

AKCINĖ BENDROVĖ
"LIETUVOS JŪRŲ LAIVININKYSTĖ"



PUBLIC COMPANY
"LITHUANIAN SHIPPING COMPANY"

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

2015-08-31 Nr. (01)-5- 300
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 six months 2015, 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 1st Half 2015, is correct.

Public Company "Lithuanian Shipping Company"
General Director

Sigitas Dobilinskas

Public Company "Lithuanian Shipping Company"
Chief Accountant

Arvydas Stropus

Public Company
Lithuanian Shipping Company

Financial statements for the six
month 2015

Content

Company details	1
Statement of financial position	2
Statement of profit or loss and other comprehensive income	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6

Company details

Public Company Lithuanian Shipping Company

Telephone: +370 46 393105

Telefax: +370 46 393119

Company code: 110865039

Address: Malūnininkų St.3, Klaipėda

Supervisory Council

Tomas Karpavičius (Chairman)

Ona Barauskienė

Saulius Kerza

Laimutė Tinglum

Gytis Kaminskas

Board of Directors

Saulius Girdauskas

Andrius Šniuolis

Eglė Vyšniauskaitė

Mindaugas Utkevičius

Stepas Telešius

Management

Audronis Lubys, General Director (dismissed 25-06-2015)

Sigitas Dobilinskas (from 06-08-2015)

Arvydas Stropus, Chief Accountant

Banks

AB SEB Bankas

AB DNB Bankas

Statement of financial position

As at 30 July 2015

	Notes	30-06-2015	31-12-2014
ASSETS			
Property, plant and equipment	1	24.870	35.336
Intangible assets		-	-
Total non-current assets		24.870	35.336
Inventories	3	519	974
Prepayments		186	163
Trade and other receivables	4	1.113	1.412
Cash and cash equivalents	5	85	108
Assets held for sale		6.250	-
Total current assets		8.153	2.657
TOTAL ASSETS		33.023	37.993
EQUITY			
Share capital	6	24.032	24.000
Accumulated losses		(10.828)	(6.617)
TOTAL EQUITY		13.203	17.383
LIABILITIES			
Non-current employee benefits		107	107
Loans and borrowings		-	-
Total non-current liabilities		107	107
Loans and borrowings	7	13.080	13.283
Trade and other payables	9	5.058	5.842
Employment related liabilities	8	1.575	1.363
Income tax liabilities		-	15
Total current liabilities		19.713	20.502
Total equity and liabilities		33.023	37.933

The notes set out on pages 6 – 28 form an integral part of these financial statements.

General Director



Sigitas Dobilinskas

Chief Accountant



Arvydas Stropus

Statement of profit or loss and other comprehensive income

	As at 30 June 2015				
	Past. Nr.	2015 January- June	2014 January- June	2015 April - June	2015 April - June
Revenue	11	7.353	10.655	2.911	4.673
Cost of sales	12	(9.381)	(11.179)	(4.535)	(5.151)
Gross result		(2.028)	(524)	(1.624)	(478)
Administrative expenses	13	(609)	(641)	(352)	(323)
Impairment of vessels		-	-	-	-
Selling expenses		-	(1)	-	(1)
Other operating income	14	3.091	3.017	3.091	1.387
Other operating expenses	14	(3.142)	(3.006)	(3.111)	(1.516)
Operating result		(2.688)	(1.155)	(1.996)	(931)
Finance income	15	-	-	501	-
Finance expenses	15	(1.523)	(465)	(57)	(263)
Net finance costs	15	(1.604)	(465)	(444)	(263)
Profit (loss) before tax		(4.211)	(1.620)	(1.551)	(1.194)
Income tax expenses		-	-	-	-
Profit (loss) for the year		(4.211)	(1.620)	(1.551)	(1.194)
Other comprehensive income		-	-	-	-
Total comprehensive income		(4.211)	(1.620)	(1.551)	(1.194)
Basic and diluted earnings (loss) per share (in EUR)	16	(0.051)	(0.008)	(0,019)	(0,006)

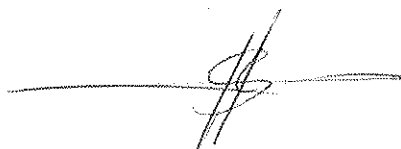
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General Director



Sigitas Dobilinskas

Chief Accountant



Arvydas Stropus

Statement of changes in equity As at 30 June 2015

	Share capital	Retained earnings (loss)	Total
Balance at 31-12-2013	58.185	(34.489)	23.696
Other comprehensive income			
Net profit (loss) for 30-06-2014	-	(1.620)	(1.620)
Other comprehensive income for 30-06-2014	-	-	-
Total other comprehensive income :	-	(426)	(426)
Balance at 30-06-2014	58.185	(36.109)	22.076
Other comprehensive income			
Net profit (loss) for 2014	-	(6.326)	(6.326)
Other comprehensive income for 2014	-	13	13
Total other comprehensive income :	-	(6.313)	(6.313)
Transactions with shareholders			
Reduction in shares	(34.185)	34.185	-
Total transactions with shareholders:	(34.185)	34.185	-
Balance at 31-12-2014	24.000	(6.617)	17.383
Other comprehensive income			
Net profit (loss) for 30-06-2015	-	(4.211)	(4.211)
Other comprehensive income for 31-03-2015	-	-	-
Total other comprehensive income :	-	(4.211)	(4.211)
Equity change due to the introduction of EUR	32	-	-
Balance at 30-06-2015	24.032	(10.828)	13.204

The notes set out on pages 6 – 28 form an integral part of these financial statements.

General Director



Sigitas Dobilinskas

Chief Accountant



Arvydas Stropus

Statement of financial position

As at 30 Juny 2015

	Notes	30-06-2015	31-12-2014
ASSETS			
Property, plant and equipment	1	24.870	35.336
Intangible assets		-	-
Total non-current assets		24.870	35.336
Inventories	3	519	974
Prepayments		186	163
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Cash and cash equivalents	5	85	108
Assets held for sale		6.250	-
Total current assets		8.153	2.657
TOTAL ASSETS		33.023	37.993
EQUITY			
Share capital	6	24.032	24.000
Accumulated losses		(10.828)	(6.617)
TOTAL EQUITY		13.203	17.383
LIABILITIES			
Non-current employee benefits		107	107
Loans and borrowings		-	-
Total non-current liabilities		107	107
Loans and borrowings	7	13.080	13.283
Trade and other payables	9	5.058	5.842
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Income tax liabilities		-	15
Total current liabilities		19.713	20.502
Total equity and liabilities		33.023	37.933

The notes set out on pages 6 – 28 form an integral part of these financial statements.

General Director



Sigitas Dobilinskas

Chief Accountant



Arvydas Stropus

Notes to the financial statements

I. Reporting entity

Public Company Lithuanian Shipping Company (LSC) is a joint-stock company registered in the Registry of Legal Entities on 27 June 2001, certificate No. 027245, the company code 110865039. LSC is located at: Malūnininkų St. 3, Klaipėda. Main activities of the Company are sea freight of timber, bulk and general cargo and lease of vessels under voyage charter or time charter agreements.

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

As at 30 June 2015 there were 226 employees in the Company, 18 of them working in management divisions and 208 in the fleet. As at 30 June 2014 there were 295 employees, 28 of them working in management divisions and 267 in the fleet.

The shareholder structure as at 30 June 2015 was as follows:

	30-06-2015		30-06-2014	
	Number of shares	Ownership percent	Number of shares	Ownership percent
Ministry of Transport and Communications of the Republic of Lithuania	46.953.515	56,66	113.833.000	56,66
DFDS TOR LINE A/S	4.581.970	5,53	11.108.420	5,53
Other minor shareholders	31.331.715	37,81	75.959.876	37,81
Total:	82.867.200		200.901.296	

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

II. Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by EU (IFRS). All figures presented in the financial statements are rounded to the nearest thousand, unless stated otherwise.

III. Functional and presentation currency

On 1 January 2015 the Republic of Lithuania joined the eurozone and the Lithuanian national currency Litas was changed to the Euro. As a result, the Company converted its financial accounting to Euros as from 1 January 2015 and the financial statements for subsequent years will be prepared and presented in Euros. Comparative information will be translated into euros using the official exchange rate of LTL 3,4528 to EUR

The financial statements are presented in the currency EUR, which is the Company's functional currency. The Company has decided to use EUR as a functional currency considering the structure of revenue, costs, equity, and debt instruments.

