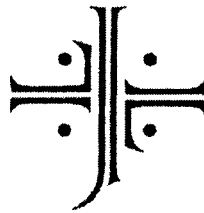


AKCINĖ BENDROVĖ  
"LIETUVOS JŪRŲ LAIVININKYSTĖ"



PUBLIC COMPANY  
"LITHUANIAN SHIPPING COMPANY"

Lietuvos Respublikos Vertybinių popierių  
komisijai  
Konstitucijos pr. 23, LT-08105, Vilnius

Date 2008-08-28 No. (01)-5-344

Our ref \_\_\_\_\_

Your ref \_\_\_\_\_

#### CONFIRMATION OF THE RESPONSIBLE PERSONS

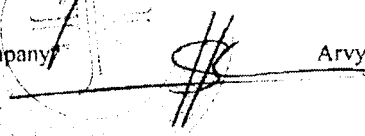
With reference to the Law on Securities of the Republic of Lithuania, Article 22, and the Rules of the Securities Commission of the Republic of Lithuania on preparation and submission of the periodical and further information, we, Vytautas Petras Vismantas, General Director, and Arvydas Stropus, Chief Accountant of the Public Company „Lithuanian Shipping Company“, hereby confirm that to the extent of our knowledge the enclosed financial statement of the Public Company „Lithuanian Shipping Company“ of the first half of 2008, made in accordance with the International Financial Reporting Standards, corresponds to the facts and properly demonstrates the assets, liabilities, financial state, profit, and loss of the Public Company „Lithuanian Shipping Company“.

We further confirm that to the extent of our knowledge the enclosed interim report of the 1<sup>st</sup> half of 2008 contains the properly indicated review of business development and activities of the company as well as the state of the company together with the description of the main risks and uncertainties that the company faces, or specific references thereto.

Enclosed:

Financial statement of the Public Company „Lithuanian Shipping Company“ of the 1<sup>st</sup> half of 2008;  
Interim report of the Public Company „Lithuanian Shipping Company“ of the 1<sup>st</sup> half of 2008;

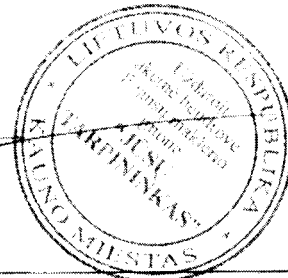
Public Company „Lithuanian Shipping Company“  Vytautas Petras Vismantas  
General Director

Public Company „Lithuanian Shipping Company“  Arvydas Stropus  
Chief Accountant

UAB FMĮ „Jūsų tarpininkas“ hereby certifies that the interim report has been prepared by applying the information, submitted by the Public Company „Lithuanian Shipping Company“. Public Company „Lithuanian Shipping Company“ shall be liable for the propriety of the information submitted. Marius Dubnikovas, Financial broker of UAB FMĮ „Jūsų tarpininkas“, shall be liable for due execution of the interim report as well as putting down of the information that meets the requirements of the laws.

UAB FMĮ „Jūsų tarpininkas“  
Financial Broker

Marius Dubnikovas



Postal Address: Malūninkų 3 LT-92264 Klaipėda Lithuania Tel. +370 46 393 105 Fax. +370 46 393 119

Company code – 110865039 VAT registration – LT108650314

The Company is registered with the Register of Legal Entities of the Republic of Lithuania

**“LITHUANIAN SHIPPING COMPANY”  
(PUBLIC COMPANY)**

**FINANCIAL STATEMENT FOR THE PERIOD ENDED 30  
JUNE 2008**

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 30 June 2008  
(in thousands LTL, if not stated otherwise)**

**EXPLANATORY NOTES**

**General Information**

AB "Lietuvos jūrų laivininkystė" (LJL) is a joint-stock company established after reorganizing AB "Lietuvos jūrų laivininkystė" (LISCO) by way of division. LJL was registered in the Registry of Legal Entities, certificate No. 027245. LJL registration date is 27 June 2001, its company code is 110865039. The address of LJL is Malunininku str. 3, Klaipėda. Main activities of the Company are cargo carrying by sea transport and lease of ships.

The Company's management bodies are general meeting of shareholders, supervisory board, board of directors and head of management.

On 30 June 2008 the Company had 470 employees, of which 57 in coast divisions and 413 on board.

On 30 June 2008 the Company's shareholders were:

	2008-06-30	
	Number of shares	Ownership percent
State Property Fund (VĮ Valstybės turto fondas)	16.669.791	8,3%
Ministry of Transport and Communication	113.833.000	56,66%
„Hansabank clients“	16.289.741	8,1
DFDS TOR LINE A/S	11.108.420	5,5%
Other small shareholders	43.000.344	21,44%

**II. Accounting Policy**

Main principles of accounting, which are the basis of preparation of these financial statements, are set out below. These principles were applied consistently in all presented periods, unless stated otherwise.

In the process of preparing financial statements in accordance with International Financial Reporting Standards, the Company's management have to make estimates and assumptions, which have an effect on the carrying amounts of assets and liabilities as well as on required disclosures

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 30 June 2008  
(in thousands LTL, if not stated otherwise)**

on the reporting date and on amounts of income and expenses recognised during the reporting period. These estimates may vary from the actual results.

( a ) Basis of Preparation

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements are prepared in accordance with the accrual and going concern principles. Following the accrual principle, transactions and other events are recognised and recorded in the accounts when they occur, and are presented in the financial statements of such periods.

The financial statements are prepared assuming that AB "Lietuvos Jūrų Laivininkystė" (LJL) does not have any intentions or requirements to be liquidated or reduce significantly the scope of its operations.

During the reporting period the Company has started to apply all new and revised Standards and Interpretations approved by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC), which are relevant to the Company's operations and become effective from the reporting periods beginning on 1 January 2007.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 4 "Insurance Contracts" related to "Financial Guarantee Contracts" have to be applied in the reporting periods of the Company starting on or after 1 January 2007. The purpose of these amendments is to ensure that the issuers of financial guarantee contracts account for liabilities related to such contracts in their balance sheets. As the Company does not have any transactions of such nature, the application of this Standard did not have any significant effect on the Company's financial statements.

Amendment to IAS 19 related to "Actuarial Gains or Losses, Group's Plans and Disclosures". This amendment is not relevant to the Company;

Amendment to IAS 39 related to "Fair Value Option". This amendment is not relevant to the Company;

Amendment to IAS 21 related to "Net Investment in a Foreign Operation". This amendment is not relevant to the Company;

Amendment to IAS 39 related to "Cash Flow Hedges of Forecast Intragroup Transactions". This amendment is not relevant to the Company;

IFRS 6 "Exploration for and Evaluation of Mineral Resources". This Standard is not relevant to the Company;

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 30 June 2008  
(in thousands LTL, if not stated otherwise)**

IFRIC 4 "Determining Whether an Arrangement Contains a Lease". The Company reviewed its agreements and determined they are not affected by this Interpretation;

IFRIC 5 "Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds". This Interpretation is not relevant to the Company;

IFRIC 6 "Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment". This Interpretation is not relevant to the Company;

Amendment to IFRS "First-time Adoption of International Financial Reporting Standards" and IFRS 6 "Exploration for and Evaluation of Mineral Resources". This amendment is not relevant to the Company;

IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies". The management believe this Interpretation is not relevant to the Company;

IFRIC 8 "Scope of IFRS 2". The management believe this Interpretation is not relevant to the Company;

IFRIC 9 "Reassessment of Embedded Derivatives". The management believe this Interpretation is not relevant to the Company;

IFRIC 11 "IFRS 2: Group and Treasury Share Transactions". The management believe this Interpretation is not relevant to the Company;

IFRIC 12 "Service Concession Arrangements". The management believe this Interpretation is not relevant to the Company.

**( b ) Non-current Assets**

In the financial statements all economic resources controlled by the Company are recognised as assets if the Company can reasonably expect to obtain future economic benefits from using the resources and they have a value which can be measured reliably.

Non-current assets presented in the financial statements are stated at the acquisition or production cost of the assets less their accumulated depreciation and impairment value. In accordance with the procedure for non-currents assets accounting approved on 18 July 2001 by the board of directors, LJI recognises assets as non-current tangible assets if their acquisition value is at least LTL 1000 and they are going to be used for more than one year. Residual value of non-current assets is LTL 1, except for "Akvile", "Asta", "Audre" and "Daina" ships (residual value 9-9,5% of acquisition value), "Alka", "Deltuva" (Clipper Eagle) and "Clipper Falcone", "Venta" ships (10% of acquisition value), "Romuva" (2%), "Voruta", "Svilas" and "Staris" (9,5%) and administrative building (6,3%).

Depreciation is calculated from the first day of the next month having started using a non-current tangible asset; it is discontinued from the first day of the next month after its write-off, sale or

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 30 June 2008  
(in thousands LTL, if not stated otherwise)**

when all value of a non-current asset in use (less the residual value) is transferred into the cost of goods or services. The assets are depreciated on the basis of the straight-line method.

The management determines the useful life of an asset at the moment of acquisition, later it is reviewed every year. Useful life of assets is determined on the basis of past experience related to similar items as well as expected future events, which may affect the useful life.

If repairs of a non-current tangible asset do not upgrade its useful features (nor will these repairs lead to future income), the value of such works is recognised as expenses of the reporting period when they are carried out.

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there are indications of impairment. If such indications are noticed, the recoverable amounts of such assets are determined. A recoverable amount is the higher of an asset's expected net realisable value and its value in use. An impairment loss is recognised if the carrying amount of an asset is higher than its recoverable amount. All losses related to impairment are presented in the income statement.

In accordance with the requirements of classification companies the ships are repaired periodically: every five years the class of ship is confirmed after repairs (SS); three years after SS repairs dock repair works are carried out. LJL writes off repair expenses related to class-certification within 3 years, dock repairs – within 2 years.

Non-current intangible assets are amortised within the period of 3 years.

**( c ) Inventories**

Inventories are accounted for at the lower of cost of purchase and expected net realisable value. In order to determine the cost of inventories sold FIFO method is applied. Net realisable value is estimated as expected selling price less expenses related to the sale.

When inventories are purchased from third parties, their cost of purchase is their purchase price combined with all purchase-related taxes (custom duties, etc.), transportation, preparation for use and other costs directly attributable to the purchase of the inventories, less received discounts and rebates. Insignificant (or stable for several reporting periods) amounts of inventories transportation and preparation for use costs are written off to operating expenses rather than included into the cost of purchase.

**( d ) Amounts Receivable**

On recognition amounts receivable are measured at their fair value. Thereinafter, current amounts receivable are measured taking into account their impairment, non-current amounts receivable are measured at a discounted value less any impairment loss in value.

**( e ) Cash And Cash Equivalents**

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 30 June 2008  
(in thousands LTL, if not stated otherwise)**

Cash comprises cash in hand and in bank accounts. Cash equivalents are liquid investments readily convertible into a known cash amount. The term of these investments is up to three months and they are subject to insignificant risk of changes in value.

In the cash flow statement cash and cash equivalents comprise cash in hand, cash at current accounts, other short-term liquid investments.

**( f ) Liabilities**

Borrowing expenses are written off when they are incurred. At the initial recognition, liabilities are stated at the fair value of received funds less the cost of transaction. Thereinafter, they are accounted for at amortised cost, and the difference between the funds received and amount payable within the period of loan is included into the profit or loss for the period. Liabilities are recognised as non-current if a financing agreement made by the date of the financial statements' approval confirms that they are long-term in substance.

