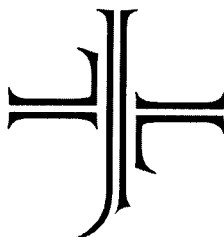


AKCINĖ BENDROVĖ  
"LIETUVOS JŪRŲ LAIVININKYSTĖ"



PUBLIC COMPANY  
"LITHUANIAN SHIPPING COMPANY"

2009-07-10 No. (01)-5-240  
Klaipėda  
Ref. No.

## ANNUAL REPORT 2008

### I. ABOUT THE COMPANY

Akcinė bendrovė "Lietuvos jūrų laivininkystė" (English name - Public company "Lithuanian shipping company") (hereinafter referred to as LJL), company code 110865039, Malūnininkų g. 3, Klaipėda, Tel.: + 370 46 393 105, Fax: + 370 (46) 393 119, E-mail: [gp@ljl.lt](mailto:gp@ljl.lt), founded on 27 June 2001.

Details of registration in the company register:

Date of incorporation: 27 June 2001.

Manager of the register: State Enterprise Center of Registers

Company registration No.: BĮ 01 – 128

Company code: 110865039

Former company code: 1086503

Website: <http://www.ljl.lt>

Branch of economy – sea transport.

23 types of activities are provided in the Articles of Association of the company, whereof the main one is:

50.2. Sea and coastal cargo water transport.

1. The securities of Public Company „Lithuanian Shipping Company“ (LSC) are entered in the Current List of the National Stock Exchange as of 09/07/2001. The National Stock Exchange (NSE) – later Vilnius Stock Exchange (VSE). After VSE Board approved the amendments to the trade rules of AB “Vilniaus vertybinių popierių birža” (Vilnius Stock Exchange) on 18 May 2007, the Current List has been modified to the Supplementary List. Since then, the company has been entered in the Supplementary List.

- the quantity of the issue - 200.901.296 units;

- nominal value - 1 LTL;

- total nominal value of the issue - 200.901.296,00 LTL.

Information about the shareholders, owning over 5 percent of the authorized capital of the company, is given in the annual financial statement.

Since its establishment the Company has been participating in the activities of the Association of Lithuanian Ship Owners and Association of Klaipėda Industrialists, it is a member of BIMCO (The Baltic and International Maritime Council).

1 company shareholders' meeting, 7 board meetings, 1 supervisory board meeting was held, moreover, 2 board decisions were taken in 2008.

## II. DATA RELATED TO SALE OF LJL SECURITIES

Since 9 July 2001, 200.901.296 ordinary registered shares of Public company “Lithuanian shipping company” with nominal value of one Litas (total nominal value 200.901.296 LTL) have been quoted in Vilnius Exchange of Securities (former National Exchange of Securities) in the supplementary sales list.

After new regulations of Vilnius Exchange of Securities came into effect on 30/05/2005, direct deals are calculated as automatically handled deals, together with other deals of central market. The results of the last 8 quarters (each separately) for securities sold by automatic handling deals are given in Table II 1. Sale of issuer’s securities outside the exchange is given in Table II 2.

Sales of the issuer’s securities in other exchange markets or other organized markets shall not be carried out. Over the accounting financial year 2008 the company did not obtain its own shares nor did it transfer them. None of the third parties submitted an official offer to acquire the issuer’s securities. The issuer has not submitted an official offer to obtain securities issued by a third party.

On 1 November 2002, Public company “Lithuanian Shipping Company” signed the Securities service agreement with UAB FMĮ “Jūsų tarpininkas”, A. Mickevičiaus g. 29-3, 44245 Kaunas, Tel.: + 370 37 322 995, Fax: + 370 37 322 373.

