



**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

## **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 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 Litás	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 Lit	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 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	
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 Lit	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.







# LIMARKO LAIVININKYSTĖS KOMPANIJA

Interim Report for the first six months of 2014



Klaipėda, August 2014

## TABLE OF CONTENTS

1. The reporting cycle for which the report was drawn up.....	3
2. Issuer and its contact information .....	3
3. The Nature of the Issuer's Main Activity .....	3
4. Agreements with Intermediaries of Public Trading in Securities .....	3
5. Information about trading in the Issuer's securities on regulated markets .....	3
6. The objective review of the Company's state, activity performance and development; the description of the main risk types and uncertainties encountered by the enterprise .....	4
7. Analysis of financial and non-financial activity results .....	7
8. References and additional explanatory notes regarding the data presented in the financial accountability .....	9
9. Information about own shares acquired and owned by the enterprise .....	9
10. Information regarding Company's branches and representative offices .....	9
11. Material events since the close of the previous financial period.....	9
12. Company's operational plans and forecasts .....	9
13. Research and development activities .....	9
14. Financial instruments .....	10
15. Information on material direct and indirect share holdings.....	10
16. Shareholders having special control rights & description of such rights .....	10
17. The Issuer's Authorized Capital Structure .....	10
18. Information on paid dividends .....	11
19. Restrictions on assignment of securities .....	11
20. Shareholders .....	11
21. All restrictions on voting rights.....	12
22. Description of major investments during 2012 .....	12
23. All mutual agreements by shareholders, of which the Issuer is aware and due to which the assignment of securities and (or) voting rights may be restricted .....	12
24. Employees .....	12
25. Powers of the Issuer to issue or acquire own shares .....	12
26. Procedure for the amendment of the Issuer's Articles of Association .....	12
27. Issuer's bodies .....	13
28. Members of collegial bodies, the Company's executive director, the chief accountant .....	14
29. Committees constituted in the Company.....	15
30. Material agreements to which the Issuer is a party and which would come into effect, be amended or terminated in case of change in the issuer's control, also their impact except the cases where the disclosure of the nature of the agreements would cause significant damage to the issuer.....	16
31. All agreements of the issuer and the members of its management bodies, or the employee agreements providing for a compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the issuer .....	16
32. Information about related party transactions.....	16
33. Information on transactions that would be harmful may have had or will have a negative impact on the Issuer's operations and (or) performance.....	16
34. Information on transactions made under a conflict of interests between the Issuer's managers, controlling shareholders or other related parties obligations to the Issuer and their private interests and (or) other duties .....	16
35. Information on compliance with the Corporate Governance Code .....	16
36. Data on published information.....	17



## **1. The reporting cycle for which the report was drawn up**

The annual report was drawn up for the first six months of 2014; all numbers presented are as of 30 June 2014, unless otherwise indicated. In the report Limarko laivininkystės kompanija AB may be referred to as Enterprise, Company or Issuer.

## **2. Issuer and its contact information**

Issuer name:	Limarko laivininkystės kompanija AB
Legal and organizational form:	Public Limited Liability Company
Authorized capital:	8 600 000 LTL
Date and place of registration:	9 September 1991, Board of Klaipėda City
Registration certificate:	No. AB 95 – 114
Company code:	140346648
VAT payer's code:	LT403466412
Enterprise register:	Register of Legal Persons of the Republic of Lithuania
Office address:	Naujoji Uosto str. 8, LT-92125 Klaipėda, Lithuania
Telephone number:	+370 46 340001
Fax number:	+370 46 341195
E-mail address:	<a href="mailto:info@limarko.com">info@limarko.com</a>
Website address:	<a href="http://www.limarko.com">www.limarko.com</a>

## **3. The Nature of the Issuer's Main Activity**

The main activity of Limarko laivininkystės kompanija AB is transportation of cargo by water (sea) transport. The Company is active in the market of transportation of frozen, chilled and perishable food products, as well as dry cargo.

The Company may engage in other activities provided for in the Articles of Association.