**( g ) Provisions**

Provisions are recognised when and only when the Company has a legal obligation or irrevocable commitment as a result of past events; and it is probable that an outflow of resources embodying economic benefits will be required to settle it; and the amount of obligation can be measured reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the most accurate current estimates. When the time effect on the value of money is significant, the amount of provision is equal to the present value of outflows, which are expected to be required for the settlement of obligation. When discounting is used, an increase in provision reflecting the past period is recorded as interest expenses.

**( h ) Income Tax**

Computation of corporate income tax is based on a yearly profit and is made in accordance with the requirements of the tax laws of the Republic of Lithuania. Deferred income tax is calculated on the basis of temporary differences in the carrying amounts of assets and liabilities in the financial statements and their tax bases. An amount of deferred income tax depends on expected useful lives of assets and future repayments of liabilities and expected tax rates of the corresponding periods. A standard rate of corporate income tax for Lithuanian entities is 15%, however, in 2007 the Company chose to pay a tonnage tax and computes corporate income tax on the basis of ships' payload capacity. Deferred income tax and assets are no longer computed.

In accordance with the amendment of 3 May 2007 of the Law on Corporate Income Tax of the Republic of Lithuania, AB "Lietuvos Jūrų Laivininkystė" chose to calculate a fixed rate corporate income tax for the tax period beginning with 2007 and subsequent tax periods. The base of the fixed rate corporate income tax is calculated for each 100 payload capacity units (CU) of a sea-going vessel by applying a fixed daily amount and multiplying the resulting amount by the number of days in a tax period of a shipping entity.

**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 30 June 2008  
(in thousands LTL, if not stated otherwise)**

**( I ) Revaluation of Currency**

In the accounting records transactions in foreign currencies are stated in the national currency, litas (LTL), in accordance with the official exchange rate of litas and foreign currency announced by the Bank of Lithuania at the transaction date, except for accumulated income and expenses, which are stated based on the official exchange rate of litas and foreign currency announced by the Bank of Lithuania on the last day of the reporting period.

In the balance sheet currency entries are stated in accordance with the official exchange rate of litas and foreign currency announced by the Bank of Lithuania at the date of the financial statements. The Company's owned cash in foreign currencies as well as all amounts receivable and payable in foreign currencies are considered to be currency entries.

Changes in currency entries, which occurred due to changes in the exchange rate of litas and foreign currency announced by the Bank of Lithuania and arose when performing currency transactions or revaluating currency entries registered earlier, are recognised as income or expenses from financial activities of the related reporting period.

**( j ) Income Recognition**

The moment of rendering services is recognised as the moment of earning income. Service provision is completed when the buyer pays for services at once or takes on an obligation to pay for them later without any significant additional conditions (when both parties sign a corresponding document: invoice, delivery note, etc.). Cash received as prepayment is recorded in accounts as an increase in the Company's liabilities to clients. In this case, income is recognised when the services are rendered.

**( k ) Expenses Recognition**

The cost of rendered services is always connected with the services rendered during the reporting period. It comprises a portion of costs incurred during the reporting period in order to render the services sold. When it is impossible to relate directly the costs of the reporting period with earning some specific income and they are not going to earn income in the coming periods, such costs are recognised as expenses of the period when they are incurred.

**( l ) Use of Estimates in Preparation of Financial Statements**

When they prepare the financial statements, the management have to make certain assumptions and estimates, which influence the presented amounts of assets, liabilities, income and expenses and disclosures of contingencies. Significant accounts of these financial statements, which are influenced by estimates, include depreciation, impairment and provisions. Future events may influence the assumptions used to make estimates. The results of such changes in estimates will be presented in the financial statements when they are uncovered.



**Financial statements of AB "Lietuvos Jūrų Laivininkystė" 30 June 2008  
(in thousands LTL, if not stated otherwise)**

( m ) Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed in the financial statements, except for the cases when it is hardly probable that the outflow of economic resources will be required.

( n ) Managing Financial Risks

The Company's transactions are made on international markets in euros and US dollars, therefore, the risk related to fluctuations and changes in foreign currency exchange rates is unavoidable. Credit risk or risk related to the failure of partners to fulfil their obligations is controlled through applying credit terms and control of procedures. The Company does not face a significant credit risk related to any of its partners or partner groups. The Company avoids liquidity risk by keeping a sufficient flow of cash and cash equivalents or receiving financing in a credit form, by planning its cash flows in advance. The Company does not use any financial instruments to mitigate its financial risks.

( o ) Events After the Balance Sheet Date

Events after the balance sheet date, which provide additional information about the Company's position at the balance sheet date (events leading to adjustment), are reflected in the financial statements. Post balance sheet events not leading to adjustment are disclosed in the notes if they are significant.

Financial statements of AB "Lietuvos Jūrų Laivininkystė" 30 June 2008  
(in thousands LTL, if not stated otherwise)

III. Explanatory Notes to Accounts

1. *Non-current Intangible Assets*

Indicators	Computer software
<b>Acquisition cost</b>	
<b>31 December 2005</b>	<b>288,2</b>
Acquisitions	11,2
Write-offs	
Transfers to other accounts	
<b>31 December 2006</b>	<b>299,4</b>
Acquisitions	3,3
Write-offs	1,5
Transfers to other accounts	
<b>31 December 2007</b>	<b>301,2</b>
<b>30 June 2008</b>	<b>301,2</b>
<b>Accumulated amortisation</b>	
<b>31 December 2005</b>	<b>275,1</b>
Calculated during the period	13,5
Write-offs	
Transfers to other accounts	
<b>31 December 2006</b>	<b>288,6</b>
Calculated during the period	6,8
Write-offs	1,5
Transfers to other accounts	
<b>31 December 2007</b>	<b>293,9</b>
<b>Calculated during the period</b>	<b>2,3</b>
<b>30 June 2008</b>	<b>296,2</b>
<b>Carrying amount</b>	
<b>31 December 2005</b>	<b>13,1</b>
<b>31 December 2006</b>	<b>10,8</b>
<b>31 December 2007</b>	<b>7,3</b>
<b>30 June 2008</b>	<b>5,0</b>

Financial statements of AB "Lietuvos Jūrų Laivininkystė" 30 June 2008  
(in thousands LTL, if not stated otherwise)

2. Non-current Tangible Assets, in thousand LTL

Indicators	Buildings and construction	Machinery	Ships	Other vehicles	Repairs	Other tangible assets	Total
<b>Acquisition cost</b>							
<b>31 December 2005</b>	<b>3.737,4</b>	<b>4.631,6</b>	<b>346.32750</b>	<b>726,4</b>	<b>9.402,4</b>	<b>579,2</b>	<b>365.404,5</b>
Acquisitions		1.461,0	43.348,0		1.766,0	36,0	46.611,0
Write-offs		681,0	9.981,0		5.733,0	138,0	16.533,0
Transfers to other accounts							
<b>31 December 2006</b>	<b>3.737,4</b>	<b>5.411,6</b>	<b>379.694,5</b>	<b>726,0</b>	<b>5.435,4</b>	<b>477,2</b>	<b>395.482,5</b>
Acquisitions		1.860,7	66.609,4	75,4	2.310,2	175,7	71.032,9
Write-offs		-1.827,4	-26.549,8		4.236,9	-92,3	-32.706,4
Transfers to other accounts							
<b>31 December 2007</b>	<b>3.737,4</b>	<b>5.444,9</b>	<b>419.754,1</b>	<b>801,8</b>	<b>3.510,2</b>	<b>560,6</b>	<b>433.809,0</b>
Acquisitions		793,8	76.315,1		2.249,9	45,8	79.404,6
Write-offs	<b>64,9</b>	486,6	10.970,5		1.233,4	55,4	12.808,8
<b>30 June 2008</b>	<b>3.672,4</b>	<b>5.754,4</b>	<b>485.098,7</b>	<b>801,8</b>	<b>4.526,7</b>	<b>551,0</b>	<b>500.404,8</b>
<b>Revaluation /impairment</b>							
<b>31 December 2005</b>			<b>-36.886,0</b>				
Revalued (+), impaired (-)							
Depreciated during the period							
<b>31 December 2006</b>			<b>-36.886,0</b>				
Revalued (+), impaired (-)							
Depreciated during the period							
<b>31 December 2007</b>			<b>-36.886,0</b>				
<b>Accumulated depreciation</b>							
<b>31 December 2005</b>	<b>233,0</b>	<b>2.773,0</b>	<b>84.554,0</b>	<b>184,0</b>		<b>348,5</b>	<b>88.092,5</b>
Calculated during the period	57,0	526,0	24.395,0	158,0		52,0	25.188,0
Write-offs		430,0	6.183,0			102,0	6.715,0
Transfers to other accounts							
<b>31 December 2006</b>	<b>290,0</b>	<b>2.869,0</b>	<b>102.766,0</b>	<b>342,0</b>		<b>298,5</b>	<b>106.565,5</b>
Calculated during the period	57,1	786,7	26.522,2	158,9		60,2	27.585,1
Write-offs		-1.216,4	-20.601,4			-51,9	-21.869,7

Transfers to other accounts							
<b>31 December 2007</b>	<b>347,1</b>	<b>2.439,3</b>	<b>108.686,8</b>	<b>500,9</b>		<b>306,8</b>	<b>112.280,9</b>
Calculated during the period	26,8	380,2	12.975,0	84,7		31,5	13.498,2
Write-offs	43,8	364,8	9.840,1			24,8	10.273,5
<b>30 June 2008</b>	<b>330,1</b>	<b>2454,7</b>	<b>111.821,7</b>	<b>585,6</b>		<b>313,5</b>	<b>115.505,6</b>
<b>Carrying amount</b>							
<b>31 December 2005</b>	<b>3.504,4</b>	<b>1.858,6</b>	<b>224.887,5</b>	<b>542,4</b>	<b>9.402,4</b>	<b>232,7</b>	<b>240.426,0</b>
<b>31 December 2006</b>	<b>3.447,4</b>	<b>2.542,6</b>	<b>240.042,5</b>	<b>384,4</b>	<b>5.435,4</b>	<b>178,7</b>	<b>252.031,0</b>
<b>31 December 2007</b>	<b>3.390,3</b>	<b>3.005,6</b>	<b>274.181,3</b>	<b>300,9</b>	<b>3.510,2</b>	<b>253,8</b>	<b>284.642,1</b>
<b>30 June 2008</b>	<b>3.342,3</b>	<b>3.299,5</b>	<b>336.391,0</b>	<b>216,2</b>	<b>4.526,7</b>	<b>237,5</b>	<b>348.013,2</b>

### Ships

At the end of the financial year the non-current tangible assets of LJJ included 14 ships, and administrative building, vehicles and equipment.

Within the first-annual period of 2008 year the vessels – Kapitonas Stulpinas and Kapitonas Serafinas were sold. The m/v Venta was purchased ( about 24,000 t dwd).