The major part of the sea freight income for the convenience of trade and consistency in pricing is historically and globally denominated in USD. The exchange rate of USD against EUR does not have a direct impact on shipment prices. The sea freight market is affected by the balance between demand and supply of the services on international level. The bank loan used for the purchase of vessels is also denominated in USD.

However, the major part of the Company's costs comprise the expenditures in EUR such as salaries, social security, taxes, daily allowances, and the main technical supply for vessels, dock repair and other expenses. The management uses EUR to forecast and measure performance of the business.

IV. Going concern

For preparation of the financial statements as at 30 June 2015, management has concluded that it is appropriate to continue to prepare the financial statements based on the going concern principle, assuming that the Company will be able renegotiate the terms of the loan repayment so that contractual cash flows could be met by the Company.

The current liabilities, reflected in the Company's financial statements as at 30 June 2015, exceed the current assets by 11,6 million eur (30 June 2014: current liabilities exceeded current assets by 17,0 million EUR). The Company has also incurred operating losses of 4,2 million EUR in 2015 (1,6 million EUR operating loss 30 June 2014). The Company also has loan obligations as at 30 June of 12,6 million EUR due and payable by 27 February, 2015. As at the date of this report the Company has not yet formally agreed an extension of these loan facilities. . These circumstances and large indebtedness to other creditors (suppliers) indicate significant uncertainty regarding the Company's ability to continue as a going concern and possibility of bankruptcy.

Also, according to the Company's business plan for 2015-2018, the Company was sold two inefficient smaller vessels (m/v Audre and m/v Akvilė) and Company's fleet will comprise solely of the mini Handysize type vessels. Consequently, the management expects that in the long run the growth of the global shipping rates and concentration of the fleet in the more profitable mini Handysize segment will positively affect the financial stability and business continuity of the Company.

Management expects that the rescheduling of the loan will occur and that the agreement regarding favourable loan repayment schedule will be reached with the bank.

Management acknowledges that uncertainty remains over the Company's ability to meet its funding requirements and to repay its loan as it falls due. However, as described above, management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. These financial statements have been prepared on the going concern basis and do not reflect any adjustments that might be necessary if the Company were not able to continue as a going concern.

V. Use of judgements and estimates

The preparation of the financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties in applying accounting policies that have the most significant effect and significant risk of resulting in a material adjustment on the amounts recognized in the financial statements is included in the following notes:

- Note 1 Property, plant and equipment – key assumptions underlying measurement of the value in use and fair value less costs to sell in the impairment test.
- Note 1 Property, plant and equipment – estimates of the useful lives of the items of property, plant and equipment.
- Significant accounting policy “Revenue” – estimates of voyage charter time used in the calculation of percentage of completion.

VI. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

On initial classification as held-for-sale property, plant and equipment are measured at the lower of their:

- carrying amount; and
- fair value less costs to sell (or costs to distribute, as applicable).

Incremental, directly attributable costs, excluding finance costs and income tax expense, are included in costs to sell. Impairment losses on initial classification of a property, plant and equipment as held-for-sale are included in profit or loss even if the asset had been previously measured at a revalued amount. The same applies to gains and losses on subsequent remeasurement. Subsequent to initial classification as held-for-sale, non-current assets that are measured at their fair value less costs to sell are subject to a limit on the amount of any gain that can be recognised as a result of an increase in fair value less costs to sell before disposal. The maximum increase (and therefore gain) that can be recognised is the cumulative amount of impairment losses recognised in accordance with IFRS 5 and previously in accordance with IAS 36. Gains and losses on subsequent remeasurement to fair value less costs to sell are included in profit or loss regardless of whether the asset was previously measured based on revalued amounts.

Any gain or loss not recognised before the date of sale is recognised on the derecognition of the property, plant and equipment. Property, plant and equipment and disposal groups are reclassified from held-for-sale or from held-for-distribution to held-for-use if they no longer meet the criteria to be classified as held-for-sale or held-for-distribution. On reclassification as held-for-use, a property, plant and equipment is remeasured at the lower of its recoverable amount and the carrying amount that would have been recognised had the asset never been classified as held-for-sale or held-for-distribution. The calculation of this carrying amount should include any depreciation that would have been recognised had the asset not been classified as held-for-sale or held-for-distribution.

The fair value element of fair value less costs of disposal is measured in accordance with IFRS 13. Costs of disposal are incremental costs directly attributable to the disposal of an asset. These costs include, for example, legal costs necessary to affect the sale, transaction taxes and other costs to prepare the asset or CGU for its sale. Finance costs and income tax expense are excluded, as are costs recognised already as a liability.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models as appropriate.

The base for determination of fair values of financial assets and liabilities, traded in the active markets, are the market prices and prices determined by brokers. Fair value of all other financial instruments is determined using other valuation methods.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

VI. Measurement of fair values (continued)

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

VII. Significant accounting policies

Except for the effect of new standards, interpretations and amendments of IFRS, the Company has consistently applied the accounting policies to all the periods presented in these financial statements.

Foreign currency

Transactions in foreign currencies are translated into functional currency of the Company at the exchange rates set by the Bank of Lithuania at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

Exchange rates as of 30 Juny 2015 and 30 Juny 2014 were as follows:

	30-06-2015	30-06-2014
LTL/EUR	3,4528	3,4528
EUR/USD	1,1133	1,3633
EUR/GBP	0,7085	0,8004
EUR/SEK	9,2447	9,1757

Property, plant and equipment

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.

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such item when that cost is incurred and when it is probable that the future economic benefits embodied with the item will flow to the Company, and the costs of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Costs incurred during regular inspections and overhauls of vessels are recognised in the carrying amount of the vessels. Any remaining carrying amount of the cost of previous inspection or overhaul is derecognized.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The estimated cost of regular inspection or overhaul of the vessels is considered as a separate component of the vessel. At the initial recognition of the vessel, the carrying amount of the inspection or overhaul is determined by reference to current market prices of the inspection or overhaul.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized within other operating income/other operating expenses in profit or loss.

VII. Significant accounting policies (continued)

Depreciation is started when the asset is available for use. Depreciation is based on the cost of an asset less its estimated residual value and it is charged to the statement of profit or loss and other comprehensive income on own assets and assets leased under finance lease terms on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The cost of inspection and overhaul is depreciated over the expected period to the next inspection (overhaul).

The Company capitalises borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset. The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs were not capitalised in 2014 and 2015 because the Company did not carry out any acquisition, construction or production of assets.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Property group	Useful lives (in years)
Vessels	30 (years since construction)
Machines and equipment	7 – 16
Dock surveys	2 – 3
Buildings and plant	15
Other vehicles	6 – 10
Other non-current assets	4

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Residual values of the vessels are estimated as the value of the vessels' net weight at the scrap price.

Assets held for sale

Property, plant and equipment, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are measured in accordance with applicable IFRSs. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held-for-sale, items of property, plant and equipment are no longer depreciated.

VII. Significant accounting policies (continued)

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.

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.

Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

VII. Significant accounting policies (continued)

Financial instruments (continued)

Non-derivative financial assets – Measurement

(a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

(b) Held-to-maturity financial assets

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest

method. The effective interest rate is determined as the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(c) Loans and receivables

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

(d) Available-for-sale financial assets

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities – Measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

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.

Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- indications that a debtor will enter bankruptcy;
- any other observable data indicating that there is a measurable decrease in the expected cash flows.

VII. Significant accounting policies (continued)

Impairment (continued)

Financial assets measured at amortized cost

The Company considers evidence of impairment for these assets at an individual asset level. All assets are individually assessed for impairment.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in the allowance account. When the Company obtains a conclusive evidence that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Financial assets available-for-sale

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

Non-financial assets

At each reporting date the Company reviews the carrying amounts of its non-current assets, except for inventories, to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (the "cash-generating unit, or CGU"). For example, each vessel is considered a separate CGU.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

VII. Significant accounting policies (continued)

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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expenses.