## **4. Agreements with Intermediaries of Public Trading in Securities**

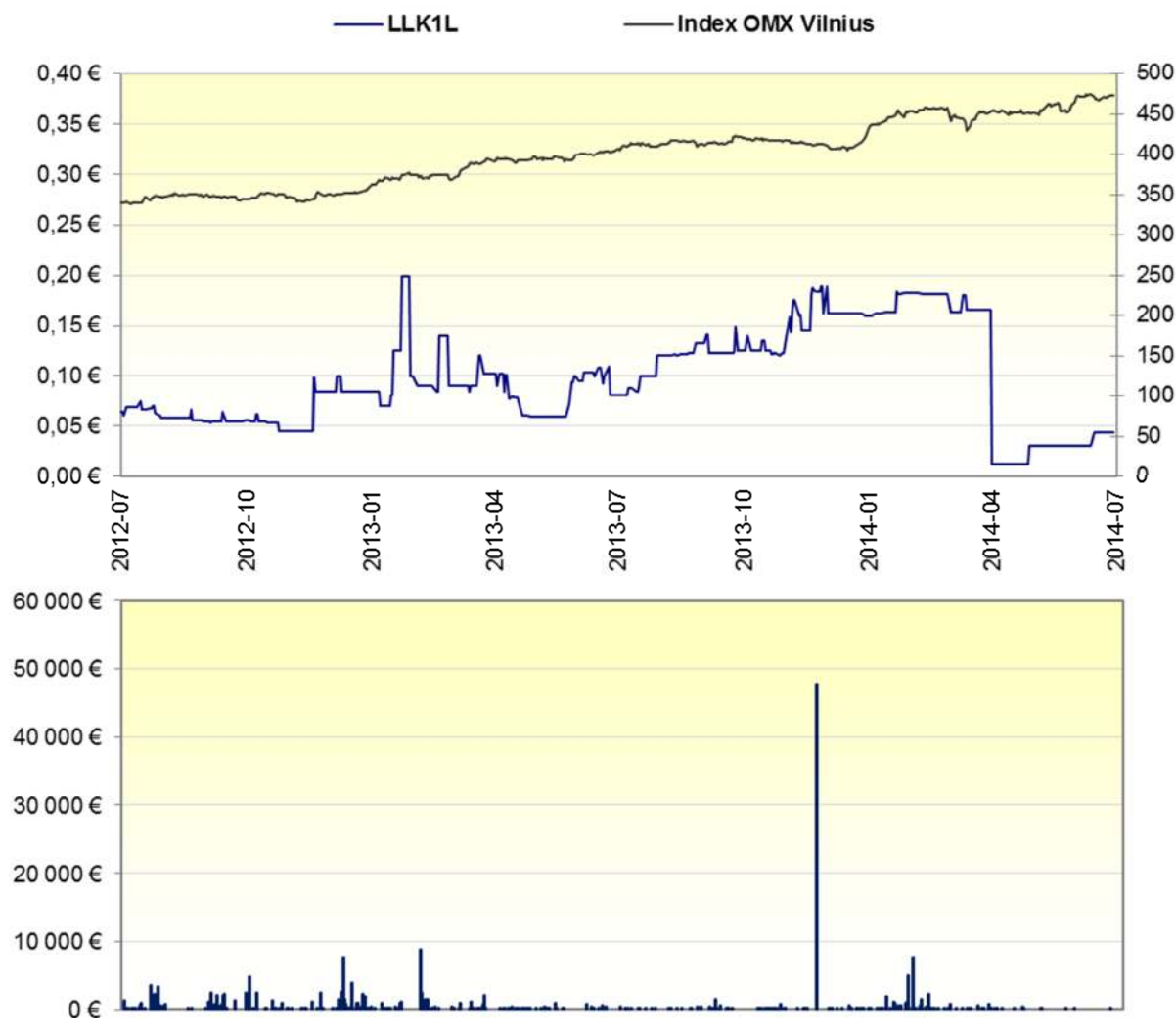
On 27 August 2013 the Company signed the contract for the management of the account of financial instruments with the "Swedbank", AB, located at the address Konstitucijos pr. 20A, 3502 Vilnius, tel. (8 5) 258 2488, fax (8 5) 258 2170.

## **5. Information about trading in the Issuer's securities on regulated markets**

On 22 May 2000 the Issuer's shares were admitted to the lists of the NASDAQ OMX Vilnius. On 30 June 2014 the NASDAQ OMX Vilnius Baltic Secondary list of trading contained 8 600 000 ordinary registered shares of Limarko laivininkystės kompanija AB at par value of 1 (one) LTL each. The ISIN code of these securities is LT0000119646.



Dynamics of Limarko Shipping Company AB share price and turnover during the last three years:



Information about trading in Limarko laivininkystės kompanija AB shares on NASDAQ OMX Vilnius stock exchange during the first six months of 2014:

Opening price	Lowest price	Highest price	Last price	Average price	Turnover (unites)	Turnover
0,160 €	0,013 €	0,184 €	0,044 €	0,180 €	16 827	3 023 €

LLK market capitalisation as of 30 June 2014 was LTL 1.3 million (as at 30 June 2013 - LTL 2.4 million).

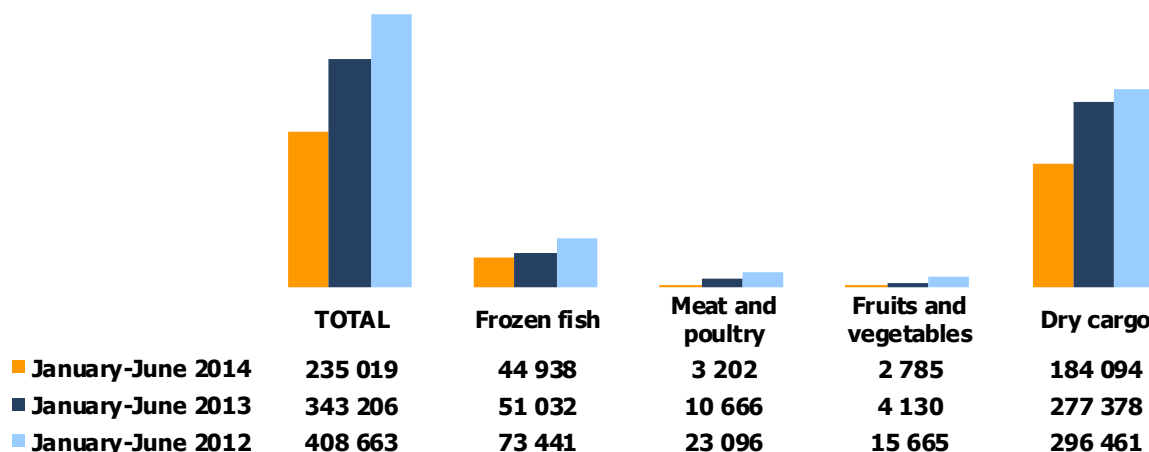
## 6. The objective review of the Company's state, activity performance and development; the description of the main risk types and uncertainties encountered by the enterprise

