AKCINĖ BENDROVĖ
"LIETUVOS JŪRŲ LAIVININKYSTĖ"

PUBLIC COMPANY
"LITHUANIAN SHIPPING COMPANY"

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

2014-08-12 Nr. (01)-5- 191
Klaipėda

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 year ended 30 June 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".

We hereby also confirm that, to the best of our knowledge, the report on business development and activities, Company's state and the description of the main risks and uncertainties encountered by the Company, as provided in the enclosed Interim Report for the six months 2014, is correct.

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 six
month 2014

Content

Company details

Public Company Lithuanian Shipping Company

Telephone: +370 46 393105

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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

Banks

AB SEB Bankas

AB DNB Bankas

(in thousand Litas, unless stated otherwise)

Statement of financial position

As at 30 June 2014

	Notes	30-06-2014	31-12-2013	30-06-2012
				(restated)
Intangible assets	2	1	1	13
Tangible assets	1	135.318	142.165	206.220
Total non-current assets		*135.319*	*142.166*	*206.233*
Inventories	3	4.335	4.101	1.690
Assets held for sale		-	10.327	-
Prepayments	3	828	833	1.326
Trade receivables	4	2.827	2.721	1.311
Other receivables	4	974	1.344	1.154
Cash and cash equivalents	5	750	1.602	162
Total current assets		*9.714*	*20.928*	*5.643*
Total assets		*145.033*	*163.094*	211.876.
Share capital	6	200.901	200.901	200.901
Legal reserve		-	-	-
Other reserves		-	-	-
Retained profit (loss)		(124.675)	(119.081)	(70.574)
Total equity	*21*	*76.226*	*81.820*	*130.327*
Non-current employee benefits	8	414	414	61.716
Payables to credit institutions	7	-	-	-
Total non-current liabilities		*414*	*414*	61.716
Current part of non-current loans	8	45.342	52.819	4.212
Trade payables	10	14.005	18.232	7.722
Received prepayments	10	3.701	3.043	3.037
Employment related liabilities	9	5.153	6.431	3.543
Income tax liabilities		-	66	66
Other payables	10	192	269	1.252
Total current liabilities		*68.393*	*80.860*	*19.833*
Total shareholders' equity and liabilities		*145.033*	*163.094*	*211.876*

The notes set out on pages 6-23 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 30 June 2013

	Past. Nr.	2014 January-June	2013 January-June	2014 April-June	2013 April-June
Sales	12	36.789	47.800	16.135	22.155
Cost of sales	13	(38.597)	(53.304)	(17.784)	(26.360)
Gross result		**(1.808)**	**(5.504)**	**(1.649)**	**(4.205)**
Administrative expenses	14	(2.213)	(2.109)	(1.119)	(1.094)
Impairment of vessels		-	-	-	-
Distribution expenses		(4)	(1)	-	-
Other operating income	15	10.415	5	4.788	2
Other operating expenses	15	(10.380)	(4)	(5.234)	(2)
Operating result		**(3.990)**	**(7.613)**	**(3.214)**	**(5.300)**
Financial income	16	-	-	-	1.226
Financial expenses	16	(1.604)	(2.189)	(908)	(523)
Net financial expenses	**14**	**(1.604)**	**(2.189)**	**(2.189)**	**703**
Profit (loss) before tax		(5.594)	(9.802)	(4.122)	(4.596)
Income tax expenses		-	-	-	-
Profit (loss) for the year		**(5.594)**	**(9.802)**	**(4.122)**	**(4.596)**
Other comprehensive income		-	-	-	-
Total comprehensive income, net of tax		**(5.594)**	**(9.802)**	**(4.122)**	**(4.596)**
Basic and diluted earnings (loss) per share (in Litas)	17	(0.028)	(0.05)	(0,021)	(0.023)

The notes set out on pages 6- 23 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 30 June 2013

	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 30.06. 2013				(9.802)	(9.802)
Reserves used				-	-
Balance at 30-06-2013 (restated)	**200.901**			**(87.734)**	**113.167**
Net profit (loss) for 31.12.2013				(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 30.06. 2014				(5.594)	(5.594)
Other comprehensive income, net of taxes				-	-
Reserves used				-	-
Balance at 30.06.2014	**200.901**			**(124.675)**	**76.226**

The notes set out on pages 6-23 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 30 June 2014

Items	Notes	30-06-2014	30-06-2013
Cash flows from operating activity			
Net loss for the period		(5.594)	(9.802)
Adjustments for:			
Depreciation and amortization	1,2	6.857	8.797
Effects of exchange rate changes on loans	7	427	944
Gain (loss) on disposal and write down of property, plant and equipment		-	4
Impairment losses on vessels		-	-
Impairment of assets available for sale		446	-
Interest income/expenses, net	17	1.025	1.007
Income tax expense		-	-
Operating cash flows before changes in working capital		**3.161**	**950**
Decrease (increase) in receivables	4	269	(2.244)
Increase (decrease) in payables	9, 10	(4.926)	6.851
Decrease (increase) in inventories	3	(234)	(156)
Cash flows generated from operating activities		**(1.730)**	**5.401**
Income tax paid		(66)	-
Net cash flows from operating activities		***(1.796)***	***5.401***
Cash flows from investing activities			
Acquisitions of non-current assets	1,2	(10)	(4.754)
Disposals of non-current assets	1,2	9.882	-
Received dividends and interest		-	-
Net cash flows from investing activities		**9.872**	**(4.754)**
Cash flows from financing activities			
Interest paid	16	(1.025)	(1.007)
Dividends paid to shareholders		-	-
Repayments of loans	7	(7.903)	-
Net cash flow from financing activities		***(8.928)***	***(1.007)***
Change in cash and cash equivalents		***(852)***	***(360)***
Cash and cash equivalents at 1 January		***1.602***	***369***
Cash and cash equivalents at 30 June	5	***750***	***9***

The notes set out on pages 6-23 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 30 June 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 30 June 2014 there were 295 employees in the Company, 28 of them worked in management divisions and 267 in the fleet. As at 30 June 2013 there were 348 employees, 30 of them worked in management divisions and 318 in the fleet.

The shareholder structure as at 30 June 2014 was as follows:

	30-06-2014		30-06-2013	
	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 reportig period. 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 repirtig period-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 = 2.5327 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	**30-06-2014**	**31-12-2013**
Trade receivables	2.827	2.721
Cash and cash equivalents	750	1.602
Other receivables	974	1.344
Prepayments	828	833
Total:	**5.409**	**6.500**

The major part of receivables consists of amounts due from Euro zone countries. Ageing of receivables is presented in note 4.

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 reportig period.

(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	-	-	4	-	-	7	-	10
Written down (-)	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Balance as at 30 June 2014	3.672	706	383.465	297	13.369	472	-	401.982
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 30 June 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	97	13	4.222	14	2.501	10	-	6.857
Written down (-)	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Balance as at 30 June 2014	996	675	149.779	210	8936	449	-	161.045
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
30 June 2014	2.676	31	128.067	87	4.433	24	-	135.318

(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	30-06-2014	30-06-2013
Depreciation (including repairs) recognised under cost of sales	6.728	8.655
Depreciation recognised under administrative expenses	129	142
Total:	**6.857**	**8.797**

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 30 June 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 30 June 2013	384	384
Carrying amounts		
31 December 2011	15	15
31 December 2012	8	8
31 December 2013	1	1
30 June 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	30-06-2014	31-12-2013
Fuel and lubricants on vessels	4.067	3.261
Spare parts, materials	141	659
Food supplies on vessels	127	181
Total inventories:	*4.335*	*4.101*
Prepayments	828	833
Total:	**5.163**	**4.934**

As at 30 June 2014, fuel and oil on vessels amounted to 4.067 thousand LTL. There were no revaluations of inventories to net realisable value as at 30 June 2014. As at 30 June 2014, the prepayments include the following amounts: 123 thousand LTL – advances paid for technical supply , 485 thousand LTL – other prepayments (insurance, subscription, license etc.) and 220 thousand LTL - prepayments to ship agents.

4. Trade and other receivables

Thousand LTL	30-06-2014	31-12-2013
Trade receivables	3.969	3.835
Impairment (-)	(1.142)	(1.114)
Trade receivables, net	***2.827***	***2.721***
Receivable from the budget	16	21
Prepayments to vessels	68	86
Other receivables	890	1.237
Total other receivables	***974***	***1.344***
Total:	**3.801**	**4.065**

As at 30 June 2014 trade receivables amounted to 2.827 thousand LTL, 2.661 thousand LTL out of which are current trade receivables for services rendered, 147 thousand LTL – received prepayments and receivables, and 19 thousand LTL receivable for communication and other services.