Employee benefits

Short-term employee benefits are expensed as the related service is provided. 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-average salary.

Post-employment defined benefit plan obligation is calculated annually by a qualified actuary using projected unit credit method. The projected unit credit method requires the Company to attribute benefit to the current period (in order to determine current service cost) and the current and prior periods (in order to determine the present value of defined benefit obligations). The Company attributes benefit to periods in which the obligation to provide post-employment benefits arises. That obligation arises as employees render services in return for post-employment benefits that the Company expects to pay in future reporting periods. Actuarial

techniques allow the Company to measure that obligation with sufficient reliability to justify recognition of a liability. Remeasurement of the defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income.

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 („Audre“, „Akvile“ with the deadweight up to 6.000 tons), „Alka“ – type vessels („Alka“ – with the dead weight up to 10.000 tons, vessel was sold during 2014) and „Raguva“ type vessels („Raguva“, „Deltuva“, „Romuva“, „Voruta“, „Venta“ with the deadweight up to 25.000 tons).

Transactions with related parties

The related parties of the Company are shareholders and members of the management, the general director, fleet operations director, fleet freight director, technical director, common affairs director, chief accountant, divisional managers, their family members, the entities controlled or jointly controlled by the management of the company.

The Company had no collectively significant transactions with related legal entities, including government-related entities and state institutions during 2015 and 2014. 2015 m. PC „Lithuanian shipping company“ received a loan of 500 thousand EUR under the loan agreement of 2015-05-13 from PC „Smiltynes perkela“.

VII. Significant accounting policies (continued)

Revenue

The Company is involved in leasing (renting) vessels under voyage charter and time charter agreements.

Voyage charter is the hiring of a vessel and crew for a voyage between a load port and a discharge port. The charterer pays the Company on a per-ton or lump-sum basis. The Company pays the port costs (excluding stevedoring), fuel costs and crew costs. Voyage charter agreements usually are short-term (in most cases up to 1-3 months).

Time charter is the hiring of a vessel for a specific period of time. The Company still manages the vessel but the charterer selects the ports and directs the vessel where to go. The charterer pays for fuel expenses, port charges and commissions. The Company receives a daily hire income. Time charter agreements may last for up to 2 years (but usually do not exceed 1 year).

The Company recognizes revenue from voyage charters agreements still in progress at the reporting date under the percentage of completion method. The percentage of completion is determined based on the proportion of an actual voyage time up to the reporting date to the total estimated (contracted) voyage time.

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

Cost of sales

Costs are recognised based on accrual and matching principles in the period in which they were incurred.

Cost of sales includes depreciation of property, plant and equipment, salaries and other costs incurred to earn the income.

Vessel repair and maintenance costs, incurred not during regular dock surveys, are recognised as costs for the year in which they were incurred.

Selling and administrative costs

Selling and administrative costs include costs related to administrative staff, management, office expenses, depreciation, amortisation and etc.

Costs are stated based on accrual principle and recognized 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, 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 activities of the Company.

Finance income and expenses

Finance income and expenses comprise of interest income and expenses and realized and unrealized currency exchange gain or loss in relation to amounts receivable and payable denominated in foreign currencies.

Interest income and expenses are recognized in profit or loss using the effective interest rate method.

VII. Significant accounting policies (continued)

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. Since 2007, shipping companies in Lithuania are allowed to apply a fixed rate income tax (tonnage tax) if:

- the Company operates own or rented vessels, registered in the Lithuanian Vessel Register, under international freights;
- the Company owns at least 25% of the operated fleet's payload capacity units;
- the Company provides strategic, commercial and technical management services to the fleet;
- the operated vessels meet class requirements according to the Lithuanian and European legislation.

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 starting in 2007 and later is taxed by a fixed income tax rate which depends on payload capacities of the vessels. The fixed income tax is applicable for shipping activities. Other activities of the Company, not related to shipping, are subject to normal income tax rate. The distinction between shipping and other activities (such as rent of premises) of the Company are determined by the Company based on the Tax Authorities guidance. Profit earned not from sea freight services is taxed in accordance with the Law on Income Tax. The deferred tax is not recognized 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.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements, unless the realization of income is virtually certain. They are disclosed in the financial statements when an inflow of economic benefit is probable.

Subsequent events

Events that provide additional evidence on conditions that existed at the end of the reporting period (the adjusting events) are recognized in the final statements. Other subsequent events are not adjusting events and are disclosed in the notes if material.

VII. Significant accounting policies (continued)

New standards, amendments or interpretations of published standards

The following new or amended standards are effective from 1 January 2014 but did not have a significant impact on the financial statements of the Company:

- (a) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – the Company does not have subsidiaries, joint ventures or associates as at reporting date.
- (b) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – the Company does not have financial assets and liabilities, which could be offset.
- (c) Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) – the Company complies with the disclosure requirements of the standard.
- (d) Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) – the Company does not have derivative financial instruments at the reporting date.

Standards, interpretations and amendments to published standards that are not yet effective

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements.

- (a) IFRIC 21 Levies – no levies have been imposed on the Company by the government of Republic of Lithuania during the reporting period.
- (b) Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) – the Company does not have a defined benefit plan that involve contributions from employees or third parties meeting certain criteria.

Annual Improvements to IFRSs

The improvements introduce eleven amendments to nine standards and consequential amendments to other standards and interpretations. Most of these amendments are applicable to annual periods beginning on or after 1 February 2015, with earlier adoption permitted. Another four amendments to four standards are applicable to annual periods beginning on or after 1 January 2015, with earlier adoption permitted.

None of these amendments are expected to have a significant impact on the financial statements of the Entity.

- (a) IFRS 1 First-time Adoption of International Financial Reporting Standards
- (b) IFRS 2 Share-based Payment
- (c) IFRS 3 Business Combinations
- (d) IFRS 8 Operating Segments
- (e) IFRS 13 Fair Value Measurement
- (f) IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- (g) IAS 24 Related Party Disclosures
- (h) IAS 40 Investment Property

VIII. Financial risk management

In its activities, the Company is exposed to various financial risks: market risk (including currency exchange risk and interest rate risk), credit risk and liquidity risk. The Board of Directors is responsible for creation and control of overall risk management policy in the Company. Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls. Risk management policies and systems are reviewed on a regular basis to reflect changes in the market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims at developing a disciplined and constructive control environment in which all employees understand their roles and obligations. From time to time the Company may use derivative financial instruments in order to hedge against certain risks.

Credit risk

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

At 30 Juny 2015, the maximum exposure to credit risk for trade and other receivables was as follows:

	30-06-2015	30-06-2014
Trade receivables	1.101	976
Other receivables	12	436
Total:	1.113	1.412

As at 30 Juny 2015, the ageing of trade and other receivables that were not impaired was as follows:

	30-06-2015	30-06-2014
Not overdue	68	720
Overdue up to 30 days	127	222
Overdue 31 - 90 days	835	9
Overdue more than 91 days	71	25
Total:	1.101	976

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Management monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. Ratios analysed by the Management are described in note 19.

As at 30 June 2015, the Company is in the process of negotiation with the bank regarding the extension of the loan repayment term.

VIII. Financial risk management (continued)

Liquidity risk (continued)

The Management of the Company has reviewed the prevailing environment and believed that based on the Company's plans and assumptions disclosed in Section IV "Going concern", the Company will have sufficient financial resources to satisfy its working capital requirements and payments of liabilities and its forthcoming future capital commitments.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowing are denominated and the functional currency of the Company (EUR). The Company does not hedge its estimated foreign currency exposure.

The Company's currency exchange risk was related to USD was concentrated in the following items of the statement of financial position. The table below presents amounts in USD converted to EUR:

Thousand EUR	30-06-2015	31-12-2014
Trade receivables	826	913
Other receivables	7	356
Cash and cash equivalents	-	96
Trade payables	(3.057)	(1.147)
Financial liabilities	(12.580)	(13.283)
Net exposure	(14.804)	(13.065)

There are no other material monetary items denominated in foreign currencies other than USD.

