



LATVIJAS KUĢNIECĪBA

Simon Blaydes

Chairman of the Management Board

Business overview

- One of the leading owners in the handy-size and medium-range tanker segment
- Fleet consists of 17 modern tankers
- Average age of fleet only 5.9 years
- Professional management and employees with significant experience in shipping industry
- Approximately 700 seagoing personnel with over 90% being Latvian nationals
- Approximately 60 shore based staff in the Riga head office
- Listed on NASDAQ OMX Baltics Main List



Our fleet

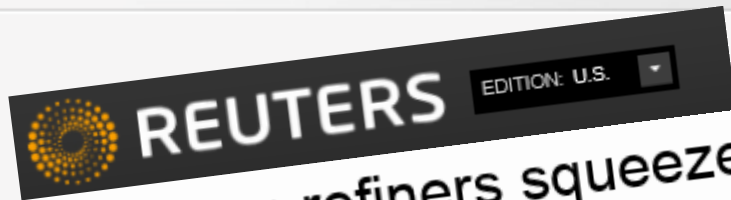


Business update

- Majority of the fleet is employed on time charter contracts
- Gradual recovery in the product tanker segment has positively affected LSC Group financial results
- New time charter agreements were signed throughout the period at relatively higher rates
- Sale of 3 Kolka class vessels solves repayment of 75M USD facility
- Banking syndicates agreed to new covenants -> resulting in a permanent financing solution



Shipping market update



European refiners squeezed in Africa by rising U.S exports
* U.S. gasoline exports to West Africa surge in July
* European sales to West Africa down 10 pct so far this year

COPENHAGEN, March 13 (Reuters) - Debt-laden Danish shipping company Torm A/S said an improvement in freight rates, together with lower restructuring costs and writedowns, would help it cut losses this year.



Oil-Tanker Crews Seen Quitting on 40-Year High in Losses

By Rob Sheridan - May 22, 2013 5:54 PM GMT+0300



Oil-tanker owners will struggle to retain crews and maintain ships after losing the most money in four decades, according to the industry's biggest trade group.

BUSINESS UPDATE November 26, 2013



Clarksons sees product and chem tanker recovery in 2014



The Daily Docket: Lenders Ease Pressure in OSG Bankruptcy

Tsakos Expresses Optimism in Crude and Product Tanker Markets, Income up 970%
BY ROB ALMEIDA ON MAY 24, 2013



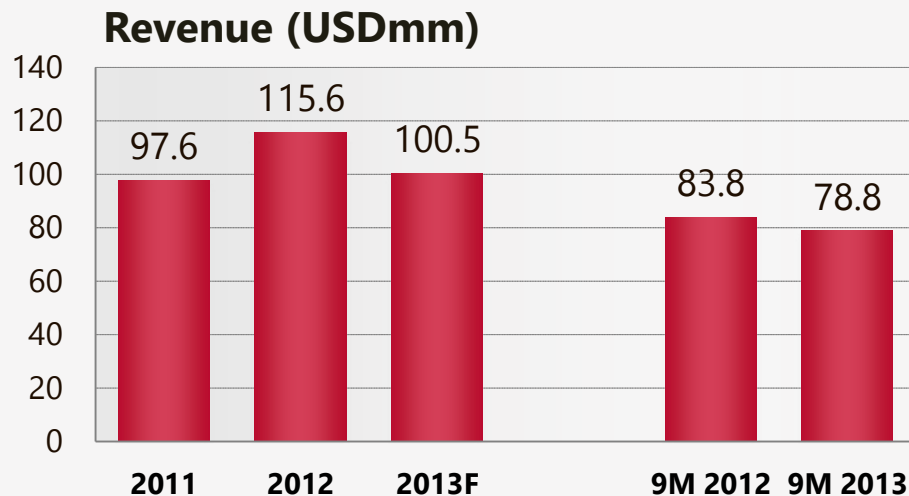
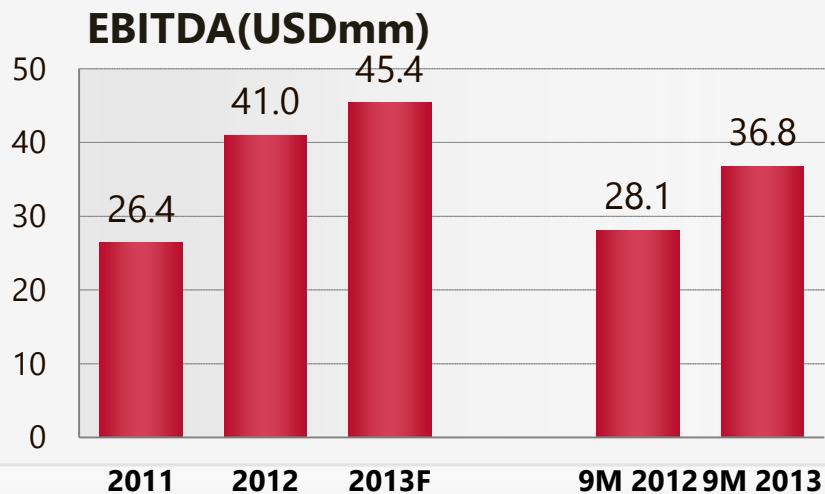
Scorpio's Move to Eco-Friendly Shipping



Financial performance

Commentary

- Higher charter rates -> first quarterly net profit since 2008
- Further decrease in administrative costs
- The impairment of the fleet
- Accumulated cash



More transparency

The Average Net TCE USD/per day

Fleet	1Q 2012	2Q 2012	3Q 2012	4Q 2012	Y2012	1Q 2013	2Q 2013	3Q 2013
HS (7 vessels)*	13 003	12 131	12 776	13 239	12 703	12 408	13 661	13 204
MR (12 vessels)**	12 605	12 419	13 064	13 904	13 168	13 718	13 668	14 043
LR1 (1 vessel)	13 163	11 782	11 700	11 700	12 086	11 700	12 162	12 059

**one HS vessel sold in April 2013; remaining number of HS vessels in fleet – 6.*

***From Q3 2013 m/t Latgale and m/t Zemgale removed from above statistics as they are employed on bareboat charter basis, i.e. responsibility for operating expenses and off hire periods resides with the Bareboat Charterer whereas the above figures are inclusive of opex and any offhire periods.*

Explanations:

HS = handy size (37 dwt); MR = medium range (52 dwt); LR1 = long range (68 dwt).

Net TCE = a non IFRS measure which is used primarily to compare period to period changes in a shipping company's performance irrespective of changes in mix of charter. It is calculated after deduction of commissions payable to shipbrokers/charterers, port costs, bunker costs and any other applicable voyage related costs from vessel revenue and divided by the number of revenue days in the period. Revenue days are the number of days the vessel is trading less the number of days vessel is carrying out repairs or is in dry dock. The above figures reflect combined earnings of fleet for both time charters and spot market trading. The spot TCE is calculated on a pro-rata basis for the quarter after final voyages which commenced in Q2 were completed prior to the date of this report.

Future Prospects

- LSC is cautiously optimistic that tanker market will continue to perform well in the immediate future
- Reasons for this optimism :
 - building of more efficient refineries in the eastern hemisphere
 - the advent of petroleum products export market from the USA
 - increased product demand into South America and Africa
- Worldwide economic environment is still finely balanced especially within the European Union
- Both economic growth and ship-owner discipline in refraining from over ordering new tonnage will continue to be key to LSC Group's future success