



**AB LIMARKO LAIVININKYSTĖS KOMPANIJA**  
**LIMARKO SHIPPING COMPANY AB**

TO: Supervision Service of the Central Bank of the Republic of Lithuania  
Zirmunu str. 151  
LT-09128 Vilnius, Lithuania

2014-08-29

### **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, Executive Director of Limarko laivininkystės kompanija AB, and Jelena Portnova, Chief Accountant 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 2014, 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 2014 is correct.

Enclosure:

1. Limarko laivininkystės kompanija AB Interim Financial Statements for the six months of 2014;
2. Limarko laivininkystės kompanija AB Interim Report for the first six months of 2014.

Executive Director

Vytautas Lygnugaris

Chief Accountant

Jelena Portnova



# LIMARKO LAIVININKYSTĖS KOMPANIJA

Interim Financial Statements for the first six months of 2014



August 2014, Klaipėda

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The interim financial statements of Limarko laivininkystės kompanija AB (LLK) for the first six months of 2014 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 2014 are not audited.

### **Statement of financial position**

<b>In thousand of Litas</b>	<b>Note</b>	<b>2014-06-30</b>	<b>2013-12-31</b>	<b>2013-06-30</b>
<b>Assets</b>				
Property, plant and equipment	6	107 314	109 267	121 599
Intangible assets	7	64	31	8
Other investments				
Long term receivable				274
<b>Total non-current assets</b>		<b>107 378</b>	<b>109 298</b>	<b>121 880</b>
Inventories	8	1 037	496	596
Trade and other receivable	9	5 145	5 457	5 903
Cash and cash equivalents	10	929	1 447	5 306
<b>Total current assets</b>		<b>7 111</b>	<b>7 400</b>	<b>11 806</b>
<b>Total assets</b>		<b>114 489</b>	<b>116 699</b>	<b>133 686</b>
<b>Equity</b>				
Share capital		8 600	8 600	8 600
Reserves				
Retained earnings		(4 144)	(6 382)	939
<b>Total equity</b>	11	<b>4 456</b>	<b>2 218</b>	<b>9 539</b>
<b>Liabilities</b>				
Interest-bearing loans and borrowings	12			
Other long-term liabilities		210	210	300
<b>Total non-current liabilities</b>		<b>210</b>	<b>210</b>	<b>300</b>
Interest-bearing loans and borrowings	12	103 396	106 621	116 089
Trade and other payables	14	6 428	7 650	7 758
<b>Total current liabilities</b>		<b>109 823</b>	<b>114 271</b>	<b>123 847</b>
<b>Total liabilities</b>		<b>110 033</b>	<b>114 481</b>	<b>124 147</b>
<b>Total equity and liabilities</b>		<b>114 489</b>	<b>116 699</b>	<b>133 686</b>

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 2014	April- June 2013	January- June 2014	January- June 2013
Revenue	1	11 390	11 926	22 612	23 887
Cost of sales	2	(9 138)	(9 212)	(17 317)	(17 487)
<b>Gross profit</b>		<b>2 252</b>	<b>2 714</b>	<b>5 295</b>	<b>6 400</b>
Other operating income	3		108		110
Other operating expenses	3		(547)		(547)
Administrative expenses	4	(710)	(887)	(1 380)	(1 678)
<b>Operating profit before financing costs</b>		<b>1 542</b>	<b>1 389</b>	<b>3 914</b>	<b>4 285</b>
Financial income			0		0
Financial expenses		(919)	1 512	(1 676)	(3 304)
<b>Net financial costs/income</b>	5	<b>(919)</b>	<b>1 512</b>	<b>(1 676)</b>	<b>(3 304)</b>
<b>Profit (loss) before tax</b>		<b>623</b>	<b>2 901</b>	<b>2 238</b>	<b>981</b>
Income tax expense					
<b>Profit (loss) for the period</b>		<b>623</b>	<b>2 901</b>	<b>2 238</b>	<b>981</b>
Other comprehensive income					
<b>Total comprehensive income, net of income tax</b>		<b>623</b>	<b>2 901</b>	<b>2 238</b>	<b>981</b>