Other receivables as at 30 June 2014 include 890 thousand LTL of 878 thousand LTL insurance premium, and 12 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**
30-06-2014	2.827	142	2.073	6	-	606
31-12-2013	2.721	1.421	682	239	5	374

As at 30 June 2014 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.

5. Cash and cash equivalents

Thousand LTL	30-06-2014	31-12-2013
Cash at bank in national currency	3	4
Cash at bank in foreign currencies	745	1.592
Cash on hand in national currency	-	-
Cash on hand in foreign currencies	2	6
Total:	**750**	**1.602**

(in thousand Litas, unless stated otherwise)

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.

6. Authorised capital

Thousand LTL	Authorised capital	Share premium	Total
31-12-2013	200.901	-	200.901
New emission of shares	-	-	-
Acquisition of own shares	-	-	-
30-06-2014	200.901	-	200.901

The Company's financial statements for the year ended 30 June 2014 show that the Company's equity as at 30 June 2014 amounts to76.226 thousand LTL and is less than 50% of the authorized capital (100.450 thousand LTL). Therefore, the Company's general shareholders meeting in April decided of restoration of the equity to the minimum amount required by the law.The Company's general shareholders meetig decided to reduce the equity by 82.867.200 LTL. The authorized capital by resoliution of the shareholders will be rebuilt in the third quarter.

The authorized capital of the Company at 30 June 2014 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.

7. Financial liabilities to credit institutions

Thousand LTL	30-06-2014	31-12-2013
Payable after one year	-	-
Payable within one year	45.342	52.624
Accrued payable interest within one year	-	194
Total:	**45.342**	**52.819**
Loan balances in the beginning of the year	52.819	56.398
Loans received	-	-
Loans repaid	(7.904)	(1.692)
Accrued payable interest within one year	-	194
Currency exchange differences	427	(2.082)
Total:	**45.342**	**52.819**

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 30 June 2014 amounted to 128.067 thousand LTL. The total loan balance payable to the bank as at 30 June 2014 amounted to 45.342 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 4,22274%. 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.

(in thousand Litas, unless stated otherwise)

According to loan agreements with the banks, the Company must comply with certain financial ratios. 30 June 2014 all financial rates specified in the agreement in compliance with the values.

8. 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 30 June 2014 emploee benefits consist 414 thousand LTL.

9. Employment related liabilities

Thousand LTL	30-06-2014	31-12-2013
Payable salaries	3.057	4.173
Vacation reserve (salaries)	1.245	1.294
Vacation reserve (Sodra)	504	519
Payable to Sodra	293	367
Other payables	54	78
Total:	**5.153**	**6.431**

10. Other payable amounts

Thousand LTL	30-06-2014	31-12-2013
Payable to suppliers (a)	14.005	18.232
Prepayments received (b)	3.701	3.043
Payable dividends	95	95
Accrued expenses	44	77
Other	53	97
Total:	**17.898**	**21.544**

(a) As at 30 June 2014 payable to suppliers amounted to 14.005 thousand LTL which can be specified as follows: 4.881 thousand LTL – repair and technical supply of vessels; 646 thousand LTL – lubricants; 847 thousand LTL – payable to agents for services provided to vessels; 5.459 thousand LTL – fuel; 599 thousand LTL – vessel supervision classifying companies; 651 thousand LTL – vessel insurance ; 922 thousand LTL – various services to vessels and on-shore divisions.

(b) As at 30 June 2014 prepayments received amounted to 3.701 thousand LTL and include receivable for voyages and deferred income.

11. 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.

12. Sales

Thousand LTL	30-06-2014	31-03-2013
Voyage-charter revenues	24.060	39.318
Time – charter revenues	12.544	7.225
Other Time – charter income	-	-
Other income	185	1.257
Total:	**36.789**	**47.800**

(in thousand Litas, unless stated otherwise)

The company in the first half of 2014, revenue was less than during the same period in 2013, the main reason – less the Company's existing vessels (30 June 2013 company had 11 vessels, in 30 June 2014 -8 vessels).Also had an effect in the second quarter of this year , a significant decline in the employment rates of the ships , which increased affected by the crisis in the global shipping market.

13. Cost of sales

Thousand LTL	30-06-2014	30-06-2013
Fuel	(9.877)	(17.588)
Crew costs	(8.720)	(10.557)
Depreciation	(6.728)	(8.655)
Port dues	(3.424)	(6.828)
Insurance	(2.066)	(2.435)
Commissions	(1.342)	(1.749)
Vessel's functional expenses	(1.059)	(1,510)
Lubricants	(890)	(868)
Emergency repair of vessels	(1.779)	(624)
Spare parts	(607)	(417)
Other vessel costs	(2.105)	(2.073)
Total:	**(38.597)**	**(53.304)**

30 June2014 fuel costs, crew costs, port dues, insurance, commissions and vessels functional expenses compared to the 2013 period decreased due to the lower number operated vessels.

14. Administrative expenses

Thousand LTL	30-06-2014	30-06-2013
Staff costs	(1.319)	(1.387)
Depreciation and mortization	(129)	(142)
Consultation and legal services	(145)	(77)
Bank services	(80)	(68)
Business maintenance expenses	(48)	(97)
Transport expenses	(57)	(61)
Maintenance of premises	(48)	(61)
Communication services	(49)	(46)
Other	(338)	(170)
Total:	**(2.213)**	**(2.109)**

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

(in thousand Litas, unless stated otherwise)

15. Other operating income/expenses

Thousand LTL	30-06-2014	30-06-2013
Proceeds from disposal of non-current assets	9.881	-
Other income	534	5
Total other operating income:	*10.415*	*5*
Other expenses	(10.380)	(4)
Total other operating expenses:	*(10.380)*	*(4)*
Total:	**35**	**1**

16. Financial and investing activity

Thousand LTL	30-06-2014	30-06-2013
Interest income	-	-
Gain of currency exchange	-	1.791
Total financial activity income:	-	*1.791*
Interest expenses	(1.025)	(525)
Loss of currency exchange	(579)	-
Total financial activity expenses:	*(1.604)*	*(525)*
Total:	**(1.604)**	**(1.266)**

17. 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 30 June 2014 amounts to 0,028 LTL, basic loss per share as at 30 June 2013 – 0,05 LTL.

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

18. 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 duringthe first half of 2014 amounted to 235,9 thousand LTL (during the first half of 2013 – 231,7 thousand LTL). There were no other transactions with the related parties in 2014.

19. 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.

According to the size (tonnage) of vessels, there are three vessel segments: „Asta"- type vessels („Asta"has been sold in 2014 January , „Audrė", „Akvilė", „Daina") with the dead weight up to 6.000 tons), „Alka"- type vessels („Alka" has been sold in 2014 April, „Skalva" has been sold in 201 December) 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).

30-06-2014, in thousand LTL	**Asta**	**Alka**	**Raguva**	**Not attributed**	**Total**
Voyage income	5.985	1.172	29.632	-	36.789
Voyage costs	(493)	(860)	(14.838)	-	(16.191)
Voyage result	**5.492**	**312**	**14.794**	**-**	**20.598**
Current vessel costs	(4.045)	(827)	(10.806)	-	(15.678)
Operating costs	-	-	-	(2.088)	(2.088)
Operating costs before depreciation, EBITDA	**1.447**	**(515)**	**3.988**	**(2.088)**	**2.832**
Impairment of vessels	-	-	-	-	-
Depreciation	(1.040)	-	(5.688)	(129)	(6.857)
Operating result, EBIT	**407**	**(515)**	**(1.700)**	**(2.217)**	**(4.025)**
Other activity result	-	-	-	35	35
Interest expenses	-	-	-	(1.025)	(1.025)
Currency exchange result	-	-	-	(579)	(579)
Other financial activity, net	-	-	-	-	-
Tonnage tax	-	-	-	-	-
Net result	**407**	**(515)**	**(1.700)**	**(3.786)**	**(5.594)**
Non-current assets of segments	17.135	-	110.932	-	128.067
Loans payable by segment	-	-		45.342	45.342
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)