The following table demonstrates the sensitivity of profit and loss where USD/EUR exchange rate changes by the specified percentage:

Thousand EUR	30-06-2015	31-12-2014
Increase in exchange rate	10%	10%
Profit (loss)	(1.639)	(1.306)
Decrease of exchange rate	(10%)	(10%)
Profit (loss)	1.639	1.306

This analysis is based on the fluctuations of foreign currencies exchange rate (USD) which are reasonably possible at the end of each period. This analysis assumes that all other variables, in particular the interest rate, remain constant.

Interest rate risk

Borrowings of the Company are denominated in USD and bear a variable interest rate related to LIBOR, determined every three months. In 2015 the effective interest rate varied from 4,30% to 4,66% (in 2014 varied from 4,24% to 4,30%).

IX. Capital management

The Board's policy is to maintain the confidence of investors, creditors and the market, to fund business development opportunities in the future and comply with external capital requirements.

The Board monitors capital return ratios and proposes dividends to the shareholders in accordance with the Company's financial performance and strategic goals. 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 provided 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 were made in the objectives, policies or processes during the years ended 31 December 2014 and 30 June 2015.

Debt – equity ratio

Thousand EUR	30-06-2015	31-12-2014
<i>Total liabilities:</i>	19.820	20.609
Less cash and cash equivalents	85	107
<i>Net amount of liabilities</i>	19.735	20.502
<i>Total equity:</i>	13.203	17.383
Debt – equity ratio	1,50	1.18

X. Notes

1. Property, plant and equipment

Thousand EUR	Buildings and plant	Machinery and equipment	Vessels	Other vehicles	Dock surveys	Other non-current assets	Total
Acquisition cost							
Balance as at 31 December 2013	1.063	204	111.058	86	3.872	136	116.419
Acquisitions	-	2	-	-	672	1	675
Disposals (-)	(1.063)	(9)	-	-	(671)	(26)	(1.769)
Transfers to assets held for sale	-	-	(11.258)	-	(95)	-	(11.353)
Balance as at 31 December 2014	-	197	99.800	86	3.778	111	103.972
Acquisitions	-	-	-	-	20	-	20
Disposals	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	(21.172)	-	(1.024)	(16)	(22.212)
Balance as at 30 June 2015	-	197	78.628	86	3.212	95	82.218
Accumulated impairment							
Balance as at 31 December 2013	-	-	(30.589)	-	-	-	(30.589)
Impairment	-	-	(5.813)	-	-	-	(5.813)
Transfers to assets held for sale	-	-	-	-	-	-	-
Balance as at 31 December 2014	-	-	(24.776)	-	-	-	(24.776)
Impairment	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-	-
Balance as at 30 June 2015	-	-	(24.776)	-	-	-	(24.776)
Accumulated depreciation							
Balance as at 31 December 2013	(260)	(192)	(42.156)	(56)	(1.864)	(127)	(44.655)
Depreciation for the period	(43)	(9)	(2.394)	(8)	(1.389)	(3)	(3.846)
Disposals (-)	303	8	-	-	671	26	1.008
Transfers to assets held for sale	-	-	3.591	-	42	-	3.633
Balance as at 31 December 2014	-	(193)	(42.156)	(64)	(2.540)	(104)	(43.860)
Depreciation for the period	-	(1)	(1.136)	(5)	(445)	(1)	(1.588)
Disposals	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	11.954	-	909	11	12.874
Balance as at 30 June 2015	-	(194)	(30.141)	(69)	(2.076)	(92)	(32.572)
Carrying amounts							
31 December 2013	803	13	38.313	30	2.008	9	41.175
31 December 2014	-	4	34.065	22	1.238	7	35.336
30 June 2015	-	3	23.711	17	1.136	3	24.870

All vessels are pledged to the bank as security for the bank loan (see note 7).

There are no contractual commitments for the acquisition of property, plant and equipment at 30 June 2015.

X. Notes (continued)

2. Property, plant and equipment (continued)

Depreciation is recognized in the following items of the statement of profit or loss and other comprehensive income:

Thousand EUR	30-06-2015	30-06-2014
Cost of sales	(1.588)	(1.002)
Administrative expenses	(6)	(37)
Total:	(1.594)	(1.986)

3. Inventories

Thousand EUR	30-06-2015	31-12-2014
Fuel and lubricants on vessels	475	895
Spare parts, materials	40	40
Food supplies on vessels	4	39
Total:	519	974

There was no write down of inventories to net realisable value as at 30 June 2015 and 2014.

No inventories are pledged as at 30 June 2015 and 2014.

4. Trade and other receivables

Thousand EUR	30-06-2015	31-12-2014
Trade receivables	707	1370
Allowance for impairment (-)	(394)	(394)
Trade receivables, net	1.101	976
Receivable from the tax authorities	3	1
Prepayments to vessels	7	9
Other receivables	2	426
Total other receivables	12	436
Total:	965	1.412

5. Cash and cash equivalents

Thousand EUR	30-06-2015	31-12-2014
Cash at bank in national currency	-	12
Cash at bank in foreign currencies	84	96
Cash on hand in national currency	-	-
Cash on hand in foreign currencies	-	-
Total:	85	108

Since 1 January 2015, the Litas has been pegged to the EUR. At the reporting period all transactions were translated into EUR 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 EUR = 1,0845 USD.

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. Share capital

Thousand shares	Authorised and issued capital
31-12-2014	24.000
New emission of shares	-
Acquisition of own shares	-
The increase of the nominal value of the shares due to the conversion to Euro	32
31-03-2015	24.032

The authorized capital of the Company at 30 June 2015 comprised 82.867.200 ordinary shares at par value of 0,29 EUR 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 and interest in residual assets.

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

The Company's financial statements for ended 30 June 2015 show that the Company's equity as at 30 June 2015 amounts to 13.203 thousand EUR, which is more than 50% of the authorized capital (24.032 thousand EUR) as required by the law.

Legal reserve

Legal reserve is 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. As at 31 March 2015 the legal reserve is nil.

7. Loans and borrowings

Thousand EUR	30-06-2015	31-12-2014
Payable after one year	-	-
Payable within one year	13.080	13.274
Accrued interest payable within one year	-	9
Total:	13.080	13.283
Loan balances in the beginning of the year	13.283	15.297
Loan received	500	-
Loan repaid	(1.886)	(3.553)
Accrued interest payable within one year	-	10
Accrued interest repaid	(10)	(56)
Currency exchange differences	1.193	1.585
Total:	13.080	13.283

Loans and borrowings have been reported as current liabilities, as the loan matures on 27 February 2015 and the Company is negotiating with the bank regarding the amendment of the repayment schedule.

Loan to the bank is secured by the pledge of the Company's vessels. The Company has pledged 5 vessels the carrying amount of which as at 30 June 2015 amounted to 23.711 thousand EUR.

The loan is denominated in USD and bears a variable interest rate related to 3 months LIBOR (USD) plus the bank margin.

The loan of 500 thousand EUR received under the loan agreement of 2015-05-13 from PC "Smiltynes perkela"

8. Employment related liabilities

Thousand EUR	30-06-2015	31-12-2014
Payable salaries	1.037	789
Vacation reserve (salaries)	325	356
Vacation reserve (social taxes)	137	144
Payable to tax authorities	64	65
Other payables	12	9
Total:	1.575	1.363

9. Trade and other payable amounts

Thousand EUR	30-06-2015	31-12-2014
Payable to suppliers (a)	4.215	4.617
Prepayments received	685	965
Accrued expenses	27	27
Payable dividends	20	114
Other	110	118
Total:	5.057	5.841

- (a) Amount payable to suppliers includes: 1.607 thousand EUR – fuel; 1.009 thousand EUR – repair and technical supply of vessels; 367 thousand EUR – payable to agents for services provided to vessels; 131 thousand EUR – vessel supervision classifying companies; 200 thousand EUR – lubricants; 444 thousand EUR payable for Insurance; 457 thousand EUR – other various services to vessels and on-shore divisions.

10. Deferred tax asset and liabilities

Since in 2007 the Company selected to pay a fixed tonnage tax, the base of which does not depend on the Company's profit. All temporary differences between the tax and financial reporting relate to the shipping activities. Due to this, deferred tax is not applicable to the Company.