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



### Statement of cash flows

In thousand of Litās	Note	H1 2014	H1 2013
<b>Cash flows from operating activities</b>			
Profit (loss) for the period		2 238	981
Adjustments for:			
Depreciation	6	4 193	4 184
Amortization	7	6	1
Gain (loss) on disposal of property, plant and equipment	3		545
Effects of exchange rate changes on borrowings	5	955	2 097
Interest expenses, net	5	686	1 171
<b>Net cash from ordinary activities before any changes in working capital</b>		<b>8 078</b>	<b>8 980</b>
Change in inventories		(541)	371
Change in receivable		312	(721)
Change in trade and other payables		(1 190)	(1 414)
<b>Net cash generated from ordinary activities</b>		<b>6 659</b>	<b>7 215</b>
Net interests paid / received		(686)	(1 171)
<b>Net cash used in operating activities</b>		<b>5 941</b>	<b>6 043</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	6	(2 239)	(541)
Acquisitions of intangible assets	7	(39)	(7)
Proceeds from sale of property, plant and equipment			7 992
<b>Net cash from investing activities</b>		<b>(2 278)</b>	<b>7 444</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of borrowings		(4 180)	(9 479)
<b>Net cash used in financing activities</b>		<b>(4 180)</b>	<b>(9 479)</b>
<b>Change in cash and cash equivalents</b>		<b>(518)</b>	<b>4 008</b>
<b>Cash and cash equivalents at 1 January</b>		<b>1 447</b>	<b>1 298</b>
<b>Cash and cash equivalents at 30 June</b>		<b>929</b>	<b>5 306</b>

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 2013		20 000		(11 442)	8 558
<b>Comprehensive income for the period</b>					
Net profit (loss) for H1 2013				981	981
<b>Total comprehensive income for the period</b>				<b>981</b>	<b>981</b>
<b>Transactions with owners recognised in equity</b>					
Allocated to reserves					
Increase of authorised capital		(11 400)		11 400	
<b>Total transactions with owners</b>		<b>(11 400)</b>		<b>11 400</b>	
At 30 June 2013	11	<b>8 600</b>		<b>939</b>	<b>9 539</b>
As at 1 January 2014		8 600		(6 382)	2 218
<b>Comprehensive income for the period</b>					
Net profit (loss) for H1 2014				2 238	2 238
<b>Total comprehensive income for the period</b>				<b>2 238</b>	<b>2 238</b>
At 30 June 2014	11	<b>8 600</b>		<b>(4 144)</b>	<b>4 456</b>

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 97.6% of the share capital (30 June 2014). The ordinary shares of the Company are listed on the NASDAQ OMX Vilnius.

The interim financial statements for the first six months of 2014 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 2014	H1 2013
Pool operations	17 389	17 225
Time charter operations	5 223	5 973
Voyage charter operations		688
<b>Total revenue</b>	<b>22 612</b>	<b>23 887</b>

As of 30 June 2014, the Company owned 6 vessels: 4 reefer ships and 2 container ships (as of 30 June 2013 – 4 reefer ships and 2 container ships).

As of June 30 2014, 4 ships were operated under a Pool agreement and 2 ships under long-term charter agreements (As of 30 June 2013, 4 ships were operated under a Pool agreement, 2 ships under long-term charter agreements).

## 2. Cost of sales

In thousand of Litas	H1 2014	H1 2013
Crew costs	(6 081)	(6 227)
Depreciation	(4 179)	(4 154)
Repair and maintenance of vessels	(3 648)	(2 818)
Insurance	(1 107)	(1 456)
Lubricating oil	(936)	(1 033)
Commissions	(358)	(400)
Fuel	(127)	(616)
Other costs	(882)	(694)
	<b>(17 317)</b>	<b>(17 487)</b>

## 3. Other operating items

In thousand of Litas	H1 2014	H1 2013
Net gain on sale of property, plant and equipment		1
Other income		108
		<b>110</b>