30-06-2013, in thousand LTL	Asta	Alka	Raguva	Not attributed	Total
Voyage income	8.443	8.673	30.684	-	47.800
Voyage costs	(3.731)	(5.634)	(18.182)	-	(27.547)
Voyage result	**4.712**	**3.039**	**12.502**	**-**	**20.253**
Current vessel costs	(4.520)	(2.917)	(9.665)	-	(17.102)
Operating costs	-	-	-	(1.968)	(1.968)
Operating costs before depreciation, EBITDA	**192**	**122**	**2.873**	**(1.968)**	1.183
Impairment of vessels	-	-	-	-	-
Depreciation	(1.845)	(1.114)	(5.696)	(142)	(8.797)
Operating result, EBIT	**(1.653)**	**(992)**	**(2.859)**	**(2.110)**	**(7.614)**
Other activity result	-	-	-	1	1
Interest expenses	-	-	-	(1.007)	(1.007)
Currency exchange result	-	-	-	(1.182)	(1.182)
Result from other financial activity, net	-	-	-	-	-
Fixed income (tonnage) tax	-	-	-	-	-
Net result	**(1.653)**	**(992)**	**(2.859)**	**(4.298)**	**(9.802)**
Non-current assets of segments	38.106	12.955	126.560	-	177.621
Segment loans payable	-	-		57.342	57.342
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	30-06-2014	31-12-2013 (restated)
Total liabilities:	68.806	81.274
Less cash and cash equivalents	750	1.602
Net amount of liabilities	***68.056***	***79.672***
Total equity:	*76.226*	*81.820*
Plus subordinated debt instruments	-	-
Less change in fair value of hedging instrument recognized in equity	-	-
Adjusted equity	*76.226*	*81.820*
Debt – equity ratio	**0,89**	**0,97**

(in thousand Litas, unless stated otherwise)

22. Financial ratios

	Calculation	30-06-2014	30-06-2013 (restated)
Gross debt ratio	Total liabilities / total asset	0,47	0,45
Gross solvency ratio	Total equity / Total liabilities	1,11	1,24
Gross profitability	Gross profit / Sales and services	-0,05	-0,12
Current ratio	Current asset / Current liabilities	0,14	0,17
Receivables turnover	Sales and services / Accounts receivable	13,01	16,34

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 147 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 are short-term therefore the volatility of their fair value is not significant.

25. Going concern

The current liabilities, reflected in the Company‘s financial statements as at 30 June 2014, exceed the current assets by 58,7 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.In 2013 IV quarter and 2014 I quarter of the global shipping market has demonstrated the growth , but in April this year again a downward trend . Baltic Dry Index , which reflects the vessels carriers freight rates worldwide,in first half of this year fell 60 percent and 2014, June 30 stood at 850 points, while the 2013,June 28 it reached 1171 points. The market decline was due to several factors. In particular, the global shipping

market ship supply still significantly exceeds demand,leading to a drop in the market can be described as a situation after a sharp correction in the market (on 10 December 2013 the Baltic Dry Index has risen to 2237 points). Also in 2014 II quarter of shipping market negative impact on the normal seasonality (the end of II quarter and the beginning of III quarter reduced cargo flows).
However, due to its universality, 10–40 thousand DWT fleet operated by LJL is experiencing the ongoing market recession much easier than a greater deadweight fleet. Moreover, analysis of fleet of average age shows that this market segment has the greatest potential for growth as it contains the oldest vessels. About 29 % of vessels are older than 25 years and should be cut for scrap metal in the nearest future. It is very likely that orders for new vessels in this segment will not compensate for cutting the old fleet for scrap metal, thus, it is predicted that the offer of vessels of such deadweight will reduce in the nearest future leading to possible growth of vessel charter rates..Also it is expected that this year at the end III quarter the shipping market segment ,in which the LSC is working us usualy, will have a positive impact on the summer season ended, followed by a significant increase in agricultural land freight volumes.
Company to achieve its strategic goals (to refocus its fleet of Handysize segment), 2013-2014 sold three inefficient and smallest vessels (2014 on 29 July was sold fourth ship – " Daina ") and 2015-2016 plannig to buy one instead of a new ship (17 thousand DWT ,Deltuva/Voruta type). 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.
The management expects that in the long run, these factors (global shipping market growth and reorientation of the existing fleet of Handysize segment) positively affect the Company's financial stability and 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 29 July 2014 the Company sold the m/v ml. „Daina" (built in 1998). After the mentioned disposal, the Company's fleet consists of 7vessels.
No other significant events have occurred after the statement of financial position date.

General Director Audronis Lubys

Chief Accountant Arvydas Stropus

PUBLIC COMPANY
LITHUANIAN SHIPPING COMPANY

SEMI - ANNUAL INTERIM REPORT 2014

Klaipėda, August 2014

Content

I. GENERAL INFORMATION ABOUT THE COMPANY

1.1. Accounting Period of Interim Report

The Semi-Annual Report was prepared for January through June 2014. In addition to the Semi-Annual Report, the Company prepared a Set of Financial Statements for the first half of 2014, which includes the Statement of Financial Status, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity and Notes to the Financial Statements (Explanatory Notes). Herein, the Public Company Lithuanian Shipping Company may also be referred to as the Enterprise, the Company, the Issuer, Lithuanian Shipping Company

1.2. Company Contact Information

Name	Akcinė bendrovė "Lietuvos jūrų laivininkystė" (English: Public Company "Lithuanian Shipping Company")
Legal form	Public Company
Date and place of incorporation	27 June 2001, Klaipėda
Company code	110865039, former company code 1086503
Head office address	Malūnininkų g. 3, Klaipėda
Phone number	+ 370 46 393 105
Fax number	+ 370 46 393 119
E-mail address	info@ljl.lt
Website	www.ljl.lt

1.3. Company Shareholders

As of 17 April 2014 there were 2112 shareholders in the company. The shareholders that own or hold over 5 percent of the authorized capital of the company are presented in Table 1.

Table 1

Name	Code	Address	Number of shares	Portion of ownership (%)
MINISTRY OF TRANSPORT OF THE REPUBLIC OF LITHUANIA	188620589	Gedimino pr. 17, Vilnius	113,833,000	56.66
DFDS TOR LINE A/S	14194711	Sundkrogsgade 11, DK-2100 Copenhagen	11,108,420	5.53

The shares of the company grant equal rights to the owners thereof (shareholders). The competence of the General Meeting of Shareholders, property and non-property rights of the shareholders, as well as realization thereof, is provided in the Articles of Association of the company and the Law of the Republic of Lithuania on Companies.

The state owns 56.66 percent of shares which are held by the Ministry of Transport of the Republic of Lithuania.

1.4. Information on Agreements with Agents of Public Circulation of Securities

On 1 November 2002, Public Company Lithuanian Shipping Company signed an Agreement on Handling Securities with UAB FMĮ Jūsų tarpininkas (later - AB FMĮ SNORAS - Jūsų tarpininkas, A. Mickevičiaus g. 29-3, 44245 Kaunas). After AB FMĮ SNORAS – Jūsų tarpininkas was reorganized by merge, on 31 March 2010 AB FMĮ Finasta (code 122570630, address: Maironio g. 11, Vilnius, phone.: 1813, e-mail: info@finasta.com) took under the rights and obligations of AB FMĮ SNORAS - Jūsų tarpininkas, which continues to fulfill contractual commitments and handles Public Company Lithuanian Shipping Company securities accounting.

1.5. Data Related to Trading of Securities on Regulated Markets

Since 9 July 2001, 200,901,296 ordinary registered shares of Public Company "Lithuanian Shipping Company" with nominal value of one Litas have been quoted in Vilnius Stock Exchange (former National Stock Exchange) in the current sales list. Following the approval of the amendments to the trading rules of Vilnius Stock Exchange (VSE) by VSE Board on 18 May 2007, the current list of securities was changed to the Secondary List. The new name of the exchange market is AB NASDAQ OMX Vilnius.

After the new regulations of Vilnius Stock Exchange came into effect on 30 May 2005, the direct deals are calculated as automatically handled deals, together with the other deals of central market.

Trading the issuer's securities on the other exchange markets or the other organized markets is not carried out.

None of the third parties submitted an official offer to acquire the issuer's securities.

The issuer has not submitted an official offer to acquire securities issued by a third party.

Dynamics of the company's share price and turnover on NASDAQ OMX Vilnius exchange market over the last per 5 years is presented in Chart 1.

Chart 1

Source: www.nasdaqomxbaltic.com

Information on trading LJL shares on NASDAQ OMX Vilnius securities exchange market is presented in Table 2.