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 30 June 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).

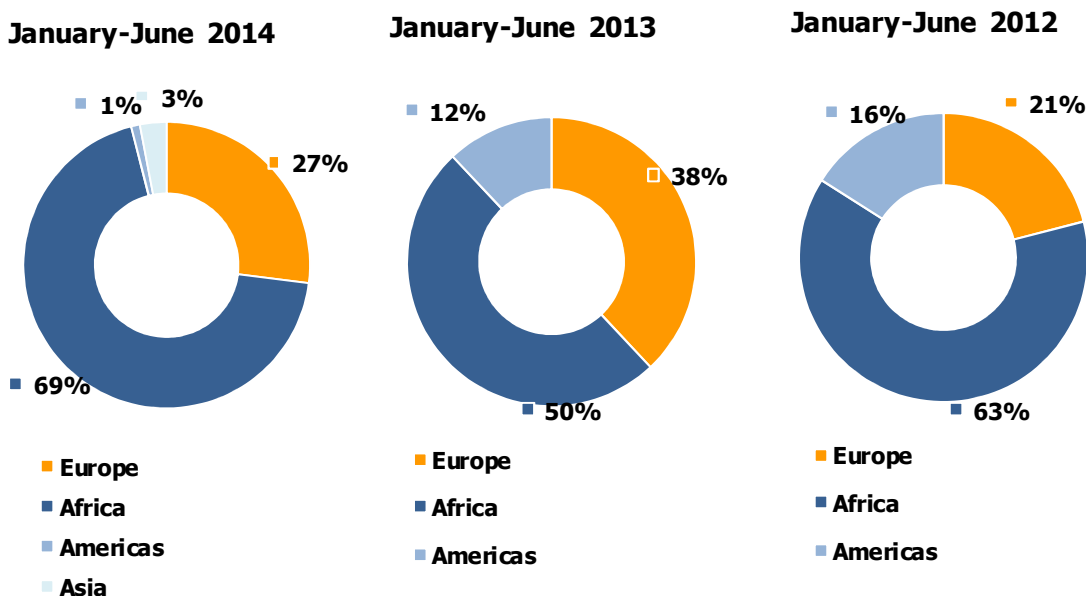


During the first six months of 2014 Limarko laivininkystes kompanija AB transported a total of 235 thousand tons of cargo, whereof 78% accounted for dry cargo accounted and the remaining 22% for frozen, chilled and perishable food products:



The total amount of cargo transported during the six months of 2014 decreased by 32 when compared to the first six months of 2013. The main reason for the decrease – diminishing fleet of the Company. Due to varying length of transportation routes and cargo structure, revenue of the Company is not directly related to the quantity of cargo transported.

During the first six months of 2014, the main discharge regions of company’s vessels were West Africa and Europe, which respectively accounted for 69 and 27 percent of all transported cargo. Transportations in Asia constituted 8 percent, in Americas – 1 percent.





**Risk factors related to the Issuer's activity:**

**Economic risk factors.** The vessels of Limarko laivininkystes kompanija AB are operating in the international market of sea cargo transportation, and the quality of its rendered services conforms to the international requirements.

The Company's sales depend on the situation in the international market. It is not dependant on monopoly consumers.

Procurement opportunities – of raw materials, consumables, manufacturing areas, workforce and financial resources – are unlimited. Raw materials and services are bought from diverse suppliers; consequently, the Company is not dependant on particular suppliers.

In the market of frozen, chilled and perishable food products transportation there exists the influence of seasonality, which manifests itself in the decrease of freight rates in the summer season.

**Currency exchange risk.** The Company encounters with the currency exchange risk, related to sales, purchases and borrowing costs denominated in currencies other than Litas and Euro.

**Fair value interest rate risk.** In general, the Company's income and cash flows from ordinary activity are not dependent on changes in the market interest rate. The Company has not been granted nor issued itself any loans with a fixed interest rate, therefore was not exposed to the fair value interest rate risk.

**Price risk.** The rates of cargo transportation by sea as well as vessel hire rates vary depending on the situation in the market. The Company seeks to minimize the impact of the mentioned fluctuations by diversifying the fleet, i.e. maintaining the number of vessels for transportation of frozen, chilled and perishable food products or containers as well as proposing different ways of vessel charters (short-term, long-term, voyage).