In thousand of Litas	H1 2014	H1 2013
Net loss on sale of property, plant and equipment		(547)
Other expenses		(547)
		<b>(437)</b>





#### 4. Administrative expenses

In thousand of Litas	H1 2014	H1 2013
Staff costs	(743)	(1 026)
Rental costs	(123)	(109)
Business trips	(125)	(111)
Operation and maintenance expenses of real estate	(67)	(42)
Depreciation and amortization	(20)	(31)
Communication	(11)	(22)
Other costs	(291)	(337)
	<b>(1 380)</b>	<b>(1 678)</b>

#### 5. Net financial income / costs

In thousand of Litas	H1 2014	H1 2013
Financial income:		
Currency exchange rate gain		
Interest		0
Total financial income		0
Financial expenses:		
Currency exchange rate loss	(990)	(2 132)
Interest on borrowings	(686)	(1 171)
Penalties		(1)
Total financial costs	(1 676)	(3 304)
	<b>(1 676)</b>	<b>(3 304)</b>



## 6. Property, plant and equipment

In thousand of Lit	Land and buildings	Vessels and cars	Other assets	Total
<b>Cost</b>				
Balance at 1 January 2013	400	241 346	623	242 369
Acquisitions		541		541
Disposals		(18 676)	(301)	(18 977)
Balance at 30 June 2013	400	223 211	322	223 933
Balance at 1 January 2014	400	226 013	307	226 720
Acquisitions		2 222	17	2 239
Disposals		(1 211)		(1 211)
Balance at 30 June 2014	400	227 024	324	227 748
<b>Depreciation and impairment losses</b>				
Balance at 1 January 2013	195	107 959	595	108 749
Depreciation charge for the period	15	4 154	15	4 184
Disposals		(10 299)	(301)	(10 600)
Balance at 30 June 2013	210	101 814	309	102 334
Balance at 1 January 2014	226	116 930	297	117 452
Depreciation charge for the period	15	4 174	4	4 193
Disposals		(1 211)		(1 211)
Balance at 30 June 2014	241	119 892	301	120 434
<b>Carrying amounts</b>				
At 1 January 2013	205	133 387	27	133 619
At 30 June 2013	190	121 397	12	121 599
At 1 January 2014	174	109 083	28	109 286
At 30 June 2014	159	107 132	23	107 314

### Security

As of 30 June 2014, ships with the carrying amount of 107 154 thousand Lit (as at 30 June 2013 – 121 397 thousand Lit) 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 Lit	H1 2014	H1 2013
Cost of sales	(4 174)	(4 154)
General and administrative operating expenses	(19)	(30)
	<b>(4 193)</b>	<b>(4 184)</b>



## 7. Intangible assets

In thousand of Litas	Software	Total
Balance at 1 January 2013	277	277
Acquisitions	7	7
Disposals	(1)	(1)
Balance at 30 June 2013	283	283
Balance at 1 January 2014	308	308
Acquisitions	39	39
Disposals		
Balance at 30 June 2014	346	346
<b>Amortisation and impairment losses</b>		
Balance at 1 January 2013	275	275
Amortisation for the period	1	1
Disposals	(1)	(1)
Balance at 30 June 2013	275	275
Balance at 1 January 2014	277	277
Amortisation for the period	6	6
Disposals		
Balance at 30 June 2014	282	282
<b>Carrying amounts</b>		
At 1 January 2013	2	2
At 30 June 2013	8	8
At 1 January 2014	31	31
At 30 June 2014	64	64

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

## 8. Inventories

In thousand of Litas	2014-06-30	2013-06-30
Lubricating oil	643	596
Fuel	394	
	1 037	596

During the first six months of 2014, fuel and lubricants amounting to 1 063 tLTL (during the first six months of 2013 – 1 649 tLTL) were recognized under cost of sales.



## 9. Receivables

In thousand of Litas	2014-06-30	2013-06-30
Trade receivable	3 488	4 519
Prepaid expenses	737	1 008
Prepayments	4	107
Other receivable	916	269
	<b>5 145</b>	<b>5 903</b>

The majority of prepaid expenses are comprised of prepaid insurance expenses.