Table 2

Index	2010	2011	2012	2013	2014
Opening price	0.125	0.080	0.034	0.026	0.015
Maximum price	0.142	0.080	0.038	0.030	0.019
Minimum price	0.070	0.032	0.025	0.012	0.011
Last price	0.082	0.036	0.026	0.015	0.011
Turnover, units	30,267,181	48,850,672	10,606,876	28,613,333	17,464,296
Turnover, million	€ 2.86	€ 2.41	€ 0.34	€ 0.53	€ 0.25
Capitalisation, million	€ 16.47	€ 7.23	€ 5.22	€ 3.01	€ 2.21

1.6. Structure of Authorized Capital

The amount of the authorized capital is equivalent to the sum of par value of all shares, subscribed by the company.
The authorized capital of the company is equivalent to 200,901,296 Litas.
The authorized capital of the company is divided into 200,901,296 Litas par value shares.
All the shares of the company are of one class – ordinary registered shares.
ISIN code – LT0000125999.
The method for issuance of securities to the public securities is reorganization.

1.7. Information on Restrictions of Transfer of Securities

There are no restrictions on the transfer of securities.

1.8. Information on Restrictions on the Voting Rights

There are no restrictions on the voting right.

II. INFORMATION ON COMPANY'S ACTIVITIES

2.1. Company's Mission, Operating Strategy, and Purposes

Mission is to provide a high-quality, world-class ship management service which fulfils the expectations of stakeholders and partners.
Vision is to become a leader on the market of cargo transportation by dry-cargo vessels (in 17 to 25 thousand DWT segment) in the Baltic Sea region, having a profitable and modern fleet flying Lithuanian flag.

Strategic goals of the company:

- Increase of financial effectiveness:
  - Optimisation of operating costs management;
  - Improvement of equity;
  - Optimisation of bank loan costs;
  - Creation of stable structure of the company's equity.
- Increase of operating effectiveness:
  - Search for new services sales channels;
  - Orientation towards fleet development in the segment of mini Handysize;
  - Diversification of vessel chartering (time charter, voyage charter) seeking for prompt reaction to market changes;

- Optimisation of duration of dock repair.

➢ Update of current fleet:
  - Deduction of fleet age;
  - Preparation of vessels for MARPOL and MLC.

2.2. Company's Activities and Services Rendered

The main activity of the company is freight transportation by sea and vessel hire. As of 30 June 2014, the company owned 8 vessels, which data is presented in Table 3.

Table 3

Item No.	Vessel	Year built	DWT
1	Audre	1997	5.820
2	Akvile	1997	5.820
3	Daina	1998	5.820
4	Raguva	1995	16.883
5	Deltuva	1994	16.906
6	Romuva	1998	17.504
7	Voruta	1998	17.504
8	Venta	1995	24.202

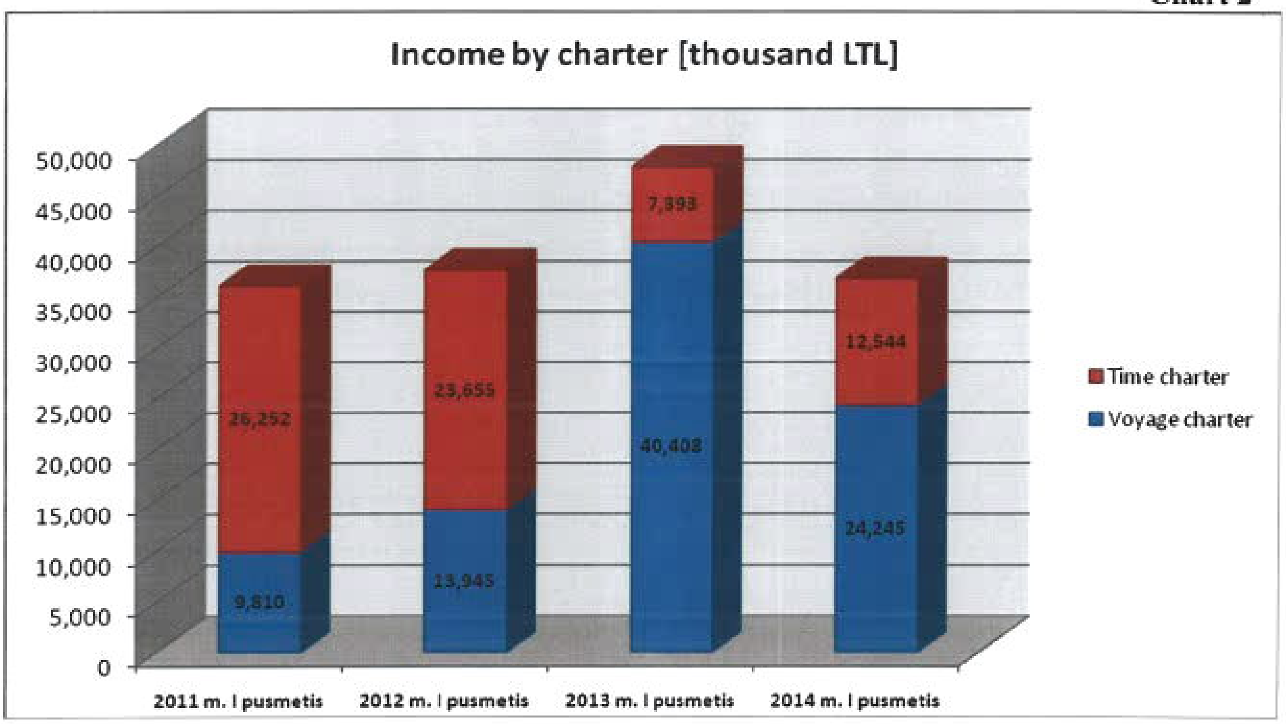
Currently, the company's fleet according to deadweight is divided into two vessel segments (before selling the motor vessel *Alka* the company had three vessel segments total):

Asta-type vessel group (deadweight up to 6,000 tons) *Audrė*, *Akvilė*, and *Daina*. These vessels are employed under time-charter contracts.

Raguva-type vessel group (deadweight up to 25,000 tons) – *Raguva*, *Deltuva*, *Romuva*, *Voruta* and *Venta*. This is the main vessel group of LJL, on which the company intends to focus in the future. Most frequently, these vessels are employed under voyage charter contracts.

At the end of the 1st half of 2014, 3 (at the end of 2013 – 5) of company's vessels were employed under time-charter contracts. The remaining fleet was employed under voyage charter contracts. 2011 – 2014 m. Structure of the company's income is compared according to charter type in Chart 2.

Chart 2



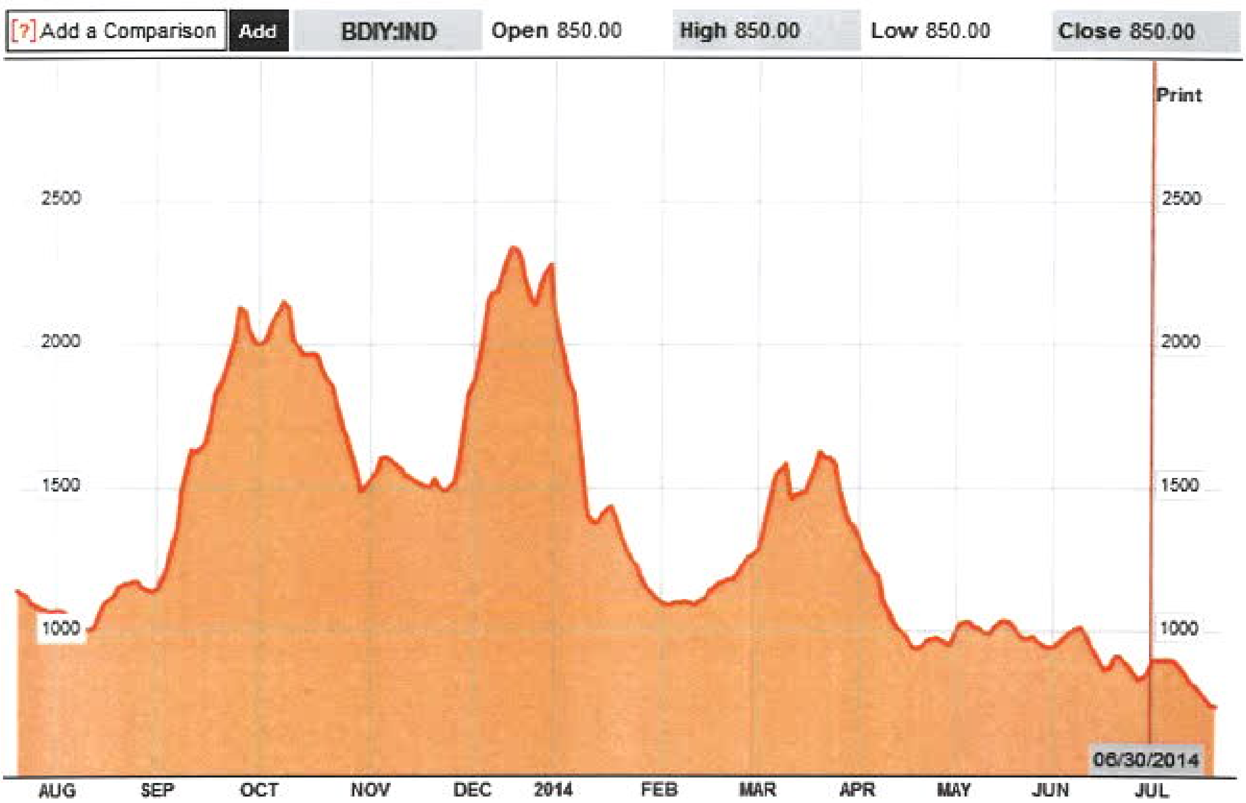
2.3. Company's Operating Markets and Competitors