8 ships are mortgaged for loans received from SEB Vilniaus bankas (No 12 note)

### 3. Ship Repairs

Ship repairs recognised as assets – LTL 4526,7 thousand  
of which planned write-offs to expenses in:

2008 m.	-	LTL 1025,9thousand
2009 m.	-	LTL 2837,6thousand
2010 m.	-	LTL 663,2 thousand

### 4. Inventories and Prepayments

	2008-06-30	2007-12-31
Spare parts	1141,1	2193,1
Food provision on ships	180,9	136,4
Prepayments	7032,0	8926,1
<b>Total:</b>	<b>8354,0</b>	<b>11255,6</b>

### 5. Amounts Receivable

	2008-06-30	2007-12-31
Trade debtors	86,7	81,1
Foreign trade debtors	654,8	503,8
Amounts receivable from State budget	38,2	39,8
Prepayments to ships	144,2	164,3
Other amounts receivable	287,8	172,3

Total:	1211,7	961,3
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In 2008-06-30 the foreign trade debtors included the amount of LTL 325,5 thousand related to the damage of cargo of the motor ship "Skalva" (at the beginning of 2006). This amount is covered by insurance, so insurance companies were examining the circumstances of the cargo damage and the amount should be repaid to the Company.

#### 6. Other Current Assets

	2008-06-30	2007-12-31
Fixed-time deposits	13933,3	21955,0
Other current assets	274,1	-
Total:	14207,4	21955,0

Fixed time deposit reduced due to purchase of the m/v Venta in May 2008. The purchase was partly secured by cash payment from the LJJ funds.

#### 7. Cash and Cash Equivalents

	2008-06-30	2007-12-31
Cash in national currency	94,6	122,0
Cash in banks in foreign currencies	3517,2	864,3
LJJ's cash in hand in national currency	4,3	9,9
LJJ's cash in hand in foreign currencies	27,4	38,3
Total:	3643,5	1034,6

#### 8. Capital

	Authorised capital	Share premiums	Total
31 December 2007	200901,3	-	200901,3
New emission of shares	-	-	-
Acquisition of own shares	-	-	-
30 June 2008	200901,3	-	200901,3

On 30 June 2008 the Company's authorised capital consisted of 200 901 296 ordinary registered shares. A nominal value of each share in LTL 1.

#### 9. Reserves

	2008-06-30	2007-12-31
Compulsory legal reserves	20090,1	10467,3
Reserve for acquisition of ships	29594,0	9599,5
Reserve for employees' bonuses	150,0	150,0
Reserve for social and cultural activities	50,9	30
Total:	49885,0	20246,9

When the reserve for employees' bonuses is used, it is cancelled by the decision of the shareholders by increasing the retained earnings. Bonuses paid to employees are included into the income statement. In 2008 the new reserves will be confirmed by the shareholder's meeting.

#### **10. Retained Earnings (Losses)**

	2008-06-30	2007-12-31
Balance at the beginning of the year	30137,1	11314,8
Net profit (loss) for the year	29806,7	30137,1
allocated to dividends (transferred to amounts payable)	-499,0	-1149,5
allocated to other reserves	-29794,8	-9779,5
cancelled reserves	-	180
allocated to compulsory legal reserve	-9622,8	-565,7
Balance at 30 June 2008	29806,7	30137,2

#### **11. Financial Liabilities (to credit institutions)**

	2008-06-30	2007-12-31
Payable after one year	76438,1	44345,9
Payable within one year	6678,7	16689,9
<b>total</b>	<b>83116,8</b>	<b>61035,8</b>
Balance of loans at the beginning of the year	61035,8	39514,2
Loans received	51775,3	48540,3
Loans repaid	-25881,7	-21732,9
Effect of exchange rates	-3812,6	-5285,8
Balance of loans at 30 June 2008	83116,8	61035,8

All financial liabilities of LJL to banks are secured by assets. 8 ships with the carrying amount of LTL 224898,0 thousand are mortgaged. The increase in loans in 2008 was caused by the acquisition of ships "Venta" in May. The loan for the acquisition of these ships was received from AB SEB bankas. Loan repayment term is set till -2015.

#### **12. Income Tax Liabilities**

	2008-06-30	2007-12-31
Corporate income tax payable at the beginning of the year	91,3	2.067,3
Calculated corporate income tax		91,3
Paid corporate income tax		-2.067,3
Corporate income tax payable at the	91,3	91,3

end of the year

### 13. Liabilities Related to Employment Relations

	2008-06-30	2007-12-31
Provision for annual leaves (salaries)	1702,6	1377,7
Provision for annual leaves (social insurance)	527,5	426,8
Payable salaries	940,5	
Payable social insurance contributions	430,6	354,2
Amount payable to guarantee fund	2,5	2,2
Paid corporate income tax	30,0	-
<b>Total</b>	<b>3633,7</b>	<b>2160,9</b>

### 14. Provisions

	2008-06-30	2007-12-31
Provisions for not received invoices	965,0	896,6

### 15. Other Amounts Payable

	2008-06-30	2007-12-31
Debts to agents	0,1	152,6
Debts to suppliers	2842,0	1236,4
Prepayments from clients	3625,2	2519
Dividends payable	115,9	103,2
Liabilities related to freight	339,9	167,4
Accrued expenses	92,9	191,6
Other liabilities	18,9	16
<b>Total</b>	<b>7034,9</b>	<b>4386,2</b>

Other payable amounts (debts relating to suppliers) have been increased on 2008-06-30 due to invoices received from agents, suppliers (including for the repairs, insurance- LTL 1349,8 thousand). The invoices will be settled in July 2008.

### 16. Sales

Sales revenue, LTL thousand	2008-06-30	2007-06-30	%
Time charter income	42680,5	47257,6	90,3
Other time charter income	28,0	41,4	67,6
Freight income from short-term agreements	-		

Total:	42708,5	47299,0	90,3
--------	---------	---------	------

Time charter income decreased due to a lower number of ships, as well as due to the decrease in the exchange rate of the dollar. In 2008 all ships operated on the basis of time charter agreements.

### 17. *Financing and Investing Activities*

	2008-06-30	2007-06-30	%
Received interest	540,9	291,3	185,7
Positive effect of changes in exchange rates	2356,5	1268,6	185,8
Paid interest	(1567,0)	(1868,6)	83,9
Negative effect of changes in exchange rates			
Total:	1330,4	-368,7	-

### 18. *Profit (Earnings) per Share*

Profit per share is calculated by dividing the net profit of the period belonging to the owners of the shares LTL 747828 by the number of ordinary shares at the end of the period – 200901296.

### 19. *Related Party Transactions*

The Company regards the members of the board of directors, Director General, ship park management director, technical director, director of finance, chief accountant and members of their families as related parties.

### 20. *Statement of Changes in Equity*

On 2008-06-30 the Company's equity was of 280593,0 thousand LTL. The company equity increased by 29307,0 thousand LTL as compared with the beginning of the reported year because of higher legal and other reserves.

### 21. *Cash Flow Statement*

On 2008-06-30 cash flow decreased by 5412,8 thousand LTL as compared with beginning of the reported year, because the purchased m/v Venta were partly paid from Company own funds.

General Director



Vytautas Vismantas



AB "Lietuvos jūrų laivininkystė"

(enterprise name)

110865039, Malūnininkų g.3, LT-92264 Klaipėda

(enterprise identification number, address, other information)

**APPROVED**

by General meeting of shareholders

Minutes No.....

of .... .., 200..

**PROFIT(LOSS) STATEMENT as of 30 June, 2008**

2008.01.01 - 2008.06.30

(reporting period)

LTL

(currency of financial statement)

No.	Items	Note No	30 June, 2008	30 June, 2007
<b>I.</b>	<b>SALES REVENUE</b>	<b>16</b>	<b>42.708.505</b>	<b>47.298.996</b>
<b>II.</b>	<b>EXPENSES</b>			
II.1.	Personnel expenses		16.127.700	15.056.661
II.2.	Ship maintenance expenses		10.601.612	12.525.748
II.3.	Ship repair expenses		6.643.442	5.786.910
II.4.	Other administrative and selling expenses		701.979	605.282
	<b>Total expenses</b>		<b>34.074.733</b>	<b>33.974.601</b>
	<b>Profit (earnings) before depreciation (EBITDA)</b>		<b>8.633.772</b>	<b>13.324.395</b>
III	Profit from sales of ships		33.343.567	10.956.821
IV.1	Depreciation of ships		13.347.115	13.482.097
IV.2	Depreciation of other assets		153.921	187.780
	<b>Profit (earnings) before interest (EBIT)</b>		<b>28.476.303</b>	<b>10.611.339</b>
V.1	Effect of changes in exchange rates (profit)	<b>17</b>	2.356.523	1.208.611
V.2	Net interest expenses	<b>17</b>	1.026.092	1.577.349
	<b>Profit before tax</b>		<b>29.806.734</b>	<b>10.242.601</b>
VI.	Income tax		0	1.685.673
	<b>NET PROFIT</b>		<b>29.806.734</b>	<b>8.556.928</b>
	<b>Profit (earnings) per share, LTL</b>	<b>18</b>	<b>0,1484</b>	<b>0,0426</b>

General Director

Vytautas Vismantas

**AB "Lietuvos jūrų laivininkystė"**

(enterprise name)

110865039, Malūnininkų g.3, LT-92264 Klaipėda

(enterprise identification number, address, other information)

**APPROVED**

by General meeting of shareholders

Minutes No.....

of .... .., 200..

**BALANCE SHEET as of 30 June 2008**

(date of formation of financial statements)

2008.01.01 - 2008.06.30

(reporting date)

**LTL**

(currency of financial statement)

	<b>ASSETS</b>	Note, No	<b>30 June 2008</b>	<b>31 December 2007</b>
<b>A.</b>	<b>NON-CURRENT ASSETS</b>		<b>348.018.182</b>	<b>284.649.428</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>	<b>1.</b>	<b>4.986</b>	<b>7.321</b>
I.1.	Development work			
I.2.	Goodwill			
I.3.	Licenses and patents			
I.4.	Computer software	<b>1.</b>	4.986	7.321
I.5.	Other intangible assets			
<b>II.</b>	<b>TANGIBLE ASSETS</b>	<b>2.</b>	<b>348.013.196</b>	<b>284.642.107</b>
II.1.	Land			
II.2.	Buildings and constructions		3.342.295	3.390.316
II.3.	Machinery		3.299.488	3.005.585
II.4.	Vehicles and other transport means		216.218	300.703
II.5.	Ships		336.390.997	274.181.522
II.6.	Repairs	<b>3.</b>	4.526.705	3.510.224
II.7.	Other tangible assets		237.493	253.757
<b>III.</b>	<b>FINANCIAL ASSETS</b>			
III.1.	Investments in subsidiaries and associates			
III.2.	Loans to subsidiaries and associates			
III.3.	Amounts receivable after one year			
III.4.	Other financial assets			
<b>IV.</b>	<b>ASSETS OF DEFERRED INCOME TAX</b>			<b>0</b>
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>27.416.669</b>	<b>35.206.567</b>
<b>I.</b>	<b>INVENTORIES PREPAYMENTS and CONTRACTS IN PROGRESS</b>	<b>4.</b>	<b>8.354.001</b>	<b>11.255.591</b>
I.1.	Inventories		1.321.985	2.329.470
I.1.1.	Raw materials and components		1.321.985	2.329.470
I.1.2.	Work in progress			
I.1.3.	Finished goods			
I.1.4.	Goods for resale			
I.2.	Prepayments		7.032.016	8.926.121
I.3.	Contracts in progress			
<b>II.</b>	<b>AMOUNTS RECEIVABLE WITHIN ONE YEAR</b>	<b>5.</b>	<b>1.211.710</b>	<b>961.320</b>
II.1.	Trade amounts receivable		981.646	591.313
II.2.	Receivable from subsidiaries and associates			
II.3.	Other amounts receivable		230.064	370.007
<b>III.</b>	<b>OTHER CURRENT ASSETS</b>	<b>6.</b>	<b>14.207.464</b>	<b>21.955.027</b>
III.1.	Current investments			0
III.2.	Time deposits		13.933.320	21.955.027
III.3.	Other current assets		274.144	
<b>IV.</b>	<b>CASH and CASH EQUIVALENTS</b>	<b>7.</b>	<b>3.643.494</b>	<b>1.034.629</b>
	<b>TOTAL ASSETS :</b>		<b>375.434.851</b>	<b>319.855.995</b>