The ageing of trade and other receivables as at 30 June 2014 and 2013 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	
2013-06-30	4 788						4 788
2014-06-30	4 404						4 404

*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 Litas	2014-06-30	2013-06-30
Bank balances	910	5 295
Cash in hand	19	12
	<b>929</b>	<b>5 306</b>

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

## 11. Share capital

As of 30 June 2014, the authorised share capital, issued and fully paid, comprised 8 600 000 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 laivininkystes kompanija AB on 30 June 2014 was 376.

Shareholders who on 30 June 2014 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)	8 396 142	97,6%	97,6%	97,6%

Limarko UAB pledged shares of Limarko laivininkystės kompanija AB to the banks (AS „UniCredit Bank“, „Swedbank“, AB and AB SEB bankas), securing the performance of the credit agreements with subject banks by Limarko laivininkystės kompanija AB. Limarko UAB retained voting rights and property in the shares.

From 24 January 2014 to 23 April 2014, Limarko UAB was implementing the mandatory purchase (squeeze-out) of the shares of the Issuer. The price offered was 0.185 Euro per share and was approved by the Bank of Lithuania.

AB „Limarko laivininkystės kompanija“ received the judgement of 7 July 2014 of Klaipėda City Local Court in the case brought by Company's shareholder UAB „Limarko“ regarding the making of entries in the securities' accounts about the transfer of ownership to shares of the Company. The court recognized that UAB „Limarko“ has made payments to the shareholders who did not sell the shares during the squeeze-out procedure by depositing the funds into deposit account at „Swedbank“, AB. The court obliged the managers of securities' account to make entries in the securities' accounts about the transfer of ownership of shares to UAB „Limarko“. The procedure should be completed in September 2014.

### **Equity**

According to the Law on Companies of the Republic of Lithuania, equity of the company cannot be lesser than one half of the authorised capital of the company.

According to the Financial statements of the Company for the year ended 31 December 2013, equity of the company, as of 31 December 2013 amounted to 2 218 thousand Litas and was less than one half of the authorised capital of the Company (4 300 thousand Litas). Compared to the data as of 31 December 2013, the shareholders' equity increased by 2 238 tLTL to 4 456 tLTL during the first six months of 2014 and became sufficient for the purposes of the Law on Companies of the Republic of Lithuania, as the equity exceeds half of the authorised capital.



## 12. Interest-bearing loans and borrowings

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

Lending institution	Ref	Principal amount	Balance tLTL 2014-06-30	Balance tLTL 2013-06-30
AB SEB Bankas, (mv "Andromeda", mv "Libra")	a)	3 146 tUSD	7 968	10 513
„Swedbank“, AB, (mv "Pluto" and mv "Uranus")	b)	3 876 tUSD	9 818	10 271
„Swedbank“, AB, (mv "Capella")	c)	3 806 tUSD	9 639	11 582
„Swedbank“, AB (mv "Cassiopea")	d)	7 395 tUSD	18 730	20 931
UniCredit Bank, (mv "America Feeder")	e)	4 316 tUSD	10 930	14 344
UniCredit Bank, (mv "Tokata")	f)	18 285 tUSD	46 311	48 449
<b>Total liabilities</b>		<b>40 824 tUSD</b>	<b>103 396</b>	<b>116 089</b>
Less: current portion		40 824 tUSD	103 396	116 089
<b>Total long term portion of net liabilities</b>				

All loans and borrowings have been reported as current liabilities, as part of the loans mature on 31 August 2014 and the Company negotiate with the banks to amend the repayment schedule.

a) The loan was received to finance acquisition of the vessels "Andromeda" and "Libra". The loan is to be repaid by 31 August 2014. The loan is secured by pledging the vessels "Andromeda" and "Libra".

b) The loan was received to finance the acquisition of the vessels "Pluto" and "Uranus". The loan is to be repaid by 31 August 2014.

c) The loan was received to finance the acquisition of the vessel "Capella". The loan is to be repaid by 31 August 2014.