The company's vessels can transport about 65 percent of all types of global cargos, i.e. general cargoes, grain, coal, iron ore, chemical products. The largest part of cargo flows consists of bulky goods (about 75 percent). LJL mainly operates on the following markets:

1. Trans-Atlantic market, where steel and nonferrous metals, ferroalloys, and fertilizers are carried from Europe to the USA, Latin, and South America. The cargo flow on the return voyage consists of grain, coil, aluminum, and stones.
2. North Europe-North America market, where wood in the rough, sawn wood and paper cargo is carried from North Europe and Scandinavian countries to the countries of the Mediterranean seacoast. The cargo flow on the return voyage consists of fertilizers, ore, steel coils, and minerals.
3. The Caribbean market, where such goods as steel, fertilizers, sugar, rice are carried from the USA and the Caribbean Sea as well as the countries of Central America.

The advantage of LJL vessels segment is that there are no monopolies that distort competitive conditions on the market. However, LJL is operating in a very competitive environment, which lately, just as the entire global shipping market, is unfavourable for ship owners as ship offer markedly exceeds ship demand. Although analysts have predicted recovery of global shipping market in 2014, yet after a growth during the first quarter of this year, the shipping market is showing a clear negative tendency again since this April. This is why at the end of the first half of 2014 situation on the shipping market was much worse than one or two years ago. *Baltic Dry Index*, which reflects rates for cargo transportation by dry-cargo vessels around the world, has dropped 60 per cent during the first half of this year achieving its historical lows (as of 30 June 2014 *Baltic Dry Index* made 850 points, whereas for the same period of 2013 *Baltic Dry Index* made 1,171 points, in 2012 – 1,004 points, in 2011 – 1,420 points). *Baltic Dry Index* tendency for the period from July 2013 to July 2014 is provided in Chart 3.

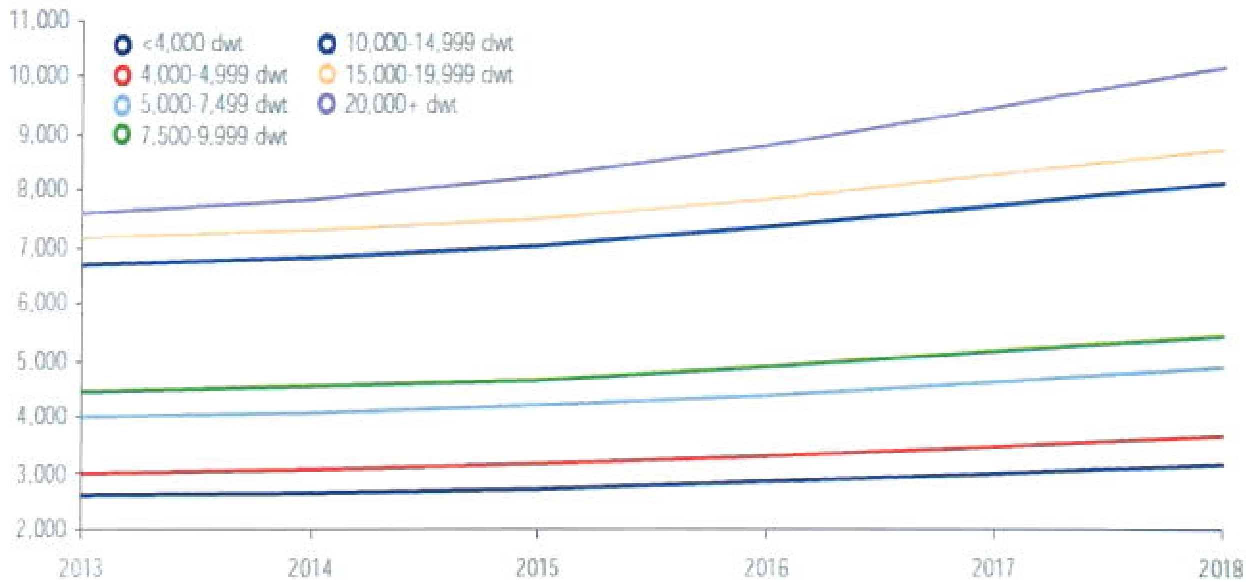
Chart 3



Source: www.bloomberg.com

However, due to its universality, 10–40 thousand DWT fleet operated by LJL is experiencing the ongoing market recession much easier than a greater deadweight fleet. Moreover, analysis of fleet of average age shows that this market segment has the greatest potential for growth as it contains the oldest vessels. About 29 % of vessels are older than 25 years and should be cut for scrap metal in the nearest future. It is very likely that orders for new vessels in this segment will not compensate for cutting the old fleet for scrap metal, thus, it is predicted that the offer of vessels of such deadweight will reduce in the nearest future leading to possible growth of vessel charter rates. Long-term estimate for amounts of vessel charter contracts of this segment (USD per day) is provided in Chart 4.

Chart 4



Source: Drewry Maritime Research (19 March 2014)

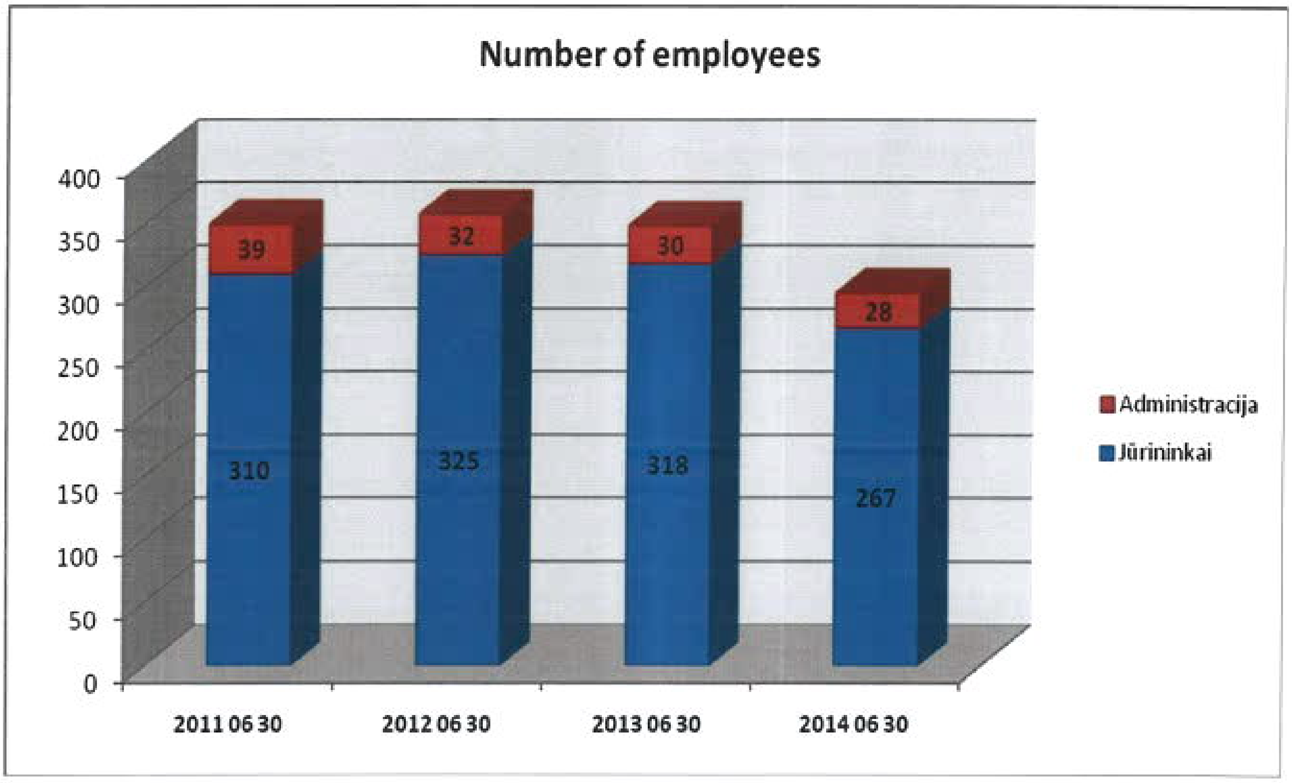
2.4. Company's Customers and Their Main Groups

In the first six months of 2014 the company had not customers that would account for a considerable part of income according to time charter contracts or voyage charter contracts. LJL income is not dependent on several main customers.