	<b>EQUITY AND LIABILITIES</b>	Note No	30 June 2008	31 December 2007
<b>C.</b>	<b>EQUITY</b>		<b>280.593.025</b>	<b>251.285.249</b>
<b>I.</b>	<b>CAPITAL</b>	<b>8.</b>	<b>200.901.296</b>	<b>200.901.296</b>
I.1.	Authorised (subscribed)		200.901.296	200.901.296
I.2.	Subscribed uncalled share capital (-)			
I.3.	Share premium			
I.4.	Own shares (-)			
<b>II.</b>	<b>REVALUATION RESERVE (RESULTS)</b>			
<b>III.</b>	<b>REZERVES</b>	<b>9.</b>	<b>49.884.995</b>	<b>20.246.868</b>
III.1.	Legal reserve		20.090.130	10.467.329
III.2.	Reserve for acquiring own shares			
III.3.	Other reserves		29.794.865	9.779.539
<b>IV.</b>	<b>RETAINED PROFIT (LOSSES)</b>	<b>10.</b>	<b>29.806.734</b>	<b>30.137.085</b>
IV.1.	Profit (loss) of the reporting year		29.806.734	30.137.085
IV.2.	Profit (loss) of the previous year			
<b>D.</b>	<b>GRANTS and SUBSIDIES</b>			
<b>E.</b>	<b>AMOUNTS PAYABLE and LIABILITIES</b>		<b>94.841.826</b>	<b>68.570.746</b>
<b>I.</b>	<b>NON - CURRENT AMOUNTS PAYABLE AND LIABILITIES</b>		<b>76.438.071</b>	<b>44.345.861</b>
I.1.	Financial debts	<b>11.</b>	<b>76.438.071</b>	<b>44.345.861</b>
I.1.1.	Leases and similar obligations			
I.1.2.	To credit institutions	<b>11.</b>	76.438.071	44.345.861
I.1.3.	Other financial debts			
I.2.	Trade amounts payable			
I.3.	Amounts received in advance			
I.4.	Provisions			
I.4.1.	For covering liabilities and demands			
I.4.2.	For pensions and similar obligations			
I.4.3.	Other provisions			
I.5.	Deferred taxes			0
I.6.	Other amounts payable and non-current liabilities			
<b>II.</b>	<b>CURRENT AMOUNTS AND LIABILITIES</b>		<b>18.403.755</b>	<b>24.224.885</b>
II.1.	Current portion of non-current debts			
II.2.	Financial debts	<b>11.</b>	6.678.693	16.689.873
II.2.1.	To credit institutions	<b>11.</b>	6.678.693	16.689.873
II.2.2.	Other debts			
II.3.	Trade amounts payable		2.842.100	1.388.989
II.4.	Amounts received in advance		3.625.206	2.518.960
II.5.	Profit tax liabilities	<b>12.</b>	91.309	91.309
II.6.	Liabilities related to employment relations	<b>13.</b>	3.633.796	2.160.948
II.7.	Provisions	<b>14.</b>	965.000	896.573
II.8.	Other amounts payable and current liabilities	<b>15.</b>	567.651	478.233
	<b>TOTAL EQUITY AND LIABILITIES :</b>		<b>375.434.851</b>	<b>319.855.995</b>

General Director



Vytautas Vismantas

**AB "Lietuvos jūrų laivininkystė"**

(enterprise name)

110865039, Malūnininkų g.3, LT-92264 Klaipėda

(enterprise identification number, address, other information)

**CASH FLOW STATEMENT as of 30 June, 2008**

2008-01-01 - 2008-06-30

(reporting period)

**APPROVED**

by General meeting of shareholders

Minutes No. ....

of ..... 200...

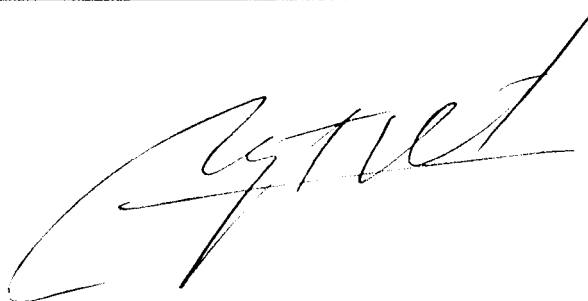
LTL

*(currency of financial statement)*

No.	Items	Note No	30 June, 2008	30 June, 2007
<b>I.</b>	<b>Cash flows from operating activities</b>			
I.1.	Net profit (loss)		29.806.734	8.556.928
I.2.	Depreciation and amortisation expenses		13.501.036	13.669.878
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventories		1.007.484	-382.275
I.5.	Decrease (increase) in advance payments received		1.894.105	-1.311.851
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade receivables		-390.332	-145.314
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		139.942	-25.776
I.10.	Decrease (increase) in other current assets		-274.144	-679.067
I.11.	Increase (decrease) in non-current payables to suppliers and advance payments received			
I.12.	Increase (decrease) in payables to suppliers and advance payments received		2.559.357	1.249.943
I.13.	Increase (decrease) in payable profit tax		0	52.744
I.14.	Increase (decrease) in liabilities to employees		1.472.848	927.951
I.15.	Increase (decrease) in provision		68.427	2.442.707
I.16.	Increase (decrease) in other amounts payable and liabilities		89.419	121.763
I.17.	Elimination of results of financing and investing activities		486.226	1.112.313
	<b>Net cash flows from operating activities</b>		<b>50.361.102</b>	<b>25.589.944</b>
<b>II.</b>	<b>Cash flows from investing activities</b>			
II.1.	Acquisition of non-current assets (excluding investment)		-77.154.714	-64.965.571
II.2.	Transfer of non-current assets (excluding investment)		284.925	3.677.780
II.3.	Acquisition of long-term investments			
II.4.	Transfer of long-term investments			
II.5.	Loans granted			
II.6.	Loans recovered			
II.7.	Dividends and interest received			
II.8.	Other increase in cash flows from investing activities			
II.9.	Other decrease in cash flows from investing activities			
	<b>Net cash flows from investing activities</b>		<b>-76.869.789</b>	<b>-61.287.791</b>
<b>III.</b>	<b>Cash flows from financing activities</b>			
III.1.	Cash flows related to the owners of enterprise:		-486.226	-1.112.313
III.1.1.	Issue of shares			
III.1.2.	Owner's contributions to cover losses			
III.1.3.	Purchase of own shares			
III.1.4.	Dividends paid		-486.226	-1.112.313

No.	Items	Note No	30 June, 2008	30 June, 2007
III.2.	Cash flows related to other financing sources		22.081.029	37.780.397
III.2.1.	Increase in financial debts		51.775.300	48.540.300
III.2.1.1	Loans received		51.775.300	48.540.300
III.2.1.2	Issue of bonds			
III.2.2.	Decrease in financial debts		-29.694.271	-10.759.903
III.2.2.1	Loans received		-25.881.712	-9.281.050
III.2.2.2	Issue of bonds		-3.812.559	-1.478.853
III.2.2.3	Interest paid			
III.2.2.4	Payments of lease (financial lease) liabilities			
III.2.3.	Increase in other enterprise liabilities			
III.2.4.	Decrease in other enterprise liabilities			
III.3.	Other increase in cash flows from financial activities		1.857.565	59.137
III.4.	Other decrease in cash flows from financial activities			
	<b>Net cash flows from financing activities</b>		<b>23.452.368</b>	<b>36.727.221</b>
<b>IV.</b>	<b>Cash flows from extraordinary items</b>		0	0
IV.1.	Increase in cash flows from extraordinary items			
IV.2.	Decrease in cash flows from extraordinary items			
<b>V.</b>	<b>The effects of changes in foreign exchange rates on the balance of cash and cash equivalents</b>		<b>-2.356.523</b>	<b>-1.208.611</b>
<b>VI.</b>	<b>Net increase (decrease) in cash flows</b>		<b>-5.412.842</b>	<b>-179.237</b>
<b>VII.</b>	<b>Cash and cash equivalents at the beginning of period</b>		<b>22.989.656</b>	<b>13.614.256</b>
<b>VIII.</b>	<b>Cash and cash equivalents at the end of period</b>		<b>17.576.814</b>	<b>13.435.019</b>

General Director



Vytautas Vismantas

AB "LIETUVOS JŪRŲ LAIVININKYSTĖ"

(enterprise name)

110865039, Malūnininkų 3 LT-92264, Klaipėda

(enterprise identification number, address, other information)

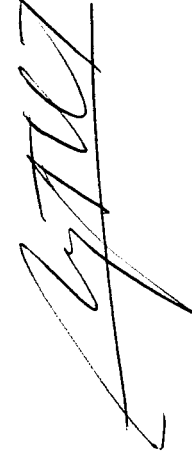
STATEMENT OF CHANGES IN EQUITY AS OF 30 JUNE 2008

2008.01.01 -2008.06.30  
(reporting date)

LTL

	Share capital	Reserves provided by the law		Other reserves	Retained earnings (losses)	Total
		Legal	Acquisition of own shares			
<b>Balance as of December 31, 2006</b>	200,901,296	9,901,591		180,000	11,314,752	222,297,639
Net profit (loss) of the accounting period					8,556,927	8,556,927
Dividends					-1,149,475	-1,149,475
Formed reserves		565,738		9,779,539	-10,345,277	
Used reserves				-180,000	180,000	
<b>Balance as of June 30, 2007</b>	200,901,296	10,467,329		9,779,539	8,556,927	229,705,091
<b>Balance as of December 31, 2007</b>	200,901,296	10,467,329		9,779,539	30,137,085	251,285,249
Net profit (loss) of the accounting period					29,806,734	29,806,734
Dividends					-498,958	-498,958
Formed reserves		9,622,801		29,794,865	-39,417,666	
<b>Balance as of June 30, 2008</b>	200,901,296	20,090,130		39,574,404	20,027,195	280,593,025

General Director



Vytautas Vismantas

**PUBLIC COMPANY “LITHUANIAN SHIPPING COMPANY”**



**INTERIM REPORT OF THE 1<sup>ST</sup> HALF OF  
2008**

**KAUNAS, 2008**

## I. GENERAL DATA CONCERNING ISSUER

### 1. REPORTING CYCLE, FOR WHICH THE INTERIM REPORT HAS BEEN PREPARED

Interim report of Public Company "Lithuanian Shipping Company" for the 1<sup>st</sup> half of 2008 has been prepared for the period from 1 January 2008 to 30 June 2008.

### 2. ISSUER AND HIS CONTACT DETAILS (NAME, JURIDICAL FORM, DATE AND PLACE OF REGISTRY, COMPANY CODE, OFFICE ADDRESS (WHEN ADDRESSES OF REGISTERED AND FACTUAL OFFICES ARE DIFFERENT, INDICATE BOTH), TELEPHONE, FAX NUMBERS, E-MAIL ADDRESS, WEB PAGE ADDRESS)

Issuer's name: in Lithuanian Akcinė bendrovė "Lietuvos jūrų laivininkystė", in English Public company "Lithuanian shipping company".