**Credit risk.** The Company uses procedures which ensure that sales are performed to clients having a proper crediting history without exceeding the limit of credit risk set by the management. The Company did not have any concentration of significant credit risk at the balance sheet date.

**Liquidity risk.** Current ratio as of 30 June 2014 was 0.6 (after classifying financial debt as current liabilities); external financing for cash-flow was not used.

**Interest rate risk.** The Company's borrowings are subject to variable interest rates, related to 6 or 3 Month USD LIBOR.

**Bank Loans.** As at 30 June 2014, ships with the carrying amount of 107 154 thousand Litas (as of 30 June 2013 – 121 397 thousand Litas) are pledged to secure bank loans.

**Capital management.** 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 one half of the authorised capital.

**Political risk factors.** Having regard to the particularities of the shipping business, the European Commission in 2004 adopted the Guidelines on State aid to maritime transport (2004/C 13/03). It is established in the Guidelines that one of the main measures to strengthen the maritime transport is the reduction of fiscal and other expenses of the ship owners. The aim of such state aid measures is to ensure the competitiveness of the European Union shipping sector in relation to the third countries. The Guidelines contain state aid measures, which are exclusively designed to promote maritime transport; however, this does not influence competition between different trades of the company, because shipping is developed in international markets.

**Social risk factors.** The average salary in the Enterprise exceeds the average salary in Lithuania. Part of the Enterprise's employees belongs to the trade-union of Limarko laivininkystes kompanija AB.



**Technical-technological risk factors.** The technical condition of the Enterprise's vessels is supervised by classification societies authorized by the national supervisory authority in charge of the technical condition of the vessels. These companies certify that the vessels conform to the international standards for the technical condition of vessels, that they may be operated and that no obstacles are applied to them in ports. The Enterprise's vessels undergo scheduled maintenance works, as well as dock repair works every 2-3 years in ship-repair enterprises both in Lithuania and abroad.

**Ecological risk factors.** The main ecological risk factor is related to the operation of the Company's vessels. The vessels are operated in most safe manner and in accordance with the strictest environmental standards. However, there still exists some probability that during an accident the environment may be negatively affected. However, the Company's vessels are insured in respect of incidents and consequences thereof, so in these cases the damage to the environment would be indemnified and fines would be paid by the insurance company, and such incidents and consequences thereof would have no impact on the Company's financial status.

## **7. Analysis of financial and non-financial activity results**

The revenue of Limarko laivininkystės kompanija AB for the first six months of 2014 amounted to LTL 22.6 million and decreased by 5% when compared to the revenue of LTL 23.9 million during the first six months of 2013.

EBITDA for the first half of 2014 was LTL 8.1 million. EBITDA for the first six months of 2013 was LTL 8.9 million.

The profit of the Company for the first six months of 2014 was LTL 2.2 million. The profit of the Company for the first six months of 2013 was LTL 1.0 million.

During the first six months of 2014 the increase of the exchange rate of the US Dollar resulted in LTL 1.0 million loss from currency exchange rate change. During the first six months of 2013 the increase of the exchange rate of the US Dollar resulted in LTL 2.1 million loss from currency exchange rate change.



The main financial results of Limarko laivininkystės kompanija AB:

In thousand of Litass	H1 2014	H1 2013	H1 2012	H1 2011	H1 2010
Income	22 612	23 887	29 916	52 843	66 896
EBITDA	8 113	8 907	8 690	9 699	10 846
<i>EBITDA margin</i>	<i>35,9%</i>	<i>37,3%</i>	<i>29,0%</i>	<i>18,4%</i>	<i>16,2%</i>
Gross profit	5 295	6 400	648	(35)	(59)
<i>Gross profit margin</i>	<i>23,4%</i>	<i>26,8%</i>	<i>2,2%</i>	<i>-0,1%</i>	<i>-0,1%</i>
EBIT	3 914	4 722	(1 063)	(2 848)	(3 123)
<i>EBIT margin</i>	<i>17,3%</i>	<i>19,8%</i>	<i>-3,6%</i>	<i>-5,4%</i>	<i>-4,7%</i>
Profit (loss) before tax	2 238	981	(21 829)	8 305	(34 255)
<i>Profit (loss) before tax margin</i>	<i>9,9%</i>	<i>4,1%</i>	<i>-73,0%</i>	<i>15,7%</i>	<i>-51,2%</i>
Net profit (loss)	2 238	981	(21 829)	8 309	(34 255)
<i>Net profit (loss) margin</i>	<i>9,9%</i>	<i>4,1%</i>	<i>-73,0%</i>	<i>15,7%</i>	<i>-51,2%</i>
Equity	4 456	9 539	19 694	94 187	82 467
Financial debts	103 396	116 089	141 021	143 810	189 357
Total assets	114 489	133 686	175 227	260 915	303 094
Efficiency indicators:					
Return of assets, ROA	-4,4%	-7,6%	-42,5%	4,5%	-14,7%
Return on equity, ROE	-114,1%	-106,5%	-378,2%	12,4%	-54,0%
Return of capital employed, ROCE	-4,7%	-8,1%	-46,4%	4,9%	-16,4%
Liquidity indicators:					
Current ratio	0,06	0,10	0,08	0,27	0,17
Quick ratio	0,05	0,08	0,05	0,14	0,08
Cash ratio	0,01	0,04	0,01	0,01	0,00
Market indicators:					
P/E	(0,3)	(0,2)	(0,1)	4,7	(1,2)
Profit (loss) per share	0,26 Lt	0,11 Lt	(0,49 Lt)	0,07 Lt	(0,28 Lt)