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 "Capella" and "Cassiopea".

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 31 August 2014.

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

## 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	2014-06-30	2013-06-30
Trade payable	4 440	4 934
Remuneration payable and related taxes	1 654	2 514
Amounts received in advance for voyages	304	238
Other payable	30	72
	<b>6 428</b>	<b>7 758</b>

## 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 2007 to 2013. 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 2014:

In thousand of Litas	Reefers	Containers	Unallocated	Total
Voyage income	17 389	5 223	-	22 612
Voyage costs *	2	(499)	-	(496)
<b>Net voyage result</b>	<b>17 392</b>	<b>4 724</b>		<b>22 116</b>
Vessel operating costs **	(8 565)	(4 077)	-	(12 643)
Administration expenses	-	-	(1 360)	(1 360)
<b>Operating result before depreciation, EBITDA</b>	<b>8 826</b>	<b>647</b>	<b>(1 360)</b>	<b>8 113</b>
Depreciation	(2 931)	(1 248)	(20)	(4 199)
<b>Operating result, EBIT</b>	<b>5 896</b>	<b>(601)</b>	<b>(1 380)</b>	<b>3 914</b>
Other operating	-	-	-	-
Interest expenses	(326)	(360)	-	(686)
Result on currency exchange rate	(220)	(735)	(35)	(990)
Net other financial items	-	-	-	-
Taxes	-	-	-	-
<b>Net result</b>	<b>5 349</b>	<b>(1 695)</b>	<b>(1 416)</b>	<b>2 238</b>
Segment property, plant and equipment	64 640	42 515	224	107 378
Segment borrowings	46 155	57 241	-	103 396
Aquisition of property, plant and equipment	2 222	1	55	2 278



\* Voyage costs comprise: fuel costs, port duties, commissions.

\*\* Vessel operating costs comprise: labour related costs, repair and maintenance costs, insurance costs, communication costs, etc.

### During the six months of 2013:

In thousand of Lit	Reefers	Containers	Unallocated	Total
Voyage income	17 179	6 708	-	23 887
Voyage costs *	(2)	(1 103)	-	(1 104)
<b>Net voyage result</b>	<b>17 177</b>	<b>5 605</b>		<b>22 782</b>
Vessel operating costs **	(7 573)	(4 655)	-	(12 228)
Administration expenses	-	-	(1 647)	(1 647)
<b>Operating result before depreciation, EBITDA</b>	<b>9 604</b>	<b>950</b>	<b>(1 647)</b>	<b>8 907</b>
Depreciation	(2 424)	(1 730)	(31)	(4 185)
<b>Operating result, EBIT</b>	<b>7 180</b>	<b>(780)</b>	<b>(1 678)</b>	<b>4 722</b>
Other operating	-	(438)	1	(437)
Interest expenses	(617)	(554)	-	(1 171)
Result on currency exchange rate	(817)	(1 280)	(35)	(2 132)
Net other financial items	-	-	(1)	(1)
Taxes	-	-	-	-
<b>Net result</b>	<b>5 745</b>	<b>(3 051)</b>	<b>(1 713)</b>	<b>981</b>
Segment property, plant and equipment	64 643	56 754	210	121 607
Segment borrowings	53 297	62 792	-	116 089
Aquisition of property, plant and equipment	541	-	7	548

\* Voyage costs comprise: fuel costs, port duties, commissions.

\*\* Vessel operating costs comprise: labour related costs, repair and maintenance costs, insurance costs, communication costs, etc.

## 18. Fair value of financial instruments

The Company does not have any financial instruments carried at fair value.

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. As fair values cannot be obtained with reference from quoted market prices the discounted cash flow models are used.

Trade and other receivable amounts as well as trade and other payable amounts are of short-term nature. Received loans and borrowings bear variable interest rates, which are reviewed every 3-6 months. Therefore, the management is of the opinion that carrying amounts of these financial instruments are similar to their fair values.