Authorised capital: 200.901.296 litas.

Office address: Malūnininkų g. 3, LT - 92264 Klaipėda, the Republic of Lithuania.

Telephone: + 370 (46) 393 105.

Fax: + 370 (46) 393 119.

E-mail: [gd@ljl.lt](mailto:gd@ljl.lt).

Juridical form of the organization: legal entity – public company.

Details in the Docket of Company registry Office :

Date of registry: 27<sup>th</sup> June, 2001.

Docket keeper: State owned company Registry Center

Company registry No.: BĮ 01 – 128

Company code: 110865039

Previous company code: 1086503

Web page: <http://www.ljl.lt>

### 3. THE OBJECTIVE OF THE ISSUER'S MAIN BUSINESS (NATURE)

Business type - marine transport.

Company Business Objective. The Company has 23 business types intended in its statutes, there is also the main, which is being actually implemented:

61.10. Marine and coast water transport.

### 4. INFORMATION ON AGREEMENTS WITH AGENTS RELATED TO PUBLIC TURNOVER OF SECURITIES

On 1<sup>st</sup> November, 2002 the public company "Lithuanian shipping company" signed an agreement for handling securities with UAB FMĮ "Jūsų tarpininkas", A. Mickevičiaus g. 29-3, 44245 Kaunas, tel.: + 370 (37) 322 995, fax.: + 370 (37) 322 373.

### 5. DATA RELATED TO SALES OF THE ISSUER'S SECURITIES IN REGULATED MARKETS (THE NAME OF THE REGULATED MARKET, THE NUMBER OF SECURITIES PRESENTED FOR SALE)

Since 9<sup>th</sup> July, 2001 200.901.296 ordinary registered shares of the public company "Lithuanian shipping company" with nominal value of one litas (bendroji nominalioji vertė 200.901.296 Lt) have been quoted in Vilnius Exchange of Securities (former National Exchange of Securities) in the current 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.



Financial statement of Public Company "Lithuanian Shipping Company" for the period ended 30 June 2008 (in thousands of Litas, if not indicated otherwise) and interim report of the 1<sup>st</sup> half of 2008

**The results of the last 8 quarters (each separately) for securities sold by automatic handling deals**

Reporting cycle		Price			Turnover (Lt)			Date of the last session	Total turnover	
From	To	Max	Min.	Last session	From	To	Max.	Min.	Last session	From
2006 07 01	2006 09 30	0,55	0,48	0,52	530.000	0	10.400	2006 09 30	5.927.973	3.010.147
2006 10 01	2006 12 31	0,64	0,49	0,62	238.281	0	4.650	2006 12 30	4.851.946	2.667.978
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	0,55	99.026	0	3.154	2008 03 31	1.861.381	998.559
2008 04 01	2008 06 30	0,55	0,54	0,48	40.544	0	6.760	2008 06 30	781.654	388.522

**Sales of issuer's securities outside the Exchange**

Period	3 <sup>rd</sup> quarter of 2006	4 <sup>th</sup> quarter of 2006	1 <sup>st</sup> quarter of 2007	2 <sup>nd</sup> quarter of 2007	3 <sup>rd</sup> quarter of 2007	4 <sup>th</sup> quarter of 2007	1 <sup>st</sup> quarter 2008	2 <sup>nd</sup> quarter 2008
<b>Cash payment</b>								
Turnover, LTL	194.695,05	3.717.913,21	-	10.8196,10	426.078,70	115.961,72	-	-
Turnover, units	487.783	10.481.563	-	186.545	734.515	195.799	-	-
The lowest price, LTL	0,25	0,00	-	0,58	0,58	0,58	-	-
The highest price, LTL	0,51	0,41	-	0,58	0,58	0,58	-	-
<b>Non-cash requital</b>								
Turnover, units	23.636	165.045	909.090	74.836	3.049	28.854	41.325	15.745

Information prepared in accordance with [www.csdl.lt](http://www.csdl.lt) information announced in on deals made outside exchange over the 1<sup>st</sup> half of 2008 as well as the report over the 1<sup>st</sup> half of 2008 conducted by UAB FMĮ „Jūsų tarpininkas“.

**Sales of the Issuer's securities in other Exchange parlours or other organized markets shall not be carried out. Over the 1<sup>st</sup> half of 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.**

**6. IMPARTIAL OVERVIEW OF THE COMPANY STATE, ITS WORK PERFORMANCE AND EXPANSION, DESCRIPTION OF THE MAIN TYPES OF RISKS GENERALITIES MET BY THE COMPANY**

Substantial alterations within the 1<sup>st</sup> half of 2008 are given herein. Non-mentioned information, which did not contain any alterations within the accounting period, is available in item 6 of the annual report for the year ended 2007.

## ABOUT THE COMPANY

Public company "Lithuanian shipping company" (LJL, Company code 110865039, Malūnininkų g. 3, Klaipėda) founded on 27<sup>th</sup> June, 2001, upon reorganization of the Public Company "Lithuanian Shipping Company" (LISCO), company number 4035584, by way of division in accordance with the Law on Companies of the Republic of Lithuania of 5 July 1994 No. I-528 (as amended and supplemented), Article 10, Part 4, Item 2. Authorized capital of Public Company "Lithuanian Shipping Company" amounts to 200,9 million LTL.

**Address of the company is registered at Malūnininkų g. 3, LT-92264 Klaipėda.**

**Website of the company is [www.ljl.lt](http://www.ljl.lt).**

The Company securities have been included in NVPB current sales list since 09.07.2001:

- 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 of the company is given in the General part of the Explanatory letter of the Financial statement of Public Company "Lithuanian Shipping Company" of 30 June 2008.

As of the beginning of establishment, the company has been engaged in the activities of the Lithuanian Shipowners' Association and Klaipėda Association of Industrialists, it is also the member of BIMCO (The Baltic and International Maritime Council).

The main activities of the company (50.20) – Maritime and coastal cargo water transport.

According to the activity development strategy of the company, one of the main tasks is the implementation of the shipping development as well as renovation program.

**In order to ensure stable and predictable results of shipping operation as well as reduce the risk of losses to the maximum, the vessels of the Lithuanian Shipping Company are hired on the *time-charter* basis in cooperation with the charterers with goodwill, who are able to ensure their financial solvency. Lithuanian Shipping Company do not develop the container shipping, since they do not have the vessels with the required speed, which are fairly expensive and the type of activities – very risky.**

In the beginning of 2008, there were 15 vessels operating in the company, in the end of the first half of the year (30/06/2008) - 14 vessels. During 2008, the company sold 2 remaining "K. Panfilov" type vessels: "K. Serafinas" and "K. Stulpinas", as well as acquired one multipurpose bulky cargo vessel "Venta" (former "Dual Confidence"), built in 1995, in Japan, 24202 t DWT. The credit in the amount of 23 million US dollars was taken from the bank for the acquisition of the vessel. The vessel was acquired on 09/05/2008 for 33,9 million US dollars (76,3 million LTL).

Currently Lithuanian Shipping Company own 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.

## MANUFACTURING (SERVICE) CHARACTERISTICS

### Total quantity of services provided, LTL

Title	2005	2006	2007	1 <sup>st</sup> half of 2008
Items sold and services provided	96.417.514	102.129.181	91.701.300	42.708.505

### Use of cargo ships, average quantity per year

Title of the indicator	2006	2006	2007	2007	1 <sup>st</sup> half of 2008	1 <sup>st</sup> half of 2008
	Total	Dry load	Total	Dry load	Total	Dry load
Number of operating ships	18,1	18,1	17,3	17,3	14,7	14,7
Their deadweight, thousands of tons	220,43	220,43	189,77	189,77	160,1	160,1
<b>Cargo transported, thousands of tons</b>	<b>2237</b>	<b>2237</b>	<b>2255</b>	<b>2255</b>	<b>797</b>	<b>797</b>

The efficiency of the operation (working efficiency) of the vessels is demonstrated by the income per 1 DWT, which was higher in the 1<sup>st</sup> half of 2008.

### Types of cargo transported

Types of cargo transported	2005	2006	2007	1 <sup>st</sup> half of 2008
	Percent	Percent	Percent	Percent
Bulk cargo	40	59	51	60
Timber	36	21	24	7
Metals	16	7	20	3
General cargo	8	8	-	10
Cargo of other type	-	5	5	20
<b>Total:</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## 7. ANALYSIS OF FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS

### ACTIVITY RESULTS FOR 1st HALF OF 2008

According to non-verified data of auditors, during the first half of 2008 Lithuanian Shipping Company received 29.8 million LTL of gross profit. Gross profit received amounted to a bigger sum than it was planned by 14.9 million LTL (99.9 %).

In 2008 the Company earned 80.3 million LTL of income, including 42.7 million LTL from the fleet activity, 34.7 million LTL from selling old used vessels and the warehouse that do not comply with needs as

well as 2.9 million LTL from financial activity (interests from banks, profit from foreign exchange operations. Lithuanian Shipping Company received income more than it planned by 17.9 million LTL, including 1.6 million LTL from fleet activity, 13.5 million LTL from selling old vessels and the warehouse and 2.8 million LTL from financial activity due to unplanned profit from foreign exchange operations.

In Lithuanian Shipping Company the main income is earned by the fleet. Having sold the fleet services 42.7 million LTL, or 53 % of the Company's sales were earned. In 2008 amount of sales was smaller than in 2007 by 4.6 million LTL, since the vessels were operating less than 768 days, although time-charter equivalent for the day is bigger by 3,188 Lt. Drop in US dollar rate had influenced decrease in income.

All vessels of Lithuanian Shipping Company had been working according to time charter agreements. In 2008 income from vessels day rent (time-charter equivalent) – 4,963 euro, (17,137 Lt). Time-charter equivalent comparing with the previous year period is bigger by 923 euro or 3,188 Lt and comparing with the budget is bigger by 219 euro, or 755 Lt.

The Company earns the main income in Euros and US dollars. Income from fleet activity in US dollars amounts to 44 % on the average. In 2008 US dollar on the average equaled to 2.2586 Lt (in June – 2.2215 Lt), when in 2007 on the average it equaled to 2.5977 Lt (in June – 2.5737 Lt).

Expenditures of the Company on income earning amounted to 50.5 million LTL, including fleet expenditures – 44.1 million LTL (87 %), general and administrative expenditures – 3.5 million LTL (7 %), financial expenditures or interests expenditures of credits for vessel purchase – 1.5 million LTL (3 %), residual values of vessels and warehouse sold – 1.3 million LTL (3 %).

LJL expenditures according to corresponding articles are allocated as follows: 17.9 million LTL (35 %) are vessels operating costs, repair, other administration and sales costs, 16.1 million LTL (32 %) – employees' expenses, 13.5 million LTL (27 %) – vessels and other property wear, 1.3 million LTL (3 %) – residual values of old vessels and warehouse sold, 1.6 million LTL (3 %) – interests for credits for vessel purchase paid to the bank.

While examining all component parts of the company's expenses, we will review certain predominating parts of those according to significance for the Company a bit wider.

Personnel expenses in 2008 amounted to 16.1 million LTL (32 %). The main employee hiring expenses (84 %) consist of vessel crews' employee costs.

13.5 million LTL or 27 % of the Company's expenses consist of depreciation expenses, 2.0 million LTL or 4 % - insurance costs. This is practically fleet expenses.