11. Revenue

Thousand EUR	30-06-2015	30-06-2014
Voyage-charter revenues (a)	5.391	7.022
Time-charter revenues (b)	1.962	3.633
Total:	7.353	10.655

- (a) Income earned from Voyage charters is based on the vessel rent for particular trip (voyage) from point A to B. Voyage charter agreements usually are short-term (in most cases up to 1-3 months).
- (b) Time charter agreements are based on the vessel's rent for a particular period of time from date A till B. Time charter agreements may last for up to 2 years (but usually do not exceed 1 year).

X. Notes (continued)

12. Cost of sales

Thousand EUR	30-06-2015	30-06-2014
Fuel	(2.274)	(2.861)
Crew costs	(2.077)	(2.527)
Depreciation	(1.588)	(1.949)
Port dues	(1.142)	(992)
Insurance	(651)	(598)
Emergency repair of vessels	(378)	(515)
Commissions	(308)	(389)
Vessel's functional expenses	(253)	(307)
Lubricants	(216)	(258)
Spare parts	(84)	(176)
Other vessel costs	(257)	(607)
Total:	(9.381)	(11.179)

30 June 2015 depreciation charge, crew costs, fuel costs, commissions and vessels functional expenses compared with the reporting period 2014 has decreased due to sale of vessels.

13. Administrative expenses

Thousand EUR	30-06-2015	30-06-2014
Staff costs	(356)	(382)
Consultation, legal and audit services	(50)	(42)
Depreciation and amortization	(6)	(37)
Bank services	(13)	(23)
Business maintenance expenses	(18)	(14)
Transport expenses	(9)	(17)
Communication services	(20)	(14)
Maintenance of premises	(9)	(14)
Other	(128)	(99)
Total:	(609)	(642)

14. Other operating income/expenses

Thousand EUR	30-06-2015	30-06-2014
Income from disposal of property, plant and equipment	3.043	2.862
Other income	48	155
Total other operating income:	3.091	3.017
Loss from disposal of property, plant and equipment	(3.143)	(3.006)
Other expenses	-	-
Total other operating expenses:	(3.143)	(3.006)
Total:	(52)	11

X. Notes (continued)

15. Financial and investing activity

Thousand EUR	30-06-2015	30-06-2014
Interest income	-	-
Gain of currency exchange	-	-
<i>Total financial activity income:</i>	-	-
Interest expenses	(167)	(297)
Loss of currency exchange	(1.356)	(168)
<i>Total financial activity expenses:</i>	<i>(1.523)</i>	<i>(465)</i>
Total:	(1.523)	(465)

16. 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. Weighted average number of ordinary shares for financial year ended as at 30 Juny 2015 amounted to 82.867.200 units (as at 30 Juny 2014 - 200.901.296 units).

Basic loss per share as at 30 Juny 2015 amounts to 0,051 EUR, basic loss per share as at 30 Juny 2014 – 0,008 EUR.

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

17. Related parties

The related parties of the Company are: members of the Board, general director (dismissed 25-06- 2015), fleet operations director (dismissed 18-06- 2015), technical director, common affairs director (dismissed 22-05- 2015), chief accountant and their family members. Remuneration to the mentioned persons in 2015 amounted to 102 thousand EUR (in 2014 - 68 thousand EUR).

The Company had no transactions or outstanding balances as at 30 Juny 2015 and 30 Juny 2014 with other related parties including government-related entities, with the exception of 500 thousand EUR loan from PC "Smiltynes perkėla"

18. 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 fertilizers, ore, steel coils and minerals.

Caribbean market, where various cargo are being carried between USA and the Caribbean and Central American countries.

X. Notes (continued)

18. Segments (continued)

According to the size (tonnage) of vessels, there are two vessel segments in 2015 (three in 2014): „Asta” – type vessels („Audrė“, „Akvilė“ – with the dead weight up to 6.000 tons), „Alka” – type vessels („Alka” – with the dead weight up to 10.000 tons, vessel was sold during 2014) and „Raguva” – type vessels („Raguva“, „Deltuva“, „Romuva“, „Voruta“ and „Venta“ – with the dead weight up to 25.000 tons).

The Company separates segments based on the size of the vessels (tonnage), however, the vessels of the Company in all separated segments are used for delivery of similar services (they can transport similar cargo). In 2013 the Company has decided to sell „Alka” type vessels – one was sold in 2013, another one in 2014.

“Asta” type vessels was sold in 2014 and other two “Asta” type vessels was sold 2015.

30-06-2015, thousand EUR	Asta	Alka	Raguva	Not attributed	Total
Voyage income	1.264	-	6.089	-	7.353
Voyage costs	(574)	-	(3.401)	-	(3.975)
Voyage result	690	-	2.688	-	3.378
Current vessel costs	(671)	-	(3.146)	-	(3.817)
Operating costs	-	-	-	(603)	(603)
Operating result before depreciation, EBITDA	19	-	(458)	(603)	(1.042)
Impairment of vessels	-	-	-	-	-
Depreciation	(156)	-	(1.432)	(6)	(1.594)
Operating result, EBIT	(137)	-	(1.890)	(609)	(2.636)
Other activity result	-	-	-	(52)	(52)
Interest expenses	-	-	-	(167)	(167)
Currency exchange result	-	-	-	(1.356)	(1.356)
Other financial activity, net	-	-	-	-	-
Tonnage tax	-	-	-	-	-
Profit (loss)	(137)	-	(1.890)	(2.184)	(4.211)
Non-current assets of segments	-	-	23711	-	23.711
Loan payable by segment	-	-	-	12.580	12.580
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.

X. Notes (continued)

18. Segments (continued)

30-06-2014, thousand EUR	Asta	Alka	Raguva	Not attributed	Total
Voyage income	1.733	339	8.583	-	10.655
Voyage costs	(143)	(249)	(4.297)	-	(4.689)
Voyage result	1.590	90	4.286	-	5.966
Current vessel costs	(1.172)	(240)	(3.130)	-	(4.542)
Operating costs	-	-	-	(605)	(605)
Operating costs before depreciation, EBITDA	418	(150)	1.156	(605)	819
Impairment of vessels	-	-	-	-	-
Depreciation	(301)	-	(1.647)	(37)	(1.985)
Operating result, EBIT	117	(150)	(491)	(642)	(1.166)
Other activity result	-	-	-	11	11
Interest expenses	-	-	-	(297)	(297)
Currency exchange result	-	-	-	(168)	(168)
Result from other financial activity, net	-	-	-	-	-
Fixed income (tonnage) tax	-	-	-	-	-
Profit (loss)	117	(150)	(491)	(1.096)	(1.620)
Non-current assets of segments	4.963	-	32.128	-	37.091
Segment loan payable	-	-	-	13.132	13.132
Acquisition of non-current assets					

19. Financial ratios

The key financial ratios for the 30 Juny 2015 can be summarized as follows:

	Calculation	30-06-2015	30-06-2014
Gross debt ratio (%)	$\frac{\text{Total liabilities}}{\text{Total assets}}$	0,60	0,47
Gross solvency ratio (%)	$\frac{\text{Total equity}}{\text{Total liabilities}}$	0,67	1,24
Gross profitability (%)	$\frac{\text{Gross result}}{\text{Sales and services}}$	(0,28)	(0,12)
Current ratio (%)	$\frac{\text{Current asset}}{\text{Current liabilities}}$	0,10	0,17
Receivables turnover (times)	$\frac{\text{Sales and services}}{\text{Accounts receivable}}$	6,68	16,34

X. Notes (continued)

20. Contingencies

There are no ongoing legal proceeding as at 30 June 2015.

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

The tax authorities have not performed a full scope tax review of the Company for the period 2010 to 2015. According to prevailing tax legislation the tax authorities have the right to check accounting registers and records of the company for 5 years prior to the current accounting period and may charge additional taxes and penalties. The management of the Company is not aware of any circumstances due to which additional material tax liabilities could be imposed on the Company.