**Explanation:**

EBITDA = Earnings excluding other income + interest + taxes + depreciation and amortization

EBIT = Earnings excluding other income + interest + taxes

ROA = Net profit / Total assets at the end of the reporting period

ROE = Net profit / Total equity at the end of the reporting period

ROCE = Net profit / (Total equity at the end of the reporting period + financial liabilities)

P/E = share's market price / Profit (loss) per share

On 30 June 2014 the Company employed 206 employees, whereof 190 worked in the fleet and 16 in the administration (section 24 of the present report provides additional information on Company's employees).

On 30 June 2013 the Company employed 228 employees, whereof 212 worked in the fleet and 16 in the administration.





Company's vessels are managed in accordance with strict environmental standards. There were no cases of pollution from Company's vessels during the first six months of 2014. In addition, Company vessels are insured against accident risks, and any damage caused or fines would be covered by the insurers.

## **8. References and additional explanatory notes regarding the data presented in the financial accountability**

All financial data provided in this annual report are calculated according to the International Financial Accountability Standards as adopted by the EU.

## **9. Information about own shares acquired and owned by the enterprise**

The Company does not possess any own shares. During the reporting period the Company neither acquired nor transferred any own shares.

## **10. Information regarding Company's branches and representative offices**

The Company has no branches or representative offices.

## **11. Material events since the close of the previous financial period**

1. AB "Limarko laivininkystes kompanija" received the judgement of 7 July 2014 of Klaipeda 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". Payments to shareholders shall be made after the court's decision enters into force (in 30 days after the adoption of the decision). The shareholders shall be informed about the payment procedure by separate notice.
2. On 8 August 2014, the Board of AB "Limarko laivininkystes kompanija" accepted the resignation of the Executive Director, Mr. Mindaugas Petrauskas. The Board elected Mr. Vytautas Lygnugaris, Chairman of the Board, to serve as the Executive Director of the Company.

## **12. Company's operational plans and forecasts**

With the aim of effectiveness of employment of reefer vessels and having regard to the developments in the market of reefer cargo transportation, during the second half of 2014 the Company intends to employ reefers in the Alpha Reefer Transport pool. Container vessels shall continue to be employed on long term charterparties.

## **13. Research and development activities**

Company's employees are continuously interested in the novelties of vessel maintenance and care, which help to reduce maintenance costs, increase safety and effectiveness. The Company did not undertake any major research and development projects undertaken during the first six months of 2014.



## 14. Financial instruments

N/A.

## 15. Information on material direct and indirect share holdings

The Company does not directly or indirectly own material share holdings.

## 16. Shareholders having special control rights & description of such rights

N/A.

## 17. The Issuer's Authorized Capital Structure

On 30 June 2014 the Enterprise's authorized capital consisted of 8 600 000 ordinary registered shares at the par value of 1 LTL each.

The company shareholders have the following property rights:

- 1) To receive a share of the Company's profit (dividend);
- 2) To receive a portion of the funds of the Company when Company's authorized capital is reduced in order to pay out a certain amount of the funds of the Company to the shareholders;
- 3) To receive a share of assets of the Company under liquidation;
- 4) To obtain shares gratuitously if the authorized capital is being increased from the Company's funds, excluding exceptions established by the Law on Companies;
- 5) To acquire, with the right of priority, any shares issued by the Company or convertible bonds, unless the General Meeting resolves to revoke this right for all shareholders;
- 6) To devise all or part of shares to one or more persons;
- 7) To assign all or part of shares to other persons by the right of ownership;
- 8) To lend money in favour of the Company;
- 9) Other property rights established by the Company's Articles of Association.

The company shareholders have the following non-property rights:

- 1) To participate in General Shareholders Meetings;
- 2) To obtain all information regarding the Company's economic activity;
- 3) To appeal to a court against the decisions or actions taken by the General Meeting, the Board or the head of the administration. One or more shareholders are entitled, without a separate authority, to claim the indemnification of damage caused to the shareholders;
- 4) To conclude an agreement with an auditing firm for the inspection of the Company's activity and documentation;
- 5) Other non-property rights established by the laws and the Company's Articles of Association.

The structure of the authorized capital of Limarko laivininkystes kompanija AB according to the types of shares:

Type of shares	Number of shares	Par value	General nominal value	Portion in authorized capital
Ordinary registered shares	8 600 000	1 Lt	8 600 000	100%

All shares of Limarko laivininkystės kompanija AB are paid-up.

Changes in the authorized capital during the last 3 years:



	2014-06-30	2013-06-30	2012-06-30
The authorized capital (Ordinary registered shares, units)	8 600 000	8 600 000	45 000 000
The authorized capital (Nominal value, in Litass)	8 600 000	8 600 000	45 000 000

## 18. Information on paid dividends

The Company has not paid dividends for the last five financial years.