During the 1<sup>st</sup> half of 2008 there were 5 vessels repaired out of 8 planned. In 2008 vessels repair costs amounted to 6.1 million LTL, unforeseen repair – 0.4 million LTL. Spare parts expenses amounted to 2.8 million LTL. Repair and spare parts expenses amounted to 9.3 million LTL, that comprises 18 % of the company's expenses are bigger than estimated due to repair for vessels "Daina" 0.3 million LTL, "Staris" 0.3 million LTL, "Raguva" 0.2 million LTL.

**Off-hire (non-received rent due to vessel breakdown, failures, arrests, etc.) amounted to 1.0 million LTL, 2%, or 1.9 % of Lithuanian Shipping Company fleet costs. Causes of off-hire are technical and commercial. Off-hire due to technical causes amounts to 0.9 million LTL (94 %).**

**While managing its monetary resources the Company received interests from banks and pays to the banks for credits and other services. In 2008 the Company received 0.5 million LTL of income for deposits and paid 1.6 million LTL of interest to the bank for credit for vessel purchase. Amount of interests paid to the bank is less than planned due to drop in US dollar exchange rate and due to reduced LIBOR in US dollars, which is the currency for the greatest part of credits of Lithuanian Shipping Company.**

In 2008 the Company refunded 25.9 million LTL of credit to the bank. Debt of the Company to the bank for credits for vessel purchase in the end of reporting period (30.06.2008) amounted to 83.1 million LTL. In the summer 2008 credit contract for 23.0 million US dollars credit for purchase of "Dual Confidence" vessel was made.

## **8. REFERENCES AND SUPPLEMENTARY EXPLANATIONS ON THE DATA SUBMITTED IN FINANCIAL STATEMENT**

All data, given in the financial statement, is calculated under International Standards of Financial Accountability.

## **9. INFORMATION ABOUT THE ACQUIRED AND POSSESSED SHARES OF THE COMPANY**

The Company has not acquired any shares during the accounting period.

## **10. PLANS AND FORECASTS OF THE ACTIVITY OF THE COMPANY**

**Following the Strategic Activity Plan approved by the Board of the public company " Lithuanian Shipping Company ":**

### **THE MISSION OF THE COMPANY AND STRATEGIC OBJECTIVES**

The mission of the Company is cargo transportation by international sea and ocean routes, in a qualified way and in due time, following the rules and standards accepted in international navigation and the laws of the Republic of Lithuania, meeting properly the interests of shareholders, maintaining the competitiveness, assuring the accountability of the service suppliers of the Company, environmental protection, staff security, salaries and wages under market conditions.

The objectives of the Company are divided into two parts:

1. Financial objectives are as follows:
  - more rapid income growth,
  - the cutback of ship maintenance costs.
2. Strategic goals are as follows:
  - activities in expensive and stable transportation market,
  - safe navigation,
  - minimal number of ship detentions in foreign ports.

The worldwide navigation business is very sensitive to diverse factors.

Political factors, making impact on international navigation market in line with our Company, like international conflicts (for example, the war in Iraq), assassinations and their expansion, piracy, civil wars (in some regions of Africa). Due to these factors prices on fuel and oil products are growing up. Implementation of measures against terrorism in ports and ships enhances the self cost prices of ship services.

#### Economic factors.

**The demand for world park of dry cargo ships.** During the last three years the demand on dry cargo transportation services, measuring in tons per a mile, has grown up. This growth, expressed in tons per a mile, was even bigger than not such apparent growth of dry cargo trade volumes, reflecting the growing globalization of world economy and enhancing the integration of Brazil, Russia, India and China (BRIC) into global trade, with relevantly growing transportation distances (for example, transportation of iron ore from Brazil to China, bauxite from Australia to Russia and etc).

Social factors. The Company cares about ecological factors very much. According to the VI annex of MARPOL convention the ships sailing in the Baltic and the North Seas shall employ the fuel with the amount of sulphur not exceeding 1, 5 percent ; therefore fuel storing and preparation systems have been updated. The relevant investments were necessary. The prices on fuel with the 1,5 percent of sulphur boosted by 10 percent in comparison with fuel oil, having 3,5 percent of sulphur. The possibilities to buy it at any port reduced.

At the end of 2005 the demand for younger personnel, i.e. seafarers, appeared. For the meantime it is still not very relevant, but in future the deficiency of some qualified seafarers of certain specialties (for example, a motorman – turners, a seaman – welder) may occur.

Technological factors. Rapid development of informational technologies in navigation and ship service activities should be highlighted. Therefore the Company had to allot rather big sums of money for implementation of state of the art communication devices on boards and renovation of information technology devices in the coast divisions.

Analysis of internal factors. Since the establishment of the Company in 27-06-2001 its structure has been constantly improved. After reorganization of LISCO, LJI received 620 seafarers (113 persons more than necessary) and 92 employees in coast divisions. While improving the structure of the Company, the number of seafarers and part – time employees of coast divisions has been reduced.

### ACTIVITY TASKS OF THE COMPANY FOR IMPLEMENTATION OF OBJECTIVES

In order to achieve more rapid income growth it is necessary to:

Acquire ships with bigger cargo capacity. The task of ship park renovation has been solved since 2002. From the start of the Company, when the main goal was to survive, it has been considered that modern ships and ships with bigger capacity could operate more efficiently. While renovating the ship park the Company pursues to solve another task, i.e., to have at least two ships of the same type. Such a demand of minimal ship group in the market is better.

Presently ships with capacity of 24 000 - 26 000 dwt can be employed receiving 18 000 – 22 000 USA dollars per a day. This equals to the total tariff of such ships as "Alka", "Algirdas", "Kapitonas Serafinas". The maintenance costs of such ship should equal to maintenance costs of two above mentioned ships.

In 2008 the Company is planning to acquire for 33,9 million USA dollars the ship constructed in 1995, with the capacity of 24 200 dwt, over 150 meters in length and 26 meters in beam. For this purpose the Company will take the loan from the bank and sell old ships at the auction, two "K. Panfilov" type ships "Kapitonas Serafinas" and "Kapitonas Stulpinas", built in 1980 – 1981.

### III. OTHER INFORMATION ABOUT THE ISSUER

#### 11. THE STRUCTURE OF AUTHORIZED CAPITAL OF THE ISSUER

The key characteristics of shares of the issuer

Name of Securities	ISIN code of Securities	Amount of emission	Nominal value	Total nominal value	The part in authorized capital, percent
ORS	LT0000125999	200.901.296 units	1 LTL	200.901.296 LTL	100 %

The way of issuance of the securities into public circulation of the securities is reorganization. The transfer restrictions of the shares of the issuer are not applicable.

**12. SHAREHOLDERS (THE TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDERS OWNING OR POSSESSING UNDER THE PROPERTY RIGHT OVER 5 PERCENT OF ISSUER'S AUTHORIZED CAPITAL (NAMES AND SURNAMES OF PHYSICAL ENTITIES, NAMES OF ENTERPRISES, JURIDICAL FORMS, ENTERPRISE CODES, ADDRESSES OF THE COMPANY) AT THE END OF ACCOUNTING PERIOD (INDICATE THE CONCRETE DATE, THE AMOUNT OF SHARES BELONGING TO SHAREHOLDERS UNDER THE PROPERTY RIGHTS ACCORDING TO CLASSES, THE PART OF AUTHORIZED CAPITAL AND VOTES IN PERCENTAGE (INDICATE SEPARATELY THE PERCENTAGE OF VOTING SHARES**

**BELONGING TO EVERY PERSON UNDER THE PROPERTY RIGHTS AND THE PERCENTAGE OF INDIRECT VOTES)**

The total number of shareholders in the Company on the 28 th of April 2008 ( the day of ordinary or accounting meeting) was 1710.

A shareholder on the day of the meeting for reporting (28 April 2008) owning or controlling more than 5 percent of the authorized capital of the issuer by the title of ownership.

Share holders	The number of ordinary registered shares, units		The part of authorized capital and votes, in percents		
	totally	including share possessed by a share holder on the property right		totally	including shares possessed by a share holder on the property right
<b>The Ministry of Transport and Communications</b>	113.833.000	113.833.000	56,66	56,66	-
<b>Hansabank Clients**</b>	16.289.741	16.289.741	8,11	8,11	-
<b>SE "State Property Fund" ***</b>	16.669.791	16.669.791	8,30	8,30	-
<b>DFDS A/S****</b>	10.414.449	10.414.449	5,18	5,18	-

- \* - The Ministry of Transport and Communications of the Republic of Lithuania , enterprise code 188620589, address Gedimino pr. 17, Vilnius.
- \*\* - Hansabank Clients enterprise code 14066488, address Liivalaia, Tallinn.
- \*\*\* - SE "State Property Fund" , enterprise code 110073154, address Vilniaus g. 16, Vilnius.
- \*\*\*\* - DFDS A/S enterprise code 14194711, address Sundkrogsgade 11, Copenhagen, Denmark.

Small share holders under the property right owned 21,75 percent of shares.

**13. SHAREHOLDERS WITH SPECIAL CONTROL RIGHTS AND THE DESCRIPTION OF THESE RIGHTS**

The share holders have no special control rights.

**14. ALL LIMITATIONS OF VOTING RIGHTS (FOR EXAMPLE, LIMITATIONS OF VOTING RIGHTS FOR PERSONS WITH A CERTAIN PERCENTAGE OR AMOUNT OF VOTES, DEADLINES OF VOTING RIGHTS OR SYSTEMS UNDER WHICH THE PROPERTY RIGHTS GRANTED BY SECURITIES ARE SEPARATED FROM SECURITIES POSSESSION)**

The restrictions of the voting rights are not applicable to the shares, held by the issuer.

**15. ALL MUTUAL AGREEMENTS BETWEEN THE SHAREHOLDERS, KNOWN TO THE ISSUER AND DUE TO WHICH THE TRANSFER OF THE SECURITIES AND (OR) VOTING RIGHTS CAN BE RESTRICTED**

Share holders have no mutual agreements the issuer is aware of and due to which the transfer of securities or voting rights may be limited.

**16. PERSONNEL (THE AVERAGE NUMBER OF PERSONNEL, CHANGES DURING THE LAST FISCAL YEAR, REASONS DETERMINING IMPORTANT CHANGES (OVER 10 PERCENT), GROUPING OF PERSONNEL ACCORDING TO THEIR EDUCATION, THE NUMBER OF TOP SPECIALISTS AND WORKERS AND THE AVERAGE EARNINGS OF THE RELEVANT GROUP WITHOUT INCOME DEDUCTION, SPECIAL RIGHTS AND OBLIGATIONS OF ISSUER'S EMPLOYEES OR PART OF THEIR STIPULATED UNDER LABOR OR COLLECTIVE AGREEMENTS)**

**PERSONNEL MANAGEMENT**

On June 30, 2008 there were 470 employees working in the Company, including 57 – in on-shore divisions and 413 – in the fleet (correspondingly on June 30, 2007 - 528 employees, including 61 - in on-shore divisions and 467 – in the fleet; on December 31, 2007 - 517 employees, including 63 in on-shore divisions and 454 – in the fleet).

During 6 months of 2008 84 employees were dismissed, including – 2 masters, 6 first officers, 2 second officers, 2 third mates, 3 chief engineering officers, 3 second engineering officers, 4 third engineers, 6 electrical officers, 20 AB seamen, 4 boatswains, 9 machinists, 6 cooks, 4 guards, 2 watchmen/service providers, 1 economist, 1 accountant, 1 engineer, 7 trainees, 1 watch engineer.