21. Subsequent events

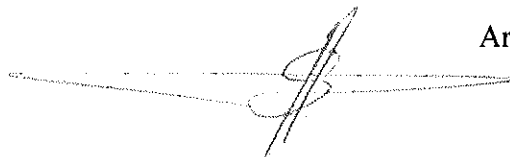
23-07-2015 the Ministry of transport and Communications of the Republic of Lithuania appealed to the District Court of Klaipėda to initiate bankruptcy proceedings in respect of PC "Lithuanian shipping company". However, on 30th July 2015 the Ministry of Transport and Communication of the Republic of Lithuania has withdrawn the application for bankruptcy proceedings in respect of PC "Lithuanian shipping company" as the Government of Republic of Lithuania was preparing support plans for the company. In August 2015 the loan agreement for 3.0 mio EUR loan with AB "Lietuvos gelezinkaliai" was signed.

General Director



Sigitas Dobilinskas

Chief Accountant



Arvydas Stropus



**PUBLIC COMPANY
LITHUANIAN SHIPPING COMPANY**



SEMI-ANNUAL INTERIM REPORT 2015

Content

I. GENERAL INFORMATION ABOUT THE COMPANY	3
1.1. Accounting Period of Report	3
1.2. Company Contact Information	3
1.3. Company Shareholders	3
1.4. Information on Agreements with Agents of Public Circulation of Securities	4
1.5. Data Related to Trading of Securities on Regulated Markets	4
1.6. Structure of Authorized Capital.....	4
1.7. Information on Restrictions of Transfer of Securities.....	5
1.8. Information on Restrictions on the Voting Rights.....	5
II. INFORMATION ON COMPANY'S ACTIVITIES	5
2.1. Company's Mission, Vision, Operating Strategy, and Purposes.....	5
2.2. Company's Activities and Services Rendered.....	5
2.3. Company's Operating Markets and Competitors	6
2.4. Company's Customers and Their Main Groups	7
2.5. Information Related to Personnel Matters.....	7
2.6. Main Factors Influencing the Company's Operation.....	9
2.7. Investing into Long-Term Assets during the Accounting Year.....	9
2.8. Analysis of Financial and Nonfinancial Operating Results and Plans	9
2.9. Financial Risk Management Measures.....	10
2.10. Branch Establishments and Representative Offices.....	10
2.11. Important Events since the End of Previous Financial Year.....	10
2.12. Company's R&D Activities.....	10
2.13. Company's Social Initiatives and Policy.....	10
2.14. Information on Compliance with Provisions of Transparency Policy	10
III. INFORMATION ON COMPANY'S SHARES AND SHAREHOLDERS	11
3.1. Company Shareholders' Rights	11
3.2. Agreements between Shareholders.....	12
3.3. Purchase of Own Shares	12
3.4. Dividend Policy	12
IV. INFORMATION ON COMPANY'S MANAGEMENT BODIES	13
4.1. Supervisory Board.....	13
4.2. Board.....	14
4.3. Management.....	15

4.4. Other Information on Management Bodies 16

4.5. Procedure for Amending Company’s Articles of Association 16

V. OTHER COMPANY INFORMATION 16

5.1. Information on Detrimental Transactions Concluded on Issuer’s Behalf over Accounting Period 16

5.2. Data on Publicly Published Information 17



I. GENERAL INFORMATION ABOUT THE COMPANY

1.1. Accounting Period of Report

The Semi-Annual Report was prepared for January – June 2015. In addition to the Semi- Annual Report, the Company prepared a Set of Financial Statements for the first half of 2015, which includes the Statement of Financial position, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity and Notes to the Financial Statements (Explanatory Notes). Herein, 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 12 Juny 2015 there were 1997 shareholders in the company. The shareholders that own or hold over 5 percent of the authorized capital of the company are as follows:

Name	Code	Address	Number of shares	Portion of ownership (%)
MINISTRY OF TRANSPORT OF THE REPUBLIC OF LITHUANIA	188620589	Gedimino pr. 17, Vilnius	46.953.515	56.66
DFDS TOR LINE A/S	14194711	Sundkrogsgade 11, DK-2100 Copenhagen	4.581.970	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 Jūsų tarpininkas, UAB FMĮ (later - SNORAS - Jūsų tarpininkas, AB FMĮ, A. Mickevičiaus g. 29-3, 44245 Kaunas). After SNORAS - Jūsų tarpininkas, AB FMĮ was reorganized by merge, on 31 March 2010 Finasta, AB FMĮ (code 122570630, address: Maironio g. 11, Vilnius, phone.: 1813, e-mail: info@finasta.com) took under the rights and obligations of SNORAS - Jūsų tarpininkas, AB FMĮ, 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.

On 30 September 2014 the Company’s authorized capital was reduced by the decision of the ordinary General Meeting of Shareholders of 25 April 2014 (method of reducing the authorized capital – annulment of the shares). The shares were annulled for all the Company’s shareholders in proportion to the nominal value of the shares they own through the ownership right. Amount of the emission after the change is 82,867,200 ordinary registered shares of Public Company “Lithuanian Shipping Company” with nominal value of one litas (from 2015-01-01 shares nominal value -0,29 EUR).

After the new regulations of Vilnius Stock Exchange come into effect on 30 May 2005, the direct deals will be 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 5 years are as follows.

Information on trading LJI shares on NASDAQ OMX Vilnius securities exchange market is as follows:

Index	2011	2012	2013	2014	2015
Opening price	0.080	0.034	0.026	0.015	0,020
Maximum price	0.080	0.038	0.030	0.028	0,019
Minimum price	0.032	0.025	0.012	0.010	0,001
Last price	0.036	0.026	0.015	0.020	0,009
Turnover, units	48,850,672	10,606,876	28,613,333	22,910,682	19 409 672
Turnover, million	€ 2.41	€ 0.34	€ 0.53	€ 0.35	€ 0,21
Capitalization, million	€ 7.23	€ 5.22	€ 3.01	€ 1.66	€ 0,75

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 24.031.488 EUR.

The authorized capital of the company is divided into 82,867,200 (0,29 EUR 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, Vision, Operating Strategy, and Purposes

Mission is to provide a high-quality, world-class ship management and service which fulfils the expectations of stakeholders and partners.

Vision is to be a profitable company on the market of cargo transportation by dry-cargo vessels (in 17 to 25 thousand DWT segment), having a fleet complying with strict technological requirements flying Lithuanian flag.

Strategic goals of the company:

- Creation of stable structure of the Company' equity:
 - Increase of effectiveness of services' sale;
 - Increase of costs management effectiveness;
 - Optimization of costs;
 - Restructuring of bank loan;
 - Effective company's liquidity management.
- 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;
 - Optimization of duration of dock repair.

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 Juny 2015, the company owned 5 vessels, which data is as follows.

Item No.	Vessel	Year built	DWT
1	Raguva	1995	16.883
2	Deltuva	1994	16.906
3	Romuva	1998	17.504
4	Voruta	1998	17.504
5	Venta	1995	24.202

Currently, the company's fleet according to deadweight is divided into two vessel segments :

Asta-type vessel group (deadweight up to 6,000 tons) *Audré* (was sold 19-05-2015) and *Akvilė* (was sold 20-06-2015). 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 first half of 2014, 2 of the company's vessels were employed under time-charter contracts. The remaining fleet was employed under voyage charter contracts. Structure of the company's income in 2012 – 2015 is compared according to charter type below:

Income by charter (thousand EUR)				
	2012-06-30	2013-06-30	2014-06-30	2015-06-30
Voyage charter	4.039	11.703	7.022	5.391
Time charter	6.845	2.141	3.633	1.961
Iš viso	10.884	13.844	10.655	7.353