2.5. Information Related to Personnel Matters

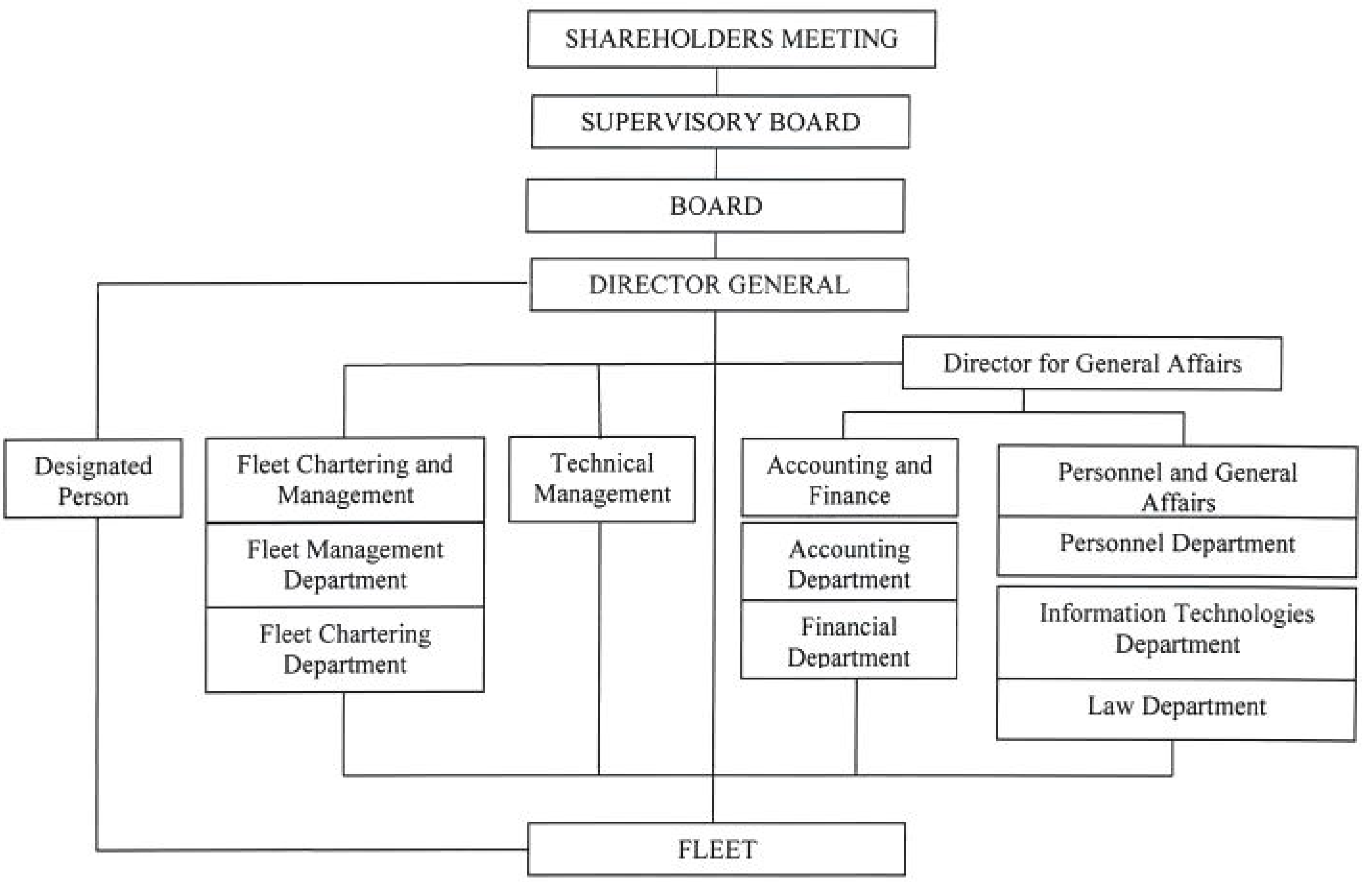
As of 30 June 2014, 295 employees (267 seamen and 28 administration workers) were working in the company, which make 15 per cent or 53 employees less than on 30 June 2013. Such a marked reduction in the number of employees in the company is related to decrease in the number of vessels from 11 down to 8, since while reorienting the company's fleet towards Handysize segment motor vessels *Skalva*, *Asta* and *Alka* were sold according to the approved strategic plan of the company for 2014-2016 during the year. Moreover, with reduction of the number of vessels the number of administration workers is being optimised as well. This number of reduced from 39 employees in 2011 to 28 employees in 2014. The employee number tendency for the period 2011 to 2014 is provided in the below Chart 5.

Chart 5



Company's management structure as of 30 June 2014 is provided in the Figure below:

Figure 1



Structure of personnel of the company according to education

Table 4

Education	Percentage of employees		
	30 June 2012	30 June 2013	30 June 2014
University education	34	34	36
College education	2	2	2
Secondary education	27	28	28
Maritime academy	9	8	9
Post-secondary education	28	28	25

According to average registered number of employees and average wages

Table 5

Group of employees	Average conditional number of employees			Average earnings per month, LTL		
	30 June 2012	30 June 2013	30 June 2014	30 June 2012	30 June 2013	30 June 2014
Executives	4	5	4	8.364	8.215	8.668
Specialists	155	149	128	3.220	3.584	3.577
Workers	151	147	141	1.945	2.116	2.001

2.6. Information Related to Environmental Issues

In the 1st half of 2014, the planned inspections of four of the company's vessels (Voruta, *Audre, Akvile* and *Daina*) were carried out by the inspectors of Lithuanian Safe Navigation Control Service in accordance with the ISM code requirements. The Vessel Safety Management Certificate was renewed for the vessel.

During the reporting period the company's vessels have not experienced any environmental incidents, the environment has not been polluted, and the vessel use is performed in accordance with MARPOL convention requirements No. 73/78. No remarks in foreign seaports were made by port control inspectors regarding environmental security.

2.7. Analysis of Financial and Nonfinancial Operating Results and Plans

During the first half of 2014 the company has earned 36.8 million LTL (10.7 million EUR), which is 23 per cent or 11.0 million LTL (3.2 million EUR) less than during the same period of 2013. One the main reasons for reduction in income is that in 2014 the company was operating three vessels less than in 2013. Reduction in realization was affected by a marked reduction of vessel charter rates during the second quarter of this year as well. Such rates were largely affected by aggravation of crisis on the global shipping market.

However, despite of reduced number of vessels and reduced rate of vessel charter, the company has increased effectiveness of its sales and cost management and earned 139 per cent or 1.7 million LTL (0.5 million EUR) more of EBITDA during the first half of this year than during the same period of 2013. During the first six months of this year the company has earned 2.8 million LTL (0.8 million EUR) of EBITDA.

Net loss of the company for the first half of 2014 made 5.6 million LTL (1.6 million EUR). Comparing with the same period of 2013 it reduced by 43 per cent, which is 4.2 million LTL (1.2

million EUR). Loss of 0.6 million LTL (0.2 million EUR) accounts for negative impact of currency exchange.

During the first half of 2014 LJL had no long-term investment (overhaul repair of vessels). During the first half of 2013 long-term investment has made 4.7 million LTL (1.4 million EUR).

Due to an ongoing economic hardship on the global shipping market, LJL results for the first half of 2014 failed to meet the management's expectations. Having evaluated that the world's analysts estimate recovery of the shipping market during the first quarter of 2014, during the second half of 2014 the company estimates to achieve more cost-effective operating results comparing to the first half of the year and, at the same time, to improve the company's liquidity indexes.

