

**Public Joint Stock Company
Latvian Shipping Company and its Subsidiaries**

Condensed Consolidated Financial Statements

31 December 2013

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Consolidated income statement

for the year ended 31 December 2013

	2013 EUR'000	2012 EUR'000
Voyage income	78 033	89 016
Income from other services	504	743
Revenue	78 537	89 759
Voyage costs	(10 972)	(20 348)
Cost of sales	(43 628)	(50 841)
Gross profit	23 937	18 570
Administrative expenses	(6 597)	(8 529)
Impairment of non-financial assets	(17 627)	(21 740)
Other operating income	1 123	273
Other operating expenses	(3 508)	(481)
Operating loss	(2 672)	(11 907)
Finance income	73	21
Finance costs	(11 681)	(14 518)
Loss before tax	(14 280)	(26 404)
Income tax	(105)	(132)
Loss for the year	(14 385)	(26 536)
Attributable to:		
Equity holders of the parent	(14 356)	(26 506)
Non-controlling interests	(29)	(30)
	(14 385)	(26 536)
Loss per share	EUR (0.07)	EUR (0.13)

Consolidated statement of comprehensive income

for the year ended 31 December 2013

	2013 EUR'000	2012 EUR'000
Loss for the year	(14 385)	(26 536)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(3 829)	(3 963)
Net movement on cash flow hedges	536	653
Other comprehensive expenses for the year, net of tax	(3 293)	(3 310)
Total comprehensive loss for the year, net of tax	(17 678)	(29 846)
Attributable to:		
Equity holders of the parent	(17 649)	(29 816)
Non-controlling interests	(29)	(30)
	(17 678)	(29 846)

Consolidated statement of financial position

as of 31 December 2013

	2013 EUR'000	2012 EUR'000
Assets		
Non-current assets		
Intangible assets	31	28
Fleet	314 591	391 239
Property, plant and equipment	2 403	2 665
Investment properties	1 400	1 421
Investment in associates	10	10
Other non-current financial assets	3 227	3 327
Total non-current assets	321 662	398 690
Current assets		
Inventories	2 406	3 601
Trade and other receivables	3 647	10 271
Prepayments	579	1 222
Other current financial items	25 684	24 162
Cash and short-term deposits	26 797	19 744
Total current assets	59 113	59 000
Total assets	380 775	457 690

Consolidated statement of financial position *(continued)*

as of 31 December 2013

	2013	2012
	EUR'000	EUR'000
Equity and liabilities		
Equity		
Share capital	284 574	284 574
Accumulated deficit	(106 452)	(92 096)
Other components of equity	(23 004)	(19 711)
Equity attributable to equity holders of the parent	155 118	172 767
Non-controlling interests	4 673	4 702
Total equity	159 791	177 469
 Non-current liabilities		
Interest bearing loans	157 981	200 948
Finance lease	-	18 405
Derivative financial instruments	417	915
Trade and other payables	23 439	21 746
Deffered tax liabilities	87	80
Total non-current liabilities	181 924	242 094
 Current liabilities		
Trade and other payables	9 885	11 053
Interest bearing loans	27 170	23 577
Finance lease	-	1 093
Derivative financial instruments	740	571
Deferred income	1 265	1 833
Total current liabilities	39 060	38 127
Total equity and liabilities	380 775	457 690

LATVIAN SHIPPING COMPANY AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 2013

Consolidated statement of changes in equity

for the year ended 31 December 2013

	Attributable to the equity holders of the parent				Non-controlling interests	Total equity	
	Share capital	Accumulated deficit	Cash flow hedge reserve	Foreign currency translation reserve			Total
	EUR'000	EUR'000	EUR'000	EUR'000			EUR'000
As at 1 January 2013	284 574	(92 096)	(1 428)	(18 283)	172 767	4 702	177 469
Loss for the period	-	(14 356)	-	-	(14 356)	(29)	(14 385)
Other comprehensive income/(loss)	-	-	536	(3 829)	(3 293)	-	(3 293)
Total comprehensive income/(loss)	-	(14 356)	536	(3 829)	(17 649)	(29)	(17 678)
As at 31 December 2013	284 574	(106 452)	(892)	(22 112)	155 118	4 673	159 791

for the year ended 31 December 2012

	Attributable to the equity holders of the parent				Non-controlling interests	Total equity	
	Share capital	Accumulated deficit	Cash flow hedge reserve	Foreign currency translation reserve			Total
	EUR'000	EUR'000	EUR'000	EUR'000			EUR'000
As at 1 January 2012	284 574	(65 590)	(2 081)	(14 320)	202 583	4 732	207 315
Loss for the period	-	(26 506)	-	-	(26 506)	(30)	(26 536)
Other comprehensive income/(loss)	-	-	653	(3 963)	(3 310)	-	(3 310)
Total comprehensive income/(loss)	-	(26 506)	653	(3 963)	(29 816)	(30)	(29 846)
As at 31 December 2012	284 574	(92 096)	(1 428)	(18 283)	172 767	4 702	177 469

Consolidated statement of cash flows

for the year ended 31 December 2013

	2013 EUR'000	2012 EUR'000
Operating activities		
Loss before tax	(14 280)	(26 404)
Non-cash adjustment to reconcile loss before tax to net cash flows:		
Depreciation of property, plant and equipment and fleet	17 281	21 885
Amortisation of intangible assets	24	185
Depreciation of investment properties	21	20
Decrease in value of financial instruments	(303)	-
Net loss on disposal of non-financial assets	3 163	1
Net profit from disposal of subsidiary	(141)	-
Currency translation difference	(343)	65
Finance income	(73)	(21)
Finance costs	11 087	13 951
Impairment loss of the fleet	17 627	21 740
Impairment loss of goodwill at acquisition	27	-
Working capital adjustments:		
Decrease/(increase) in trade and other receivables and prepayments	7 288	(1 873)
Decrease/(increase) in inventories	1 195	(748)
Decrease in trade and other payables	(4 536)	(7 083)
Income tax received/(paid)	267	(467)
Net cash flows generated from operating activities	38 304	21 251
Investing activities		
Proceeds from sale of non-current assets	31 390	1
Purchase of non-current assets	(1 032)	(3 858)
Acquisition of subsidiary	(9 169)	-
Costs due to sale of subsidiary	(11)	-
Placement of deposits with maturity more than three months	(457)	(1 000)
Loans issued	(1 155)	(400)
Interest received	13	18
Net cash flows from/(used in) investing activities	19 579	(5 239)
Financing activities		
Payments on finance lease liabilities	(1 009)	(1 125)
Proceeds from borrowings	2 670	22 444
Repayment of borrowings	(42 591)	(25 239)
Interest paid	(8 856)	(12 450)
Prepaid financing expenses	(519)	(314)
Net cash flows used in financing activities	(50 305)	(16 684)
Net increase/(decrease) in cash and cash equivalents	7 578	(672)
Cash and cash equivalents at the beginning of the year	19 744	20 886
Result of currency exchange transactions	(525)	(470)
Cash and cash equivalents at the end of the year	26 797	19 744

These financial statements should be read in conjunction with the audited consolidated financial statements of JSC "Latvian Shipping Company" and its subsidiaries for year 2013.

These financial statements are translated into Euros using the rate of exchange set by the Bank of Latvia prevailing at the 31.12.2013: 1 EUR = 0.702804 LVL, 31.12.2012: 1 EUR = 0.702804 LVL.