2.3. Company's Operating Markets and Competitors

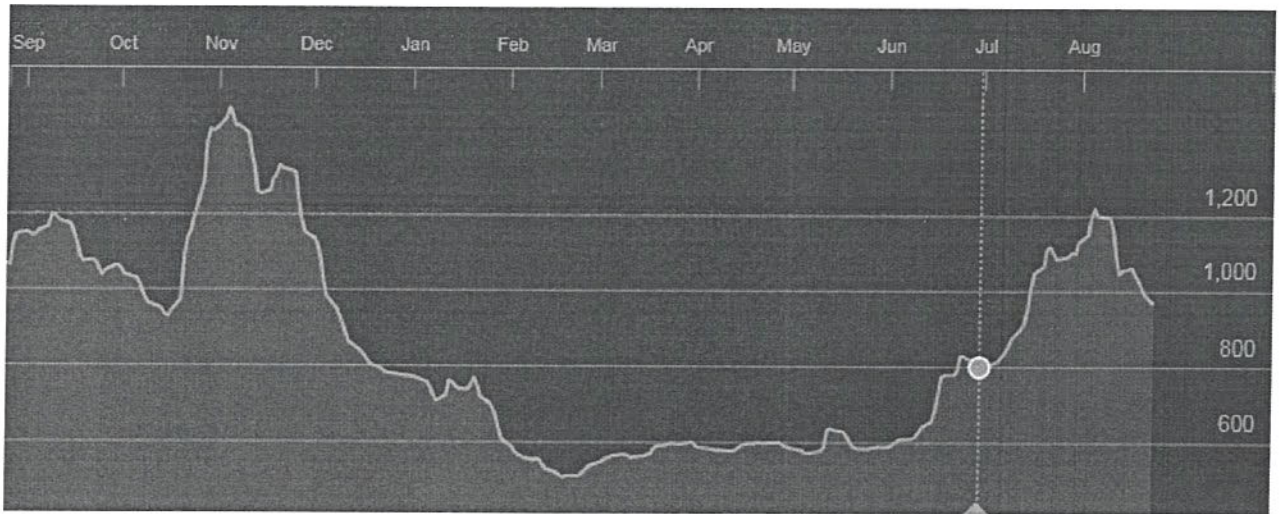
The company's vessels can transport about 65 percent of all types of global cargoes, i.e. general cargoes, grain, coal, iron ore, chemical products. The largest part of cargo flows consists of bulky goods (about 75 percent). LJL mainly operates on the following markets:

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 company is operating on the international shipping market, in the segment of 5-25 thousand DWT dry-cargo vessels, where there are no monopolies that distort competitive conditions on the market. Use of 'cheap' flags allows the ship owners reducing some of the ships operating costs (mainly related to wages) and provides certain competitive advantages, however, the position of international seafarers' trade unions and other organizations which becomes increasingly strict reduces advantage of these flags.

LJL is operating in a very competitive environment, which lately, just as the entire global shipping market, is unfavorable for ship owners as ship offer markedly exceeds ship demand. Although analysts have predicted the recovery in the global shipping market ,but in the first half of 2015 of shipping market situation was worse than in 2014. Baltic Dry Index which shows the dry-cargo ships freight rates in the world, during the first half of 2015 reached historical lows: 2 January index was 771, 23 February fell to 512, 30 June was 800

These changes are reflected in the tendencies of changes Baltic Dry Index :



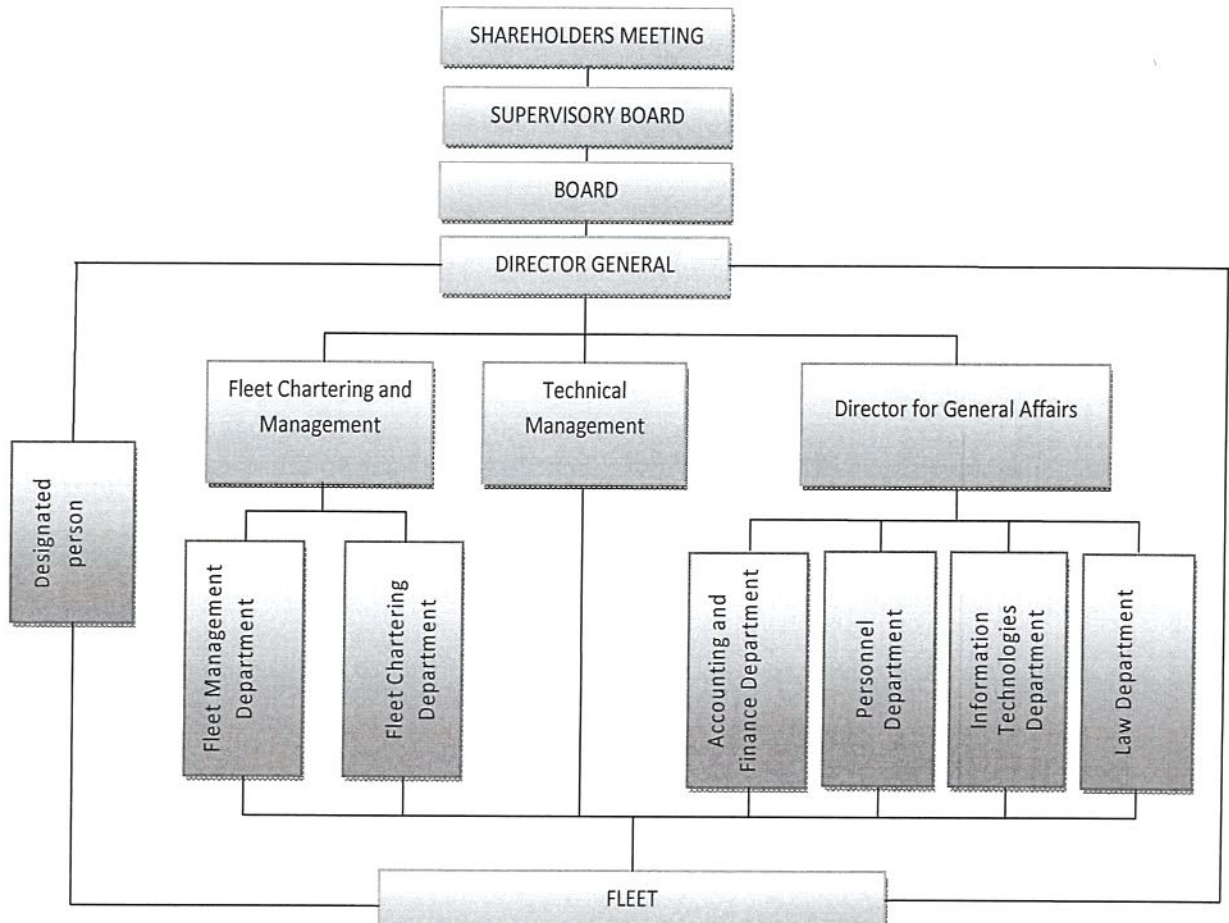
Source : Bloomberg Baltic Dry Index

2.4. Company's Customers and Their Main Groups

In the first half of 2014 the company had no customers that would account for a considerable part of income according to time charter contracts or voyage charter contracts. Currently, LJL income is not dependent on several main customers.

2.5. Information Related to Personnel Matters

Company's management structure as of the end of 30 Juny 2015 is as follows:



As of 30 June 2015, 226 employees (208 seamen and 18 administration workers) were working in the company, which make 23 per cent or 69 employees less than on 30 June 2014. Such a marked reduction in the number of employees in the company is related to decrease in the number of vessels from 8 down to 5. Moreover, with reduction of the number of vessels the number of administration workers is being optimized as well. This number of reduced from 32 employees on 30 June 2012 to 18 employees on 30 June 2015. The employee number tendency for the period 2012 to 2015 is as follows:

Number of employees

	2012-06-30	2013-06-30	2014-06-30	2015-06-30
Administration	32	30	28	18
Seamen	325	318	267	208
Total :	357	348	295	226

Classification of employees

Structure of personnel of the company according to education:

Education	Percentage of employees		
	30 June 2013	30 June 2014	30 June 2015
University education	34	36	35
College education	2	2	2
Secondary education	28	28	26
Maritime academy	8	9	12
Post-secondary education	28	25	24

A share of employees with university education makes the third part of all the employees and showed no essential change during the period investigated.

According to average registered number of employees and average wages:

Group of employees	Average conditional number of employees			Average earnings per month, EUR		
	30 June 2013	30 June 2014	30 June 2015	30 June 2013	30 June 2014	30 June 2015
Executives	5	4	4	2.379	2.510	2.541
Specialists	149	128	95	1.038	1.036	1.162
Workers	147	141	114	613	580	639
Total	301	273	213			

The company is facing the lack of skills employees as there are no opportunities to increase seamen's salary up to a competitive level. Consistent increase of salaries is the only way to keep the available workforce to compete with 'cheap' flag ship owners.