## 19. Restrictions on assignment of securities

On 22 February 2012 Limarko UAB pledged shares of Limarko laivininkystes 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 laivininkystes kompanija. Limarko UAB can transfer the shares with prior agreement of the banks and Limarko UAB retained voting rights and property in the shares.

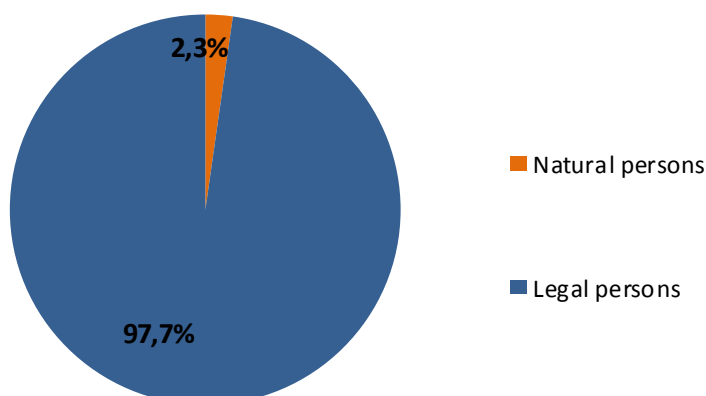
## 20. Shareholders

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%

Kinds of shareholders:



99,8% of the shareholders are residents of the Republic of Lithuania and 0,2% - residents of other countries.



## 21. All restrictions on voting rights

N/A.

## 22. Description of major investments during 2012

During the first six months of 2014, investment into capitalised docking repairs and equipment amounted to 2 278 tLTL.

## 23. All mutual agreements by shareholders, of which the Issuer is aware and due to which the assignment of securities and (or) voting rights may be restricted

N/A.

## 24. Employees

	2014-06-30	2013-06-30	2012-06-30
<b>Number of employees</b>	<b>206</b>	<b>228</b>	<b>314</b>
Managing personnel	2	2	4
Specialists	108	115	162
Technicians	96	111	148
<b>Education:</b>			
Higher	80	83	117
Special secondary (advanced vocational)	47	55	80
Secondary	79	90	117

On 30 June 2014 the Company employed 206 employees, whereof 190 worked in the fleet and 16 in the administration.

On 30 June 2013 the Company employed 228 employees, whereof 212 worked in the fleet and 16 in the administration.

The decrease of the number of employees was triggered by the decrease in the number of vessels owned.

Company's Collective Bargaining Agreement does not contain very special rights or obligations of the employees.

Company's success is dependent on its professional workers. Seafarers constitute the biggest part of Company's personnel and their qualifications are regulated by international regulations. The Company employs only the properly qualified and certified seafarers, which allows ensuring proper and safe operation of the vessels. The seafarers and shore personnel can improve their qualifications at Company's account, which helps the Company to maintain good specialist.

## 25. Powers of the Issuer to issue or acquire own shares

In accordance with the Company Law of the Republic of Lithuania, General Annual Meeting of the can take decisions regarding the issuance or acquirement of own shares of the Issuer.

## 26. Procedure for the amendment of the Issuer's Articles of Association

The Law on Companies of the Republic of Lithuania establishes that the amendment of the Articles of Association is an exclusive right of the General Shareholders Meeting.



The Company's Articles of Association stipulate that a decision concerning the amendment of the Articles of Association shall be taken by the majority, i.e. 2/3 of all votes cast by the shareholders entitled to vote and participating in the meeting.

## 27. Issuer's bodies

The Company's Articles of Association determine that the Company's bodies are the General Meeting, the Board and the Head of the Administration.

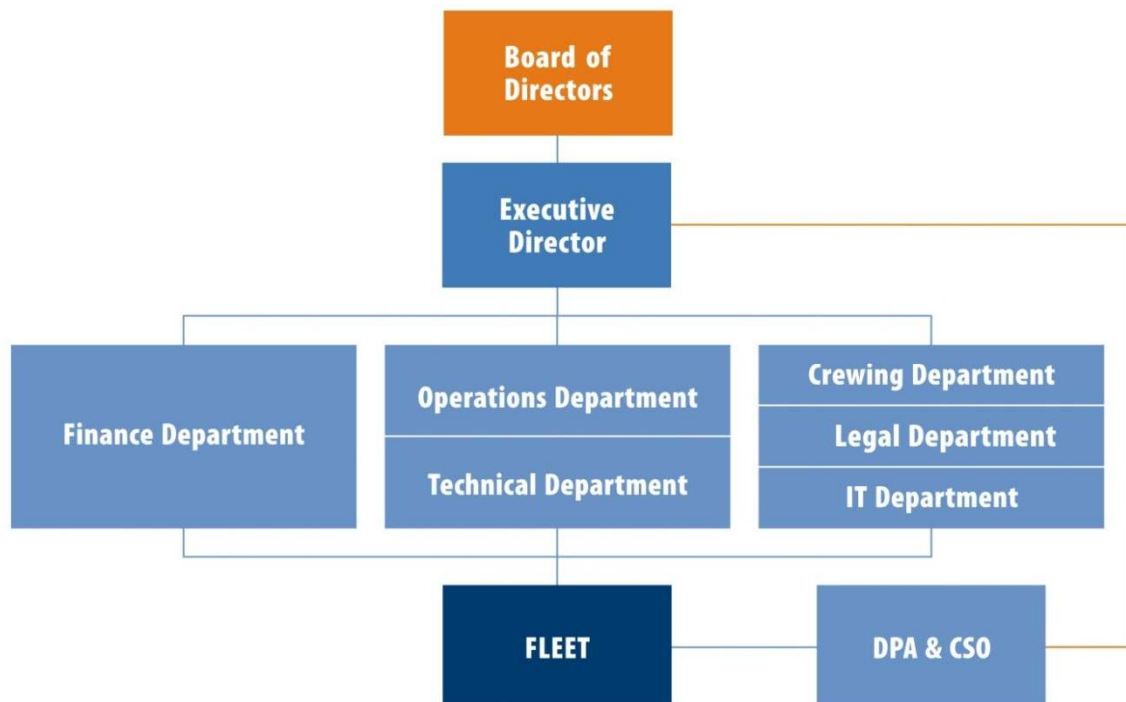
The Articles of Association state that the competence of the General Meeting is established by the Law on Companies.