Causes of employee dismissals:

**Art. 125 of LR Labor Code (upon parties' agreement) – 21 employees; Art. 126 of LR Labor Code (upon expiration) – 40 employees; Art. 12(1) of LR Labor Code (upon employee's request) – 14 employees; upon end of practical training period – 7 employees; Art. 124(3) of LR Labor Code (upon employee's death) - 1 employee, Art. 129(2) of LR Labor Code (upon employer's initiative) - 1 employee.**

During 6 months of 2008 36 employees were employed, including 2 second officers, 2 third mates, 2 second engineering officers, 2 third engineers, 1 chief engineering officer, 1 electrical officer, 1 watch engineer, 11 AB seamen, 4 machinists, 1 watchman/service provider, 1 supplier, 8 trainees.

Apart of employees dismissed according to the following articles: Art. 126 of LR Labor Code (upon expiration) and upon end of practical training period (total of 44), change in employees does not exceed 10 %, although the Company faced certain problems with human resources. These are: absence of qualified human resources on the market or lack of certain specialists, their limited training, their departure to work in foreign fleets, number of employees of older/preretirement age left after privatization, hard conditions of work comparing with on-shore, port work, smaller salary comparing to the salary on vessels registered in countries of convenient flag, etc.

System of seamen training is completely not oriented towards work in Lithuanian national navigation companies, although educational institutions are financed from Lithuanian budget.

Number of employees was influenced by changes in work organization as well: After selling the warehouse guards were dismisses. Also, need in the crew changes depending on number and size of vessels.

During the first half of 2008 140 of the Company's employees had 2554 days-off due to sickness.

**Average number of employees in the list and salary**

**The average number of employees and earnings**

The group of employees	The average number of employees					The average earnings, LTL				
	2005	2006	1 <sup>st</sup> half of 2007	2007	1 <sup>st</sup> half of 2008	2005	2006	1 <sup>st</sup> half of 2007	2007	1 <sup>st</sup> half of 2008
Administration	10	10	10	10	10	7.421	6.989*	6.938**	7.598***	7.625****
Specialists	267	272	280	307	282	2.489	2.523	2.390	2.273	2724
Workers	277	257	234	222	186	1.456	1.543	1.548	1.473	1961



Financial statement of Public Company "Lithuanian Shipping Company" for the period ended 30 June 2008 (in thousands of Litas, if not indicated otherwise) and interim report of the 1<sup>st</sup> half of 2008

<b>In total:</b>	<b>554</b>	<b>539</b>	<b>524</b>	<b>539</b>	<b>478</b>	<b>2.061</b>	<b>2.142</b>	<b>2.101</b>	<b>2,042</b>	<b>2529</b>
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\* including the profit

1754.77 LTL

\*\* including the profit

1693.57 LTL

\*\*\* including the profit

1163.70 LTL

\*\*\*\* including the profit

1450,63 LTL

### The structure of employees according to their education 2005 – 2007

Education	The number of employees				
	2005	2006	1 <sup>st</sup> half of 2007	2007	1 <sup>st</sup> half of 2008
Higher	198	201	183	164	164
Special secondary (college)	198	184	177	149	140
Secondary	158	231	222	226	174

## 17. THE ORDER OF CHANGING THE ARTICLES OF THE ISSUER

The Law on Stock Companies of the Republic of Lithuania stipulates that the change of the Articles is an exclusive right of the general meeting of shareholders. The Articles of the company stipulate that resolution concerning the change of the Articles is adopted under the majority of votes of 2/3 part of shareholders participating at the meeting. Providing for the resolution to change the Articles of the Company was adopted by the general meeting of shareholders, the total text of amended Articles is made down and signed by the person authorized by the general meeting of share holders.

## 18. BODIES OF THE ISSUER (THEIR EMPOWERING, THE ORDER OF THE APPOINTMENT AND CHANGE OF BODY MEMBERS)

The bodies of the company are as follows:

1. General shareholders' meeting;
2. Supervisory board;
3. Board;
4. Manager of the company.

**General shareholders' meeting** is the supreme body of the company.

The general shareholders' meeting shall have the exclusive right to:

1. amend the Articles of Association of the company, unless otherwise provided for by the Law on Companies of the Republic of Lithuania;
2. elect the members of the Supervisory Board;
3. remove the Supervisory Board or its members;
4. select and remove the firm of auditors, set the conditions for auditor remuneration;
5. determine the class, number, nominal value and the minimum issue price of the shares issued by the company;
6. approve the annual accounts;

7. take a decision on profit/loss appropriation;
8. take a decision on the formation, use, reduction and liquidation of reserves;
9. take a decision to issue convertible debentures;
10. take a decision to withdraw for all the shareholders the right of pre-emption in acquiring the shares or convertible debentures of a specific issue of the company;
11. take a decision to increase the authorised capital;
12. take a decision to reduce the authorised capital, except where otherwise provided for by the Law on Companies of the Republic of Lithuania;
13. take a decision for the company to purchase own shares;
14. take a decision on the reorganisation or division of the company and approve the terms of reorganisation or division;
15. take a decision to transform the company;
16. take a decision to restructure the company;
17. take a decision to liquidate the company, cancel the liquidation of the company, except where otherwise provided by the Law on Companies of the Republic of Lithuania;
18. elect and remove the liquidator of the company, except where otherwise provided by the Law on Companies of the Republic of Lithuania.

The general shareholders' meeting may also decide on other matters assigned within the scope of its powers by the Articles of Association of the company, unless these have been assigned under the Law on Companies of the Republic of Lithuania within the scope of powers of other organs of the company and provided that according to their essence these are not the functions of the management organs.

**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 number of reelections of the members of the Supervisory Board and the chairmen is not limited. The supervisory board is managed by its chairman. The supervisory board elects a chairman from its members.

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 suitability of the board members for their office;
2. supervise the activities of the board and the manager of the company;
3. submit its comments and proposals to the general shareholders' meeting on the operating strategy, annual accounts, draft of profit appropriation and the annual report of the company as well as the activities of the board and the manager of the company;
4. submit its proposals to the board and the manager of the company to revoke their decisions which are not in conformity with the laws and other legal acts, Articles of Association of the company or the decisions of the general shareholders' meeting;
5. address other issues assigned within its powers by the Articles of Association of the company as well as by the decisions of the general shareholders' meeting regarding the supervision of the activities of the company and its managing organs.

**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 reelections of the members of the board of the company and the chairman is not limited.

The board shall consider and approve:

1. The operating strategy of the company;
  - 1.1. the annual report of the company;
  - 1.2. the management structure of the company and the positions of the employees;
  - 1.3. the positions to which employees are recruited by holding competitions;
  - 1.4. regulations of branches and representative offices of the company;
  - 1.5. the procedure of procurement of the goods, works, and services.
2. The board shall take the following decisions:

- 2.1. decisions for the company to become an incorporator or a member of other legal entities;
  - 2.2. decisions to open branches and representative offices of the company;
  - 2.3. decisions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the company (calculated individually for every type of transaction);
  - 2.4. decisions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the company (calculated for the total amount of transactions);
  - 2.5. decisions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the authorised capital of the company;
  - 2.6. decisions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the authorised capital of the company;
  - 2.7. decisions to restructure the company in the cases laid down in the Law on Restructuring of Enterprises of the Republic of Lithuania;
  - 2.8. decisions to enable the manager of the company to enter into transactions (except for the following transactions: derivative financial instruments, currency purchase-sale, vessel as well as vessel maritime risk insurance) with the value higher than 2 000 000 LTL (excluding the taxes) and work procurement transactions with the value higher than 3 000 000 LTL (excluding the taxes).
  - 2.9. other decisions within the powers of the board as prescribed by the Articles of Association or the decisions of the general shareholders' meeting.
3. Before adopting the decision to invest funds or other assets into another legal entity, the board must notify thereof the creditors with which the company failed to settle within the prescribed time limit, if the aggregate debt to these creditors exceeds 1/20 of the authorised capital of the company.
  4. The board shall analyse and evaluate the documents submitted by the manager of the company on:
    - 4.1. the implementation of the operating strategy of the company;
    - 4.2. the organisation of the activities of the company;
    - 4.3. the financial status of the company;
    - 4.4. the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.
  5. The board shall analyse and assess the company's draft annual statements and draft of profit/loss appropriation and shall submit them to the supervisory board and the general shareholders' meeting together with the annual report of the company. The board shall determine the methods used by the company to calculate the depreciation of tangible assets and the amortisation of intangible assets.
  6. It shall be the duty of the board to convene and organise general shareholders' meetings in due time.
  7. Members of the board shall be under duty not to divulge any commercial (industrial) secrets of the company which they learned serving on the board.
  8. The board shall timely arrange the general shareholders' meetings and ensure due organization thereof.

**The manager of the company** is the director general of the company and a single-person management organ of the company.

1. The director general of the company shall organise daily activities of the company, hire and dismiss employees, conclude and terminate employment contracts with them, provide incentives and impose penalties.
2. The director general of the company shall set the rates used for calculating asset depreciation in the company.
3. The director general of the company shall act on behalf of the company and shall be entitled to enter into the transactions at his own discretion. The director general of the company may conclude the transactions referred to in item 51 of the Articles of Association, provided that there is a decision of the board.
4. The director general of the company shall be responsible for:
  - 4.1. the organisation of activities and the implementation of objects of the company;
  - 4.2. the drawing up of the annual statements and the drafting of the annual report of the company;
  - 4.3. the conclusion of the contract with the firm of auditors;

4.4. the submission of information and documents to the general shareholders’ meeting, the supervisory board and the board in cases laid down in the laws or at their request;

4.5. the submission of documents and particulars of the company to the manager of the Register of Legal Entities;

4.6. the submission of the documents of a public limited liability company to the Securities Commission and the Central Securities Depository of Lithuania;

4.7. the publication of information referred to in the laws in the daily indicated in the Articles of Association;

4.8. the submission of information to shareholders;

4.9. the fulfilment of other duties laid down in the laws and legal acts as well as in the Articles of Association and the staff regulations of the manager (director general) of the company.