Table 6

DeThousand LTL

Main Financial Indexes	30 June 2012	30 June 2013	30 June 2014
Income	37,600	47,800	36,790
Administrative expenses	-2,229	-2,109	-2,213
EBITDA	4,928	1,184	2,832
EBITDA mark-up	13%	2%	8%
Net profit	-8,254	-9,802	-5,594
Cash flows from operating activities and vessel sale	7,911	5,401	8,086
Investment	5,551	4,754	10
Return of loans	2,887	-	7,904
Cash	162	9	750
Total of assets	211,876	202,701	145,033
Value of vessels	202,761	188,645	132,500
Debts to credit institutions	65,928	54,341	45,342
Debts to suppliers	7,722	21,987	14,005
Owners' equity	130,327	112,012	76,227

While reorienting the company's fleet towards Handysize segment and, at the same time, to improve liquidity of the company, during the seconds half of 2014 (29 July 2014) motor vessel *Daina* was sold according to the approved strategic plan of the company for 2014-2016.

2.12. Financial Risk Management Measures

The company has insured its civil liability as a ship owner (*Protection & Indemnity Insurance*) with Skuld Company, whereas all of the company's owned vessels were insured by Hull & Machinery insurance at Rosgosstrakh Insurance Company OJSC. Also, as the company's vessels were operating in increased war and/or pirating risk zones the company has additionally insured with *War Risk Insurance* and *Kidnap and Ransom Insurance.* All of the companies providing marine insurance must meet the requirement of having at least B+ A. M. Best company rate or at least BBB STANDARD & POOR'S company rate or other similar rate.

2.13. Branch Establishments and Representative Offices

The company does not have any branch establishments or representative offices.

2.14. Important Events since the End of Previous Financial Year

Information about significant events since the end of the previous financial year, which are not a commercial secret of the company and which are purposeful to announce, has been provided in the Explanatory Document of the Financial Reports.

2.15. Company's R&D Activities

The company did not perform any R&D activities during the accounting period.

2.16. Company's Social Initiatives and Policy

One of the main fields of social policy of the company is social partnership. Social partnership is a system of relationships among Lithuanian Shipping Company's employees and their representatives, which is used to align the interests of individuals in labor relations.

The parties of social partnerships (social partners) are trade unions and company's representatives.

2.17. Information on Compliance with Provisions of Transparency Policy

The Company acts and complies with the Transparency policy provisions which have been approved by decision No. 1052, dated 14.07.2010 of the Government of the Republic of Lithuania "Regarding the approval of transparent activity of the state-regulated companies' description guidelines and the allocation of coordinating institution":

1. The Company acts in accordance with the provisions of the corporate governance code regarding the announcement of information.
2. The Company publicly announces the objectives, tasks, financial and other results of activity, current number of employees, annual wages fund, wages of the managers of the state-regulated company and those of their deputies, acquisitions and investments that were made, are being made and those planned during the financial year.
3. The information announced by the company, including the annual and semi-annual interim reports prepared, activity statements, and semi-annual activity statements objectively reflect the nature of state company's activity, current and future activity directions, tasks and objectives, results of the activity and advances.
4. The information about the company is accessible to the public (it is announced on the company's website).
5. Company's accounting is in line with international accounting standards.
6. Company prepares interim (3, 6, 9 and 12 months) sets of Financial Statements.
7. The audit for the set of annual financial statements is in line with international audit standards.
8. All of the information on the website is published in accordance with the Transparency description procedures and terms.

III. INFORMATION ON COMPANY'S SHARES AND SHAREHOLDERS

3.1. Company Shareholders' Rights

The shares of the company grant equal rights to the owners thereof (shareholders). The competence of the general meeting of shareholders, property and non-property rights of the shareholders, as well as implementation thereof, is provided in the Articles of Association of the company and the Law of the Republic of Lithuania on Companies.

Property rights of shareholders of the Company:

1. to receive a part of the company's profit (dividend);
2. to receive the company's funds when the authorized capital of the company is reduced with a view to paying out the company's funds to the shareholders;
3. to receive shares without payment if the authorized capital is increased with the company funds, except in cases specified in the Law of the Republic of Lithuania on Companies;
4. to have the pre-emption right in acquiring the shares or convertible debentures issued by

the company, except in the case when the general meeting of shareholders decides to withdraw the pre-emption right for all the shareholders according to the procedure specified by the Law of the Republic of Lithuania on Companies;

5. to lend to the company in the manner prescribed by law; however, when borrowing from its shareholders, the company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case, the company and shareholders shall be prohibited from negotiating a higher interest rate;
6. to receive a part of assets of the company in liquidation;
7. other property rights established by the Law on Companies and other laws of the Republic of Lithuania.

Non-property rights of shareholders of the Company:

1. to attend the General Meetings of Shareholders;
2. to submit to the company in advance the issues relevant to the issues on the agenda of the General Meeting of Shareholders;
3. to vote at the General Meetings of Shareholders according to voting rights as per their shares;
4. to receive information on the company in the manner specified in the Articles of Association of the company;
5. to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the manager of the company and board members of their duties prescribed by the Law on Companies and other laws of the Republic of Lithuania and the Articles of Association of the company as well as in other cases laid down by laws;
6. other non-property rights established by the Law on Companies and other laws of the Republic of Lithuania.

One ordinary registered share of the Company with nominal value of 1 Litas grants one vote the General Meeting of Shareholders. The right to vote at the General Meeting of Shareholders is granted only by entirely paid-in shares. The right to vote at the General Meeting of Shareholders may be forbidden or limited under the cases determined in the Laws of the Republic of Lithuania on Companies and other laws or in case where the property right to a share is challenged. There are no shareholders with special control rights.

3.2. Agreements between Shareholders

Mutual agreements between the shareholders that the issuer is aware of and which may be subject to restriction of transfer of securities and (or) voting rights – none.

3.3. Purchase of Own Shares

During the 2014 accounting year the company did not acquire, did not transfer, and did not hold own shares. No authorizations for the issue or purchase of issuer's shares on behalf of issuer's managing bodies were given.

The General Meeting of Shareholders has the exclusive right to the issue and purchase of own shares.

The company does not have any information of directly or indirectly controlled Lithuanian Shipping Company portfolios; no notifications of the same have been received.

3.4. Dividend Policy

The company did not pay any dividends during the financial years of 2012 and 2013.

IV. INFORMATION ON COMPANY'S MANAGEMENT BODIES

4.1. Supervisory Board

Item No.	Full name	Lithuanian Shipping Company shares	Term of office	Field of activities
1	Tomas Karpavičius (Chairman)	None	Since 28 November 2011 Chairman since 22 December 2011	Employee of the Ministry of Transport and Communications of the Republic of Lithuania
2	Ona Barauskienė	None	Since 19 November 2009	Employee of the Ministry of Transport and Communications of the Republic of Lithuania
3	Evaldas Zacharevičius	21081 = 0.01% of vote	Since 19 November 2009	Employee of Lithuanian Maritime Safety Administration
4	Gytis Kaminskas	None	Since 27 April 2012	Partner of the Professional Law Partnership Baltic Legal Solutions Lietuva, advocate
5	Laimutė Tinglum	None	Since 27 April 2012	Partner of UAB Skandinavian Accounting and Consulting, director and auditor.

The supervisory board is a collegial body of the company supervising the company's activities. The supervisory board shall be elected by the general meeting of shareholders for a term of 4 years and shall consist of 5 members. The number of the terms of office of a member of the supervisory board shall not be limited. Its chairman, who is elected by the supervisory board from the members thereof, shall manage the supervisory board. The supervisory board shall:

1. elect the members of the board and remove them from office. If the company is operating at a loss, the supervisory board must consider the pertinence of the board members;
2. supervise the activities of the board and the manager of the company;
3. submit its comments and proposals to the general meeting of shareholders on the company's operating strategy, set of annual financial statements, draft of profit/loss appropriation and the annual report of the company as well as the activities of the board and the manager of the company;
4. submit proposals to the board and the manager of the company to revoke their decisions which are in conflict with laws and other legal acts, the Articles of Association of the company or the decisions of the general meeting of shareholders;
5. address other issues assigned to the scope of powers of the supervisory board by the decisions of the general meeting of shareholders regarding the supervision of the activities of the company and its management bodies.
6. the supervisory board shall not be entitled to assign or delegate the functions assigned to the scope of its powers by the Law of the Republic of Lithuania on Companies and the Articles of Association of the company to other bodies of the company.

7. the supervisory board shall be entitled to ask the board of the company and the manager of the company to submit the documents related to the activities of the company.

Members of the supervisory board must keep the commercial (industrial) secrets and confidential information of the company, which they obtained while holding the office of members of the supervisory board.