The Company's Board is the Company's management body, comprised of 5 members, elected in the order established by the Law on Companies for the term of four years. The Board members shall be recalled in the order established by the Law on Companies.

The Company's Articles of Association establish that the Board solves the main production, organizational, financial and economic matters of the Company, analyzes and approves the activity strategy, the application of financial resources, approves the Company's organizational and management structure, elects and recalls the head of the administration and the chief finance officer as well as performs other functions established by the Law on Companies.

The head of the administration – Executive Director – is elected and recalled by the Board in the order established by the Law on Companies. The competence of the head of the administration is established by the Law on Companies - the head of the administration is responsible for the organization of the Company's activity, the implementation of its goals, is entitled to conclude deals in his sole discretion, excluding the cases established by the Law on Companies when the decision regarding the deal is to be adopted by the Board. While performing his activity, the head of the administration shall follow the decisions of the General Meeting and the Board.

The organizational structure of the Company:



## 28. Members of collegial bodies, the Company's executive director, the chief accountant

Personal status	Name, surname	Number of shares owned in the Issuer	Start date	End date
<b>Board:</b>				
Chairman of the Board	Vytautas Lygnugaris	-	2011-04-29	2015-04-29
Board member	Igoris Uba	-	2011-04-29	2015-04-29
Board member	Audrius Žiugžda	-	2011-04-29	2015-04-29
Board member	Egidijus Bernotas	-	2011-04-29	2015-04-29
Board member	Aurimas Lygnugaris	-	2011-04-29	2015-04-29
<b>Head of administration and Chief financial officer:</b>				
Executive Director	Mindaugas Petrauskas	-	2012-07-02	2014-08-08
Chief Accountant	Jelena Portnova	-	2014-07-25	Without term

Vytautas Lygnugaris - Chairman of the Board of Limarko laivininkystės kompanija AB. Mr. Lygnugaris is also the Chairman of Limarko UAB, Limarko jūrų agentūra UAB and Baltkonta UAB. In 2002 he graduated from the Baltic Management Institute with the executive MBA. In 1987 he graduated from State Maritime Academy of St. Petersburg.

Igoris Uba – member of the Board. Mr. Uba is the director general of Limarko jūrų agentūra UAB, member of the Board of Limarko UAB, Limarko jūrų agentūra UAB and Baltkonta UAB. In 2004 he graduated from the Baltic Management Institute with the executive MBA. In 1984 he graduated from State Maritime Academy of St. Petersburg.

Audrius Žiugžda – member of the Board. During 2011-2014 Mr. Žiugžda was the Chief Executive Officer and Deputy Chairman of the Board of Šiaulių bankas, AB, Board Member of Vytautas Magnus University. During 1992-2010 held various positions within AB SEB bank and during 2006-2010 he was the Chairman of the bank. In 2010 Mr. Žiugžda was the Advisor to CEO of TEO LT. In 1995 completed studies of business administration and management in Vytautas Magnus University and was awarded Master's degree. The Company considers A. Žiugžda to be an independent member of the Board.

Egidijus Bernotas - member of the Board. Mr. Bernotas is Attorney-at-law at Bernotas & Dominas Glimstedt law firm. He is also a member of the Board at Adminiculum UAB and Charity Fund "Sport future". In 1994 he graduated from the Law Faculty of Vilnius University with a master's degree in law. The Company considers Mr. Bernotas to be an independent member of the Board.

Aurimas Lygnugaris – member of the Board. Mr. Aurimas Lygnugaris is the commercial director of UAB 'BNTP', Member of the Board of Limarko jūrų agentūra UAB and Limarko UAB. From 2009 till end of 2012 Mr. Aurimas Lygnugaris was the head of Klaipėda Region Corporate Customers Unit at Nordea Bank Finland Plc Lietuvos; during 2004-2009 held various positions at Swedbank, AB. In 2004 he graduated from International School of Management with a Bachelor of Business Management (specialization – Finance management), in 2011 he graduated from the Baltic Management Institute with the executive MBA.

