.085	16.482	-	20.654
Voyage costs	(368)	(806)	(8.016)	-	(9.190)
Voyage result	**2.719**	**279**	**8.466**	-	**11.464**
Current vessel costs	(2.046)	(664)	(5.453)	-	(8.163)
Operating costs	-	-	-	(1.033)	(1.033)
Operating costs before depreciation, EBITDA	**673**	**(385)**	**3.013**	**(1.033)**	**2.268**
Impairment of vessels	-	-	-	-	-
Depreciation	(520)	-	(2.940)	(65)	(3.525)
Operating result, EBIT	**153**	**(385)**	**73**	**(1.098)**	**(1.257)**
Other activity result	-	-	-	481	481
Interest expenses	-	-	(536)	-	(536)
Currency exchange result	-	-	(160)	-	(160)
Other financial activity, net	-	-	-	-	-
Tonnage tax	-	-	-	-	-
Net result	**153**	**(385)**	**(623)**	**(617)**	**(1.472)**
Non-current assets of segments	17.372	-	112.805	-	130.177
Loans payable by segment	-	-	48.178	-	
Acquisition of non-current assets	-	-	-	-	

Voyage expenses include: fuel, port dues, commissions, loading services.

Current expenses of vessels include: salaries, taxes, daily allowances, vessel repair and maintenance, insurance, communication and other expenses.

20. Segments (cont'd)

31-03-2013, in thousand LTL	**Asta**	**Alka**	**Raguva**	**Not attributed**	**Total**
Voyage income	4.662	4.924	16.059	-	25.645
Voyage costs	(2.356)	(3.164)	(9.262)	-	(14.782)
Voyage result	**2.306**	**1.760**	**6.797**	**-**	**10.863**
Current vessel costs	(1.983)	(1.460)	(4.583)	-	(8.026)
Operating costs	-	-	-	(945)	(945)
Operating costs before depreciation, EBITDA	**323**	**300**	**2.214**	**(945)**	1.892
Impairment of vessels	-	-	-	-	-
Depreciation	(948)	(562)	(2.625)	(71)	(4.206)
Operating result, EBIT	**(625)**	**(262)**	**(411)**	**(1.016)**	**(2.314)**
Other activity result	-	-	-	1	1
Interest expenses	-	-	(484)	-	(484)
Currency exchange result	-	-	(2.409)	-	(2.409)
Result from other financial activity, net	-	-	-	-	-
Fixed income (tonnage) tax	-	-	-	-	-
Net result	**(625)**	**(262)**	**(3.304)**	**(1.015)**	**(5.206)**
Non-current assets of segments	38.654	13.149	128.455	-	180.258
Segment loans payable	-	-	58.398	-	58.398
Acquisition of non-current assets	-	-	-	-	-

Voyage expenses include: fuel, port dues, commissions and loading services.

Current expenses of vessels include: salaries, taxes, daily allowances, vessel repair and maintenance, insurance, communication and other expenses.

21. Capital management policy

The Company uses variety of ways to manage and maintain the capital structure - adjusts amount of dividends and other payments to shareholders, may sell assets in order to reduce debts.

Debt – equity ratio

Thousand LTL	31-03-2014	31-12-2013 (restated)
Total liabilities:	71.985	81.274
Less cash and cash equivalents	397	1.602
Net amount of liabilities	***71.588***	***79.672***
Total equity:	*80.349*	*81.820*
Plus subordinated debt instruments	-	-
Less change in fair value of hedging instrument recognized in equity	-	-
Adjusted equity	***80.349***	***81.820***
Debt – equity ratio	**0,89**	**0,97**

(in thousand Litas, unless stated otherwise)

22. Financial ratios

	Calculation	31-03-2014	31-03-2013 (restated)
Gross debt ratio	Total liabilities / total asset	0,47	0,43
Gross solvency ratio	Total equity / Total liabilities	1,12	1,32
Gross profitability	Gross profit / Sales and services	-0,01	-0,05
Current ratio	Current asset / Current liabilities	0,19	0,17
Receivables turnover	Sales and services / Accounts receivable	7,75	9,76

The maximum credit risk implies the risk of receivable amounts. The Company has established an income policy where upon signing contracts the clients make prepayments for ship services.

23. Contingencies

There is an ongoing legal proceeding regarding compensation of pecuniary and non-pecuniary damage. The Company is being claimed an amount of 411 thousand LTL. The action has been raised regarding the death of captain J. Smirnovas in 2005.

There is an ongoing legal proceeding with the former employee of the Company regarding compensation of pecuniary and non-pecuniary damage; the claim amount is approximately 140 thousand LTL. The claim against the Company was raised in relation to acknowledgement of termination of the labour contract as invalid.

The Company has not granted any guarantees or sureties to other persons.

24. Fair value of financial instruments

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 Company's principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, non-current and current borrowings. The management of the Company is of the opinion that the carrying amounts of the financial instruments approximate their fair value, as borrowings bear an interest rate related LIBOR, and other financial assets and liabilities are short-term therefore the volatility of their fair value is not significant.

27. Going concern

The current liabilities, reflected in the Company's financial statements as at 31 March 2014, exceed the current assets by 57,9 million LTL. These circumstances indicate significant uncertainty regarding the Company's ability to continue as a going concern.

Growth and development opportunities of the Company depend on recovery of the shipping market. The development of the shipping market is limited by two major factors – slow economic recovery and excess ship tonnage in the market. It is expected that the market will experience a substantial recovery in 2014 as the first positive changes can already be noticed – transportation charges have started to rise (the value of Baltic Dry Handysize index in the 28 March 2013 was 910, and as at 28 March 2014 it was 1373). In any case, the minimum recovery signs can be expected due to an increase in demand, because growth has been forecasted for the two leading economies – the US and China.

According to the forecasts of the World Bank for 2014, the economy will experience a stabilization period. An expected global GDP growth is 3 %. Similar growth rates should remain until the year 2018.

In order to realize its strategic goals, during 2014-2016 the Company is planning to sell four inefficient smallest vessels and acquire one new vessel (a „Deltuva“/„Voruta“ type vessel with 17 thousand tons DWT). It is expected that gain from disposal of one vessel will amount to 5.5 million LTL. Moreover, the Company and the main creditor (SEB Bankas) have signed an amendment to the loan agreement providing for an extended repayment deadline until February 2015. Currently, the Company negotiates with the banks for extension of repayment deadlines of significant loans and expects to come to a positive agreement in the near future.

The management believes that the mentioned actions will positively affect the Company's financial stability and business continuity. These financial statements have been prepared on the going concern basis and do not reflect any adjustments, which might be necessary if the Company were not able to continue as a going concern.

26. Subsequent events

On 17 April 2014 the Company sold the m/v ml. „Alka“ (built in 1994). After the mentioned disposal, the Company's fleet consists of 8 vessels.

No other significant events have occurred after the statement of financial position date.

General Director Audronis Lubys

Chief Accountant Arvydas Stropus