Information Related to Environmental Issues

The company operates internationally in a regulated sphere of environmental protection; therefore, the Company and / or its vessels must comply with a number of international conventions or local legislation. For example, MARPOL, SOLAS, Bunker, Ballast Water Conventions, ISM and ISPS Codes, and the US Oil Pollution Act. Compliance with such requirements in the future may require the purchase of new equipment or changes in ship management. For instance, due to requirements of MARPOL Annex VI, "Regulations for the Prevention of Air Pollution from Ships", which comes into force in 2015, the company's vessels

operating costs will increase as it will be possible to use only low-sulphur fuel, which is much more expensive than commonly used fuel oil, in the Baltic and the North Sea and the North American region. The same is true for the projected changes in ballast water management since 2016. As the requirements for navigation are frequently reviewed and there are no final decisions yet (and the technology to achieve them) in regards of the above-mentioned issues, the company currently cannot yet predict the costs that will be incurred to comply with changing environmental requirements.

2.6. Main Factors Influencing the Company's Operation

The reduction in transport costs in recent years has led to the decrease in orders for new ship building and increase in number of vessels cut to scrap metal. Deadweight decrease in mini Handysize segment, where LJL is operating, has been observed for a number of years in a row, thus, it is likely that this segment has good preconditions for growth in transport prices for the coming year.

2015 was sold motor vessel *Audrė* and motor vessel *Akvilė*, the company operates five vessels, which is 6 ships less than in 2011-2013 period and 3 vessels less than in 2014. It will therefore be particularly important to create and maintain a sustainable equity structure of the company as an unplanned breakdown or downtime of one vessel, in view of such a small number of vessels, could have a material impact on the Company's financial results and its liquidity.

2.7. Investing into Long-Term Assets during the Reporting period

In 2015, motor vessel Raguva repair was performed, costing 458 thousand EUR.

2.8. Analysis of Financial and Nonfinancial Operating Results and Plans

Financial ratio analysis

Main Financial Indexes (thousand EUR)	30 June 2013	30 June 2014	30 June 2015
Income	13.844	10.655	7.353
Administrative expenses	-610	-641	-609
EBITDA	343	820	-1.043
EBITDA mark - up	2%	8%	-14%
Net profit	-2.839	- 1.620	-4.211
Cash flows from operating activities			
and vessel sale	1.564	2.342	1.982
Investment	1.377	3	458
Return of loans	-	2.289	1.886
Cash	3	217	85
Total of assets	58.706	42.004	33.023
Value of vessels	54.635	38.375	23.711
Debts to credit institutions	16.607	13.132	12.580
Debts to suppliers	6.368	4.056	4.215
Owners' equity	32.441	22.077	13.203

While reorienting the company's fleet towards Handysize segment and, at the same time, to improve liquidity of the company, in first half was sold mv "Audre" and mv "Akville" according to the approved strategic plan of company for 2015-2018.

2.9. Financial Risk Management Measures

The main vessel insurance costs of the Company consist of H & M (hull and machinery) along with Loss of Hire (unearned income) and P & I (ship manager civil liability insurance) insurance. H & M and P & I insurance is an absolute condition for engaging in the shipping business. Insurance is also required because the vessels are mortgaged to the bank and, in accordance with the Civil Code of the Republic of Lithuania, mortgaged property must be insured.

However, the need in vessel insurance is not conditioned by mere legal requirements. It is a certain form of risk management and a commercial and operational necessity. Ships are facing various maritime risks - collisions, pollution, claims for goods. Ship collisions and, in particular, pollution can cause enormous claims that the Company would not be able to cover itself. Since all ships are owned by one company, big incident of one of the ships, in case of no insurance coverage, could paralyze operations of the entire company. Charterers always require vessels to be insured in a trusted P & I insurance club. P & I insurance policy is the grounds of receiving certain vessel documents, without which the ship cannot be navigated (e.g. liability for bunker pollution certificate). Without P & I insurance, vessel could not be navigated to one of the most important markets of the companies, i.e. the United States.

2.10. Branch Establishments and Representative Offices

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

2.11. Important Events since the End of Previous Reporting period

Information about significant events since the end of the previous Reporting period, which are not a commercial secret of the company and which are purposeful to announce, has been provided in the Explanatory notes of the Financial statements.

2.12. Company's R&D Activities

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

2.13. Company's Social Initiatives and Policy

Success of the company's business is inseparable from the ability to employ and retain highly skilled professionals; however, currently the lack of specialists is noticeable, which is greatly affected by the scope of emigration. Although the educational institutions prepare professionals and there is no decline in their number is anticipated in the future, most of them choose to work in other countries' fleets because of competitive salary.

In 2013, Lithuania has ratified the Maritime Labor Convention, 2006. Its implementation in the Company's vessels may have a positive social and psychological result for the mariners to stay with the ships flying Lithuanian flag because it will ensure compliance with seafarers' rights, labor safety requirements, etc. provided for in the Convention.

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

2.14. 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 of 14 July 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. The Company's accounting is in line with international accounting standards.
6. The 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 0,29 EUR 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 2015 Reporting period 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 2015 .

IV. INFORMATION ON COMPANY'S MANAGEMENT BODIES

4.1. Supervisory Board

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	Saulius Kerza	None	Since 26 September 2014	Employee of the Ministry of Transport and Communications of the Republic of Lithuania
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 Skandinavian Accounting and Consulting, UAB, 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

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 interim report of the company ;
4. the management structure of the company and the positions of the employees;
5. the positions to which employees are recruited through competition;
6. regulations of branches and representative offices of the company;

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 2 million litas (0,6 mln. EUR) (calculated individually for every type of transaction);
4. decisions on the pledge or mortgage of the fixed assets the book value whereof exceeds 2 million litas (0,6 mln. EUR) (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 2 million litas (0,6 mln. EUR) ;
6. decisions on the acquisition of the fixed assets the price whereof exceeds 2 million litas (0,6 mln. EUR);
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 concerning consent for the Company' s director to settle transactions (except typical ships' employment (rent), ships' repair, insurance agreements for ships and ships' marine risk and for transactions concerning sale and purchase of the currency), which value is over LTL 2 million (0,6 mln. EUR) (no 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 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 25 April 2014.

4.3. Management

Full name	Lithuanian Shipping Company shares	Term of office	Field of activities
Audronis Lubys	None	Since 1 August 2012 till 26 June 2015	General Director
Sigitas Dobilinskas	None	Since 6 August 2015	General Director
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 (6):

Amounts payable for the year 2015:

	Amount of payable money, EUR	Sold assets, EUR	Provided guarantees
Administration	102,0	-	-
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 7 December 2014, the composition of the Audit Committee of Lithuanian Shipping Company was changed on the basis of Supervisory Board Meeting Minutes No. 4. Currently, the Committee consists of the following persons:

1. Laimutė Kazlauskienė, lecturer at Mykolas Romeris University, Faculty of Economics and Finance Management, Department of Finance and Taxes;
2. Birutė Stankevičienė, Director of Įmonių auditas, UAB;
3. Nijolė Zibalienė, auditor/controller of the Audit and Accounting Service (founded and owned by the Ministry of Finance of the Republic of Lithuania).

No other committees are established in the Company.

SEB bankas, AB 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 SEB bankas, AB, 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 Reporting 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

The 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 first half of 2015:

1. Interim information for 12 months for the year 2014 of Public Company Lithuanian Shipping Company.
2. The General Meeting of Shareholders of Public Company Lithuanian Shipping Company.
3. Resolutions of the General Meeting of Shareholders of Public Company Lithuanian Shipping Company dating 17 April 2015.
4. Annual information of Public Company Lithuanian Shipping Company for the year 2014.
5. Public Company Lithuanian shipping company sale of motor vessel "Audre".
6. Public Company Lithuanian shipping company sale of motor vessel "Akvile".
7. Public Company Lithuanian shipping company interim information for the three months 2015.
8. The Extraordinary General Meeting of Shareholders of Public Company Lithuanian shipping company.
9. Public Company Lithuanian shipping company the resolutions of the extraordinary general meeting of shareholders held on 19.06.2015.
10. Public Company Lithuanian shipping company General Director appointment.

The information is published on Public Company Lithuanian Shipping Company's website <http://www.ljl.lt/lt/akcininkams/esiminiai-ivykiai/>

General Director



Sigitas Dobilinskas