Table II.1

**Securities sold in the automatically handled deals, results\* of the last 8 quarters**

Reporting period		Price			Turnover (LTL)			Date of the last session		Bendra apyvarta	
From	To	Max.	Min.	Last session	Max.	Min.	Last session		(units)	(LTL)	
2007 01 01	2007 03 31	0,71	0,56	0,59	322.672	0	8.693	2007 03 31	7.378.103	4.823.176	
2007 04 01	2007 06 30	0,62	0,56	0,59	233.129	0	87.732	2007 06 30	3.355.014	1.979.230	
2007 07 01	2007 09 30	0,63	0,58	0,60	211.734	0	43.800	2007 09 30	3.210.125	1.957.307	
2007 10 01	2007 12 31	0,65	0,57	0,57	272.478	0	1.425	2007 12 30	4.063.110	2.537.589	
2008 01 01	2008 03 31	0,60	0,50	0,54	99.025	0	3.153	2008 03 31	1.861.381	998.559	
2008 04 01	2008 06 30	0,56	0,45	0,49	40.543	0	0	2008 06 30	1.333.941	689.458	
2008 07 01	2008 09 30	0,50	0,35	0,36	908.191	0	43.083	2008 09 30	9.154.554	3.936.928	
2008 10 01	2008 12 31	0,38	0,15	0,24	372.592	0	56.629	2008 12 30	14.805.954	3.187.381	

Table II.2

**Trade in issuers securities outside the exchange market\***

Period	2007				2008			
	I quarter	II quarter	III quarter	IV quarter	I quarter	II quarter	III quarter	IV quarter
<b>Paid in cash</b>								
Turnover, LTL	-	10.8196,10	426.078,70	115.961,72	2.270.060	1.647.564	2.264.116	1.273.675
Turnover, units	-	186.545	734.515	195.799	5.670.379	716.272	6.476.029	4.601.730
Minimal price, LTL	-	0,58	0,58	0,58	0,55	0,33	0,26	0,26
Maximum price, LTL	-	0,58	0,58	0,58	0,29	0,48	0,48	0,42
<b>Paid non-cash</b>								
Turnover, units	909.090	74.836	3.049	28.854	19.364	33.523	49.023	19.882

\*Based on the information on outside exchange market deals during 2008 presented in [www.csdl.lt](http://www.csdl.lt) and bookkeeping by UAB FMĮ „Jūsų tarpininkas“ during 2008.

### III. INFORMATION ABOUT THE MANAGEMENT BODIES OF THE COMPANY

#### Members of management bodies

The supervisory board is a collegial body supervising the activities of the company. The supervisory board is elected by the general shareholders' meeting for the period of 4 years and consists of 5 members. The supervisory board is managed by its chairman. The supervisory board elects a chairman from its members. The number of re-elections of a member of the supervisory board is not limited.

The members of the supervisory board with the period of office going back to 2005, are as follows:

Liudmila Zumerienė, Chair,  
Ona Barauskienė, Member,  
Kazimieras Gimbutis, Member,  
Helena Rogoža, Member,  
Evaldas Zacharevičius, Member.

The board of the company is a collegial management organ of the company, consisting of 5 members. The members of the board are elected by the supervisory board for the period of four years. The board shall elect its chairman from among its members. The number of re-elections of the members of the board of the company and the chairman is not limited.

The members of the board with the period of office going back to 2005, are as follows:

Arvydas Vaitkus, Chair,  
Jelena Antonevič, Member,  
Livita Kretkovskienė, Member,  
Vidutė Šarkienė, Member,  
Vytautas Petras Vismantas, Member.

#### IV. EMPLOYMENT OF THE COMPANY'S VESSELS. SCOPE OF SERVICES. TYPES OF CARGO CARRIED

In the beginning of 2008, there were 15 vessels employed in the company, for the year ended 31/12/2008 – 14. During 2008, the company sold 2 “Kapitan Panfilov” type vessels: “Kapitonas Serafinas”, “Kapitonas Stulpinas” (remaining as of establishment of the company) as well as acquired one 24202 t deadweight (DWT) multipurpose bulky cargo vessel “Venta” (former “Dual Confidence”), built in 1995 in Japan.