**19. THE MEMBERS OF COLLEGIAL BODIES, THE HEAD OF THE COMPANY, THE CHIEF FINANCIER (NAMES AND SURNAMES, DATA ABOUT THEIR PARTICIPATION IN THE AUTHORIZED CAPITAL OF THE ISSUER, THE BEGINNING AND THE END OF THE TERMS OF OFFICE OF EVERY PERSON, INFORMATION ABOUT THE SUMS OF MONEY REMUNERATED BY THE ISSUER DURING THE ACCOUNTING PERIOD, ANOTHER TRANSFERRED PROPERTY AND GRANTED GUARANTEES TO THESE PERSONS, TOTAL AND AVERAGE AMOUNTS FOR ONE COLLEGIAL BODY MEMBER, THE HEAD OF THE COMPANY AND THE CHIEF FINANCIER)**

**The supervisory board of the public company “Lithuanian Shipping Company”:**

**The members of the supervisory board, the terms of the office whereof have been lasting since 30 September 2005, were:**

Name, surname	Position	Amount of shares	Share of votes, in percent	Participation in the activities of other enterprises
Liudmila Zumerinė	the chairman of supervisory board	-	-	the chairman of the Board of the company “Railways of Lithuania”; SE International Vilnius Airport – the chairman of the Board; SE Air Navigation - the chairman of the Board the company “ The ferry terminal of Smiltynė” – the chairman of Supervisory Board
Evaldas Zacharevičius	the member of supervisory board	21081	0,01	does not participate
Ona Barauskienė	the member of supervisory board	-	-	does not participate
Helena Ragoža	the member of supervisory board	-	-	does not participate
Kazimieras	the member of	1000	0,001	

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Gimbutis	supervisory board			does not participate
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**The board of the public company "Lithuanian Shipping Company":**

**The members of the board, the terms of the office whereof have been lasting since 21 October 2005, were:**

Name, surname	Position	Amount of shares	Share of votes, in percent	Participation in the activities of other enterprises
Arvydas Vaitkus	the chairman of the board	-	-	the chairman of the Board of SE "Klaipeda State Seaport Authority" the member of the Board of the company "Railways of Lithuania"; the chairman of the Board of the company "The ferry terminal of Smiltynė"
Jelena Antonevič	the member of the board	-	-	does not participate
Livita Kretkovskienė	the member of the board	-	-	does not participate
Vidutė Šarkienė	the member of the board	-	-	the member of the Board of the company "Detonas"
Vytautas Vismantas	the member of the board	16400	0,01	does not participate

**Authority of the public company "Lithuanian Shipping Company":**

Name, surname	Position	Amount of shares	Share of votes, in percent	Participation in the activities of other enterprises
Vytautas Vismantas	the director general	16400	0,01	does not participate

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				participate
Arvydas Stropus	the accountant-general	-	-	does not participate
Sigutė Noreikaite	the director for finances	-	-	does not participate
Viktoras Čepys	technical director	12093	0,01	does not participate
Ivan Šalajev	the director for fleet management	-	-	does not participate

\*The members of governing bodies have never been convicted. The beginning of the terms of office of every member is 27-06-2002, excluding Sigute Noreikaite, whose the terms of office started in 09-03-2001.

**Information about remunerations and loans granted to the director general and the accountant-general:**

Title	Wages 1 <sup>st</sup> half of 2007	Wages 1 <sup>st</sup> half of 2008	Average monthly wages of the employee 1 <sup>st</sup> half of 2007	Average monthly wages of the employee 1 <sup>st</sup> half of 2008
Director General and Accountant-General	126003,00	153323,00	10501,00*	12776,93**

\* 1<sup>st</sup> half of 2007, including the profit in the amount of 1798,83

\*\*1<sup>st</sup> half of 2008, including the profit in the amount of 1861,58

Indicated data are only about the issuer's employees (information about the members of supervisory board and other members of the board who are not the issuer's employees is not submitted).

During the accounting period the members of governing bodies were not granted any loans, allowed guarantees assuring the performance of their commitments.

**20. ALL IMPORTANT AGREEMENTS WHERE ONE OF THE PARTIES IS THE ISSUER AND WHICH SHOULD COME INTO FORCE, CHANGE OR TERMINATE IN CASE OF THE CHANGE OF THE ISSUER'S CONTROL AND THEIR IMPACT, EXCLUDING THE CASES WHEN DUE TO THE NATURE OF THE AGREEMENT THE DISCLOSURE OF THEM SHOULD CAUSE A GREAT DAMAGE TO THE ISSUER**

The issuer has not concluded such type of agreements.

**21. ALL AGREEMENTS OF THE ISSUER AND THE MEMBERS OF ITS BODIES OR EMPLOYEES, ANTICIPATING THE COMPENSATION IN CASE THEY SHOULD RESIGN OR SHOULD BE DISMISSED WITHOUT ANY REASONABLE CAUSE OR IN CASE THEIR ACTIVITY SHOULD CEASE DUE TO THE CHANGE OF THE ISSUER'S CONTROL**

The issuer and the members of its bodies have no such type of agreements anticipating the compensation in case they should resign or should be dismissed without any reasonable cause or in case their activity should be ceased due to the change of the issuer's control.

**22. LARGER TRANSACTIONS OF RELATED PARTIES – THE SUM OF THESE TRANSACTIONS, THE NATURE OF RELATIONS OF THE RELATED PERSONS AND OTHER INFORMATION ABOUT TRANSACTIONS THAT IS NECESSARY IN ORDER TO REALIZE THE FINANCIAL STATE OF THE COMPANY, IF SUCH TRANSACTIONS ARE SIGNIFICANT OR THEY WERE CONDUCTED NOT UNDER USUAL MARKET CONDITIONS. THE CONCEPTION "RELATED PERSON" HAS THE SIMILAR MEANING AS IN THE ACCOUNTING STANDARDS APPLIED BY THE ISSUER**

There were no larger transactions of related parties.

**23. INFORMATION ABOUT THE COMPLIANCE TO THE MANAGEMENT CODE OF THE COMPANIES**

The Public Company "Lithuanian Shipping Company" follows the recommendations of the management code of listed stock companies, approved by Vilnius Stock Exchange.

**24. THE DATA ABOUT PUBLICATION OF INFORMATION**

Date	The essential event
28/03/2008	<p align="center"><b>Ordinary general shareholders' meeting of Public Company "Lithuanian Shipping Company"</b></p> <p>Agenda of the meeting:</p> <p>Concerning the annual report of the company for the year ended 2007.            Concerning the results of inspection of the financial statement for the year ended 2007 (auditor's conclusion).            Concerning the approval of the financial statement for the year ended 2007.            Concerning the cancellation of the reserve of 2007 in the amount of 9 779 539 LTL.            Concerning the allocation of profits and losses of 2007.</p>
18/04/2008	<p align="center"><b>Resolution drafts of the general shareholders' meeting of the public company "Lithuanian Shipping Company"</b></p> <ol style="list-style-type: none"> <li>1. The annual report of Public Company "Lithuanian Shipping Company" for the year ended 2007 has been heard.</li> <li>2. The auditor's conclusion has been heard.</li> <li>3. To approve the financial statement of the company for the year ended 2007, according to which the asset of the company for the year ended 31 December 2007 amounts to 319 855 995 LTL, owner's equity - 251 285 249 LTL, net profit of the economic year - 30 137 085 LTL.</li> <li>4. To allocate the reserve of 2007 in the amount of 9 779 539 LTL.</li> <li>5. To approve the allocation of profits and losses of the company (LTL):</li> </ol> <p>Retained earnings (losses) of the previous financial year in the end of the accounting financial year - 00 LTL;            Net profit (loss) of the accounting financial year - 30 137 085 LTL;</p>

	<p>Transfer from the reserves – 9 779 539 LTL;  Distributable profit (loss) in total – 39 916 624 LTL;  Profit share to the legal reserve – 9 622 801 LTL;  Profit share for investment (for the acquisition of the vessels) – 29 095 084 LTL;  Profit share for the dividends – 997 916 LTL;  Profit share for the social cultural needs – 50 823 LTL;  Profit share for the personnel bonus– 150 000 LTL;  Dividends: 0,005 LTL (EUR 0,0014) per one share;</p>
<p>25/04/2008</p>	<p style="text-align: center;"><b>Concerning the dividends of Public Company "Lithuanian Shipping Company" for 2007</b></p> <p>The board of Public Company "Lithuanian Shipping Company" in the draft profit allocation, published on 18/04/2008, suggested to allocate 2,5% (997916 LTL) of distributable profit of 2007 for the dividends. The Government of the Republic of Lithuania by the resolution No. 377 of 24/04/2008 authorized the representative of the Ministry of Communication (controlling 56,66% of the shares) to offer allocating 1,25% (498958 LTL) for the dividends and vote for that at the shareholders' meeting of the company on 28/04/2008. The dividends per one share - 0,0025 LTL.</p>
<p>29/04/2008</p>	<p style="text-align: center;"><b>Resolutions of the general shareholders' meeting of the public company "Lithuanian Shipping Company"</b></p> <ol style="list-style-type: none"> <li>1. The annual report of Public Company "Lithuanian Shipping Company" for the year ended 2007 has been heard.</li> <li>2. The auditor's conclusion has been heard.</li> <li>3. To approve the financial statement of the company for the year ended 2007, according to which the asset of the company for the year ended 31 December 2007 amounts to 319 855 995 LTL, owner's equity - 251 285 249 LTL, net profit of the economic year - 30 137 085 LTL.</li> <li>4. To allocate the reserve of 2007 in the amount of 9 779 539 LTL.</li> <li>5. To approve the allocation of profits and losses of the company (LTL):</li> </ol> <p>Retained earnings (losses) of the previous financial year in the end of the accounting financial year - 00 LTL;  Net profit (loss) of the accounting financial year - 30 137 085 LTL;  Transfer from the reserves – 9 779 539 LTL;  Distributable profit (loss) in total – 39 916 624 LTL;  Profit share to the legal reserve – 9 622 801 LTL;  Profit share for investment (for the acquisition of the vessels) – 29 095 084 LTL;  Profit share for the dividends – 498 958 LTL;  Profit share for the social cultural needs – 50 823 LTL;  Profit share for the personnel bonus– 150 000 LTL;  Dividends: 0,005 LTL per one share;</p>



28/05/2008	<b>Interim financial statement of Public Company "Lithuanian Shipping Company" for the period ended 31/03/2008</b>
04/06/2008	<b>Revised annual information of Public Company "Lithuanian Shipping Company" for the year ended 2007</b>

**25. MAIN EVENTS THAT HAVE TAKEN PLACE DURING THE FIRST SIX MONTHS OF THE FINANCIAL YEAR AND INFLUENCE THEREOF ON THE INTERIM FINANCIAL STATEMENT, AS WELL AS INFORMATION ABOUT THE MAIN RISKS AND CONTINGENCIES DURING THE NEXT SIX MONTHS OF THE FINANCIAL YEAR**

Substantial events during the accounting period that had influence on the interim financial statement are specified in the explanatory letter of the financial statement, interim report, as well as published in accordance with the determinate order.

**Information about the main risks:**

1. As for each shipping company – water pollution, especially with oil products and working in the region of the USA. This risk factor is more connected with the vessel accident possibility. However, the vessels are covered with insurance in case of an accident and consequences thereof, therefore, this does not have great influence on the financial results of the company.
2. The risk to get into the war zone or be attacked by the pirates. The company, seeking to avoid this, define the non-passage zones in the vessel hire contracts or bypass such regions.
3. Illegal access onboard. Though this risk is subject to insurance coverage, income is not received due to leeway in connection with particular procedures as well as transfer and disembarkation of the illegal immigrants.
4. Increase in fuel prices, due to which, when signing the vessel hire contracts for the next term, the amount of income, received by the vessels, reduces.
5. The company that works on the international market is particularly sensitive to the fluctuations of foreign currency rates, and especially US dollar. In order to control the currency rate risk, the company is starting to make the payments in Euros, refuses risky currencies, and balances in undertaking long-term obligations.
6. In order to reduce the operational, insurance, repair, etc. costs as well as avoid the risks in connection with the life-span of the vessels, the company have sold 2 over 25 years old vessels and acquired the multipurpose bulky cargo vessel "Venta", built in 1995. In order to maintain the competitive ability of the services, the company gives and will give their attention to the renovation of the fleet in the future.
7. The company cover the risks of vessel and cargo damage in the insurance companies with high ratings.
8. Force Majeure circumstances, the reasons, which are out of the company's control, which cannot be foreseen and avoided (e.g. in case of dock sinking in the repair company, significantly prolonged repair works of the vessel, etc.).