4.2. Board

Item No.	Full name	Lithuanian Shipping Company shares	Term of office	Field of activities
1	Saulius Girdauskas (Chairman)	None	Since 15 February 2013 Chairman since 27 February 2013	Employee of the Ministry of Transport and Communications of the Republic of Lithuania
2	Andrius Šniuolis	None	Since 13 September 2012	Employee of the Ministry of Transport and Communications of the Republic of Lithuania
3	Eglė Vyšniauskaitė	None	Since 13 September 2012	Employee of the Ministry of Transport and Communications of the Republic of Lithuania
4	Stepas Telešius	None	Since 7 June 2012	Co-owner of ACME group of companies, director, member of boards
5	Mindaugas Utkevičius	None	Since 7 June 2012	Partner of AS LHV Capital

The company's board is a collegial body of management made of 5 members. The supervisory board elects members of the board for a term of four years. The board elects a chairman of the board from the members thereof.

Only a natural person may be elected as the Chairman of the Board. Those who cannot be elected as the Chairman of the Board are the following: member of company's supervisory board and a person, who cannot accept this office according to the Laws of the Republic of Lithuania.

The number of the terms of office of the members and the chairman of the board shall not be limited.

The board discusses and approves:

1. the operating strategy of the company;
2. the annual report of the company;
3. the management structure of the company and the positions of the employees;
4. the positions to which employees are recruited through competition;
5. regulations of branches and representative offices of the company;
6. the procedure of procurement of goods, works, and services.

The board elects and removes from the office the manager of the company, sets his/her salary as well as the other terms of the employment contract, approves the job description, and provides incentives for and imposes penalties against him/her.

The board determines which information is considered to be the company's commercial (industrial) secret and confidential information. Any information, which must be publicly available under the Law on Companies and other laws of the Republic of Lithuania, may not be considered to be commercial (industrial) secret and confidential information.

The Board shall take the following decisions:

1. decisions for the company to become an incorporator or a member of other legal entities;
2. decisions on the opening of branches and representative offices of the company;
3. decisions on the investment, assignment or rent of the fixed assets the book value whereof exceeds 10 million Litas (calculated individually for every type of transaction);
4. decisions on the pledge or mortgage of the fixed assets the book value whereof exceeds 10 million Litas (calculated for the total amount of transactions);
5. decisions on offering of warrantee or guarantee for the discharge of obligations of third parties the amount whereof exceeds 10 million Litas;
6. decisions on the acquisition of the fixed assets the price whereof exceeds 10 million Litas;
7. decisions on restructuring of the company in the cases laid down by the Law of the Republic of Lithuania on Restructuring of Enterprises;
8. decisions to allow the manager of the company to conclude transactions (except for the transactions of financial derivatives, purchase-sale of currency, insurance of vessels, as well as maritime risk insurance of vessels), the value of which is over 2,000,000 LTL (excluding tax) and transactions of procurement of the works, the value of which is over 3,000,000 LTL (excluding tax).
9. other decisions assigned to the scope of powers of the board by the decisions of the general meeting of shareholders.

The board shall analyze and evaluate the information submitted by the manager of the company on:

1. the implementation of the operating strategy of the company;
2. the organization of the activities of the company;
3. the financial status of the company;
4. the results of business activities, income and expenditure estimates, the stocktaking and other accounting data of changes in the assets.

The board analyzes and assesses a set of the company's annual financial statements and draft of profit/loss appropriation and submits them to the supervisory board and to the General Meeting of Shareholders together with the annual report of the company.

The board is responsible for the convening and organization of the General Meetings of Shareholders in due time.

Members of the board must keep commercial (industrial) secrets of the company and confidential information that they obtained while holding the office of members of the board.

The board must organize the general meetings of shareholders in due time and ensure due organization thereof.

The Articles of Association shall be amended by the general meeting of shareholders by a qualified majority of votes, which shall not be less than 2/3 of votes, granted by the shares of all shareholders attending the meeting. Following the decision by the general meeting of shareholders to amend the Articles of Association of the company, the full text of the amended Articles of Association shall be drawn up and signed by the person authorized by the general meeting of shareholders.

In cases, specified by the Law on Companies, the Articles of Association of the company shall be amended by the board of the company. In this case, the chair of the board shall sign the Articles of Association of the company as amended.

The latest version of the Articles of Association of Public Company "Lithuanian Shipping Company" has been approved on the Public Company "Lithuanian Shipping Company" General Meeting of Shareholder which took place 30 April 2010.

4.3. Management

Full name	Lithuanian Shipping Company shares	Term of office	Field of activities
Audronis Lubys	None	Since 1 August 2012	Chief Executive Officer
Arvydas Stropus	None	Since 27 June 2001	Chief Accountant

The information about the amounts calculated over the accounting period at Lithuanian Shipping Company for the members of the management bodies (4):

Amounts payable for the 1st half of 2014

Table 7

	Amount of payable money, LTL	Sold assets, LTL	Provided guarantees
Administration	235,907	-	-
Members of the Board	-	-	-

The other members, who are not employed by the company and with whom the company did not sign any work contracts, have not received any other payments, bonuses from the company; no assets have been transferred and no guarantees have been provided.

No agreements that provide large compensations exist.

4.4. Other Information on Management Bodies

On 21 July 2011, the Audit Committee of Lithuanian Shipping Company was formed on the basis of Supervisory Board Meeting Minutes No. 3, which includes three persons:

1. Jonas Nazarovas, AB DFDS Seaways Managing Director;
2. Ligita Mikienė, Deputy Director of Economy and Finance of Klaipėda Stevedoring Company – a company of UAB Concern Achema Group;
3. Dana Cemnolonskienė, Head at interim of Internal Audit Department of the State Property Fund.

No other committees are established in the Company.

AB SEB bankas is entitled to unilaterally terminate the credit contract in case, if the main shareholder of the company – Republic of Lithuania, holding 56.66 percent of shares of the company by the title of ownership, transfers, without the consent of AB SEB bankas, any number of shares of the credit receiver and / or revokes its written obligation to not transfer such shares.

There are no significant agreements between Lithuanian Shipping Company and its managing bodies, Lithuanian Shipping Company managers, employees that provide a compensation in case of recovery from office or dismissal without a valid reason, or if their work would be terminated due to changes in Lithuanian Shipping Company control.

There are no transactions between related parties.

4.5. Procedure for Amending Company's Articles of Association

The Articles of Association shall be amended by the General Meeting of Shareholders by the qualified majority of votes, which shall not be less than 2/3 of votes, granted by the shares of all shareholders attending the meeting. Following the decision by the General Meeting of Shareholders to amend the Articles of Association of the company, the full text of the amended Articles of Association shall be drawn up and signed by the person authorized by the General Meeting of Shareholders.

In cases, specified by the Law on Companies, the Articles of Association of the company shall be amended by the board of the company. In this case, the Chairman of the board shall sign the Articles of Association of the company as amended.

V. OTHER COMPANY INFORMATION

5.1. Information on Detrimental Transactions Concluded on Issuer's Behalf over Accounting Period

During the accounting period, no adverse transactions on behalf of Lithuanian Shipping Company, that had or would have negative influence on the activities and (or) results of activities of Lithuanian Shipping Company were made. No transactions were made in presence of conflict between the managers of Lithuanian Shipping Company, who control shareholders' or other related parties' office in Lithuanian Shipping Company, and their private interests and (or) other offices.

5.2. Data on Publicly Published Information

An issuer, fulfilling his liabilities, according to the legal acts regulating the stock market and being applied to it, has publicly announced the following information in the 1st half of 2014:

1. Public Company Lithuanian Shipping Company begins implementation of fleet concentration.
2. Public Company Lithuanian Shipping Company signed agreement for motor vessel Alka sale.
3. Interim information for 12 months for the year 2013 of Public Company Lithuanian Shipping Company.
4. Ordinary General Meeting of Shareholders of Public Company Lithuanian Shipping Company.
5. Draft resolutions of Ordinary General Meeting of Shareholders of Public Company Lithuanian Shipping Company dating 25 April 2014.
6. Recall and election of members of the board of Public Company Lithuanian Shipping Company.
7. Resolutions of Ordinary General Meeting of Shareholders of Public Company Lithuanian Shipping Company dating 25 April 2014.
8. Annual information of Public Company Lithuanian Shipping Company for 2013.
9. Interim information for three months for the year 2014.
10. Election of the chairman of the board.

The information is published on Public Company Lithuanian Shipping Company's website http://www.ljl.lt/en/for-shareholders/esiminiai-ivykiai/

Chief Executive Officer Audronis Lubys