The fleet of the company consists of the following vessels:

1. 1 general cargo (“Venta”) – 24202 DWT.
2. 2 general cargo (“Romuva”, “Voruta”) – 17504 DWT each.
3. 2 general cargo “Clipper” type (“Deltuva”, “Raguva”) - 16900 DWT each.
4. 2 multipurpose (“Staris”, “Svilas”) – 9650 DWT each.
5. 1 general cargo (“Skalva”) – 9498 DWT.
6. 1 general cargo (“Alka”) – 7346 DWT.
7. 4 multipurpose “Asta” type (“Asta”, “Akvilė”, “Daina”, “Audrė”) – 5820 DWT each.
8. 1 multipurpose “Uglegorsk” type (“Algirdas”) – 4470 DWT.

The scope of services rendered in 2005 – 2008 is given in Table IV.1, employment of the vessels per year – in Table IV.2, and types of cargo carried – in Table IV.3.

**Scope of services rendered in 2005 – 2008,  
LTL**

Table IV.1

Title	2005	2006	2007	2008
Goods sold and services rendered	96.417.514	102.129.181	91.701.300	87.616.934

**Employment of freighters, average per year**

Table IV.2

Indicator	2006	2006	2007	2007	2008	2008
	In total	Whereof dry cargo	In total	Whereof dry cargo	In total	Whereof dry cargo
Number of vessels employed	18,1	18,1	17,3	17,3	15,3	15,3
Deadweight, thousand tons	220,43	220,43	189,77	189,77	158,67	158,67
<b>Cargo carried, thousand tons</b>	2237	2237	2255	2255	1574	1574

**Types of cargo carried**

Table IV.3

Types of cargo carried	2005	2006	2007	2008
	Percent	Percent	Percent	Percent
Bulky materials	40	59	51	45
Timber products	36	21	24	21
Metals	16	7	20	20
General cargo	8	8		10
Other cargo	-	5	5	4
<b>In total:</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**V. AVERAGE LISTED NUMBER OF EMPLOYEES AND WAGES, PERSONNEL STRUCTURE BY EDUCATION**

The average listed number of employees and wages for the period from 2004 to 2008 are given in Table V.1, company's personnel structure by education for the period from 2004 to 2008 – in Table V.2.

Table  
V.1

**Average number of listed employees and wages**

Personnel group	Average number of listed employees				Average monthly wages (LTL)					
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Executives	10	10	10	10	10	6.607	7.421	6.989*	7.598**	7.715***
Technicians	295	267	272	307	283	2.257	2.489	2.523	2.273	2.837
Workers	257	277	257	222	181	1.362	1.456	1.543	1.473	1.951
<b>In total:</b>	<b>562</b>	<b>554</b>	<b>539</b>	<b>539</b>	<b>474</b>	<b>1.925</b>	<b>2.061</b>	<b>2.142</b>	<b>2.042</b>	<b>2.602</b>