Mindaugas Petrauskas – Executive Director (until 8 August 2014). On 8 August 2014, the Board of AB "Limarko laivininkystės kompanija" accepted the resignation of the Executive Director, Mr. Mindaugas Petrauskas and elected Mr. Vytautas Lygnugaris as the Executive Director.



Jelena Portnova – Chief Accountant of the Company.

Information about remunerations and tantiemes to the members of managing bodies during the first six months of 2014:

In Litas	Remuneration	Tantiemes
Total amount for all members of Board		
On the average per member of the board*		
Total amount for all members of administration		
	166 655	
On the average per member of the administration **		
	83 328	

**Notes:** \* The Chairman of the Board works in the Company under an employment contract and receives remuneration. His employment related income is calculated in the administration line. Other members of the Board did not receive income related to work in the Board.

\*\* The administration consists of the Executive Director and the Chief Accountant.

During the first six months of 2014, there were no loans, guarantees or sponsorship granted to the members of the Board or administration by the Company.

## 29. Committees constituted in the Company

Personal status	Name, surname	Number of shares owned in the Issuer	Start date	End date
<b>Audit Committee:</b>				
Independent Member	Arūnas Bučys	-	2011-05-13	2015-04-29
Member	Vaida Kazlauskaitė	-	2011-05-13	2015-04-29

Arūnas Bučys – the independent member of the Audit Committee of Limarko laivininkystės kompanija AB. During 1990-1994 he was the Chief Accountant of Kiras UAB, during 1994-2002 – finansist of Koris UAB. During this time he learned at the Audit Institute and obtained the status of independent auditor in 1997. From 2002 he is the director – auditor of Pajūrio auditas UAB.

Vaida Kazlauskaitė – Chief Accountant of Limarko UAB (from 2007); from 2001 to 2007 she worked at Prorūna UAB, Žemaitijos auditas UAB, Audito ir konsultacijų biuras, UAB as accounting and finance consultant, assistant auditor. In 2007 she graduated from Kaunas Technological University with a master degree in economics (specialisation – accounting and finance).

The functions of the Audit Committee are to:

1. Observe the process of preparation of Company's financial statements;
2. Observe the effectiveness of Company's systems of internal controls and risk management;
3. Observe the process of Company's audit;
4. Monitor independence and impartiality of the external auditor;
5. Make recommendations to the Management Board related to the selection of the auditor, conditions of the audit contract and other issues in respect of Company's accounting, budget control and audit.



**30. Material agreements to which the Issuer is a party and which would come into effect, be amended or terminated in case of change in the issuer's control, also their impact except the cases where the disclosure of the nature of the agreements would cause significant damage to the issuer.**

**N/A.**

**31. All agreements of the issuer and the members of its management bodies, or the employee agreements providing for a compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the issuer**

The Company has not concluded agreements with members of the management bodies providing for compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the issuer. The only compensations that might need to be paid to the employees are foreseen in the Labour Code of the Republic of Lithuania.

**32. Information about related party transactions**

Limarko Shipping Company AB is a subsidiary of UAB Limarko, which owns 97,6% of the Company's share capital as at 30 June 2014.

UAB Limarko jūrų agentūra and UAB Baltkonta are subsidiaries of UAB Limarko. These companies are further referred to as related parties.

The management is of the opinion that all related party transactions are carried out on an arm's-length basis.

During reporting period there were no material related party transactions.

**33. Information on transactions that would be harmful may have had or will have a negative impact on the Issuer's operations and (or) performance**

There were no transactions on behalf of the Issuer that would be harmful may have had or will have a negative impact on the Issuer's operations and (or) performance during the reporting period.

**34. Information on transactions made under a conflict of interests between the Issuer's managers, controlling shareholders or other related parties obligations to the Issuer and their private interests and (or) other duties**

There were no transactions on behalf of Company that would enter a conflict of interests between the Issuer's managers, controlling shareholder or other related parties obligations to the Company and their private interests and (or) other duties during the reporting period.

**35. Information on compliance with the Corporate Governance Code**

Limarko laivininkystės kompanija AB in principle follows a recommendatory Corporate Governance Code for the Companies Listed on the Nasdaq OMX Vilnius Stock Exchange.





### **36. Data on published information**

In accordance with the requirements of securities market regulations, the Company during the first six months of 2014 publicly announced the following information:

- 21 January 2014 Regarding the squeeze-out of shares
- 23 January 2014 Regarding the squeeze-out of shares
- 22 February 2014 Unaudited operational results for the year 2013
- 22 February 2014 Regarding the ratio of equity and authorised capital
- 9 April 2014 Notice on the Annual General Meeting of Shareholders
- 9 April 2014 Notification on the transaction in issuer's securities by manager of the company
- 30 April 2014 Operational results for the first quarter of 2014
- 30 April 2014 Resolutions of the Annual General Meeting of Shareholders
- 30 April 2014 Audited annual information for the year 2013

All information concerning material events publicly announced is available for familiarisation at the office of Limarko laivininkystės kompanija AB at the address: Naujoji Uosto str. 8, Klaipėda, and on the Company's website [www.limarko.com](http://www.limarko.com).