\*Whereof from profit 1754.77 LTL

\*\*Whereof from profit 1163.70 LTL

\*\*\*Whereof profit 1744.55 LTL

**Structure of personnel of the company by educational background 2004-2008**

Table  
V.2

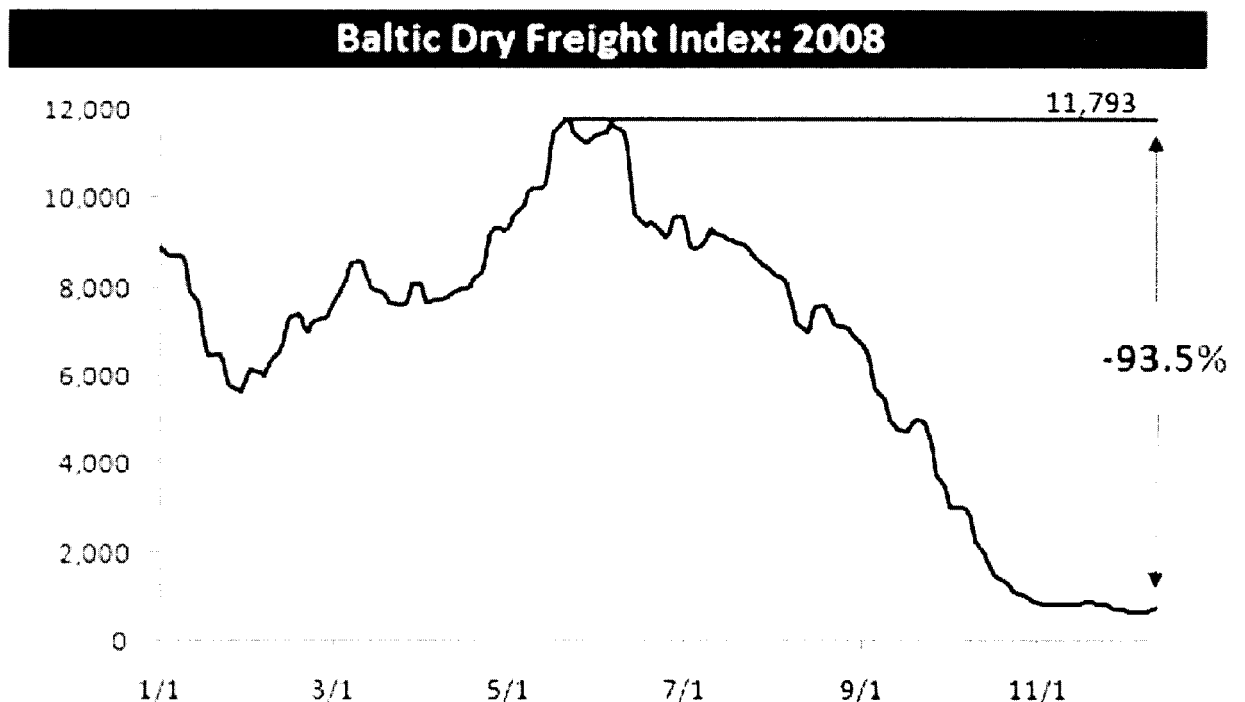
Educational background	Number of employees				
	2004	2005	2006	1st half of 2007	1st half of 2008
University	181	198	201	183	164
Special secondary (college)	179	198	184	177	140
Secondary	202	158	231	222	174
				226	186

## VI. NAVIGATION MARKET

The tendency of particularly intense cyclic recurrence prevailed in 2008. The value of *Baltic Dry Index* (BDI), reflecting the navigation markets, in the beginning of the year was 8580 points, by the end of February it dropped to 5720, later it was increasing, and in May reached the record heights (11793 points), where it was holding out for one and a half months only, and then started falling. The downfall persisted until the end of November, when BDI index reached 815 points, and it remained at the same level until the end of the year.

BDI index reflects the market situation of big vessels – from 170 000 DWT (Cape Size), 75 000 DWT (Panamax), 52 000 DWT (Supramax), and 28 000 DWT (Handy size). Only one vessel of the company, acquired in 2008 – motor vessel “Venta” – is qualified for this segment. The vessel under the time charter was hired by the company “Aug.Bolten Wm.Miller’s Nachfolger.GmbH” in May at the price of 24 400 US dollars per day. The market downfall has directly affected this contract as well. After the market decline by 93,50% in November, the company had to renegotiate the time charter terms with the charterer with regard to the level of 4 600 US dollars per day for the period of two months (-80%). After two months the terms were slightly improved – up to 6,150 US dollars per day.

### 2008 Baltic Exchange Dry Index



The market of vessels with lower deadweight (this type of vessels is the majority in LJL fleet) usually varies much less. Unfortunately, the indexes, calculated for smaller ships, are not available, however, LJL vessel activities demonstrate that the price fluctuations correspond to BDI changes in lower value only. Below is the comparative table of the time charter rates in 2007 and 2008:

