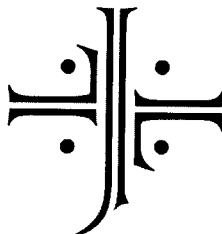


AKCINĖ BENDROVĖ
"LIETUVOS JŪRŲ LAIVININKYSTĖ"



PUBLIC COMPANY
"LITHUANIAN SHIPPING COMPANY"

To: Lithuanian Securities commission
Konstitucijos pr.23,
LT-08105 Vilnius,
Lithuania

2009-08-31

Nr. 101-5-320
Klaipėda

l. _____ Nr. _____

CONFIRMATION BY THE RESPONSIBLE PERSONS OF PUBLIC COMPANY
"LITHUANIAN SHIPPING COMPANY"

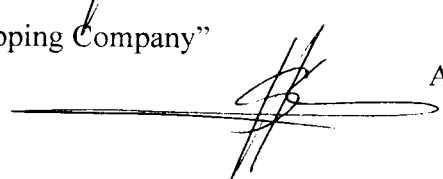
Following the Rules of Preparation and Submission of Periodic and Supplemental of the Securities Commission of the Republic of Lithuania as well as the Law on Securities of the Republic of Lithuania, Item 22, we hereby confirm that, to the best of our knowledge Financial statements for the year ended 30 June 2009, drawn in accordance with the International Financial Reporting Standards, corresponds to the reality and properly reflects the assets, liabilities, financial state, profit or loss of Public Company "Lithuanian Shipping Company".

We hereby also confirm that, to the best of our knowledge, the report on business development and activities, Company's state and the description of the main risks and uncertainties encountered by the Company, as provided in the enclosed Interim Report of the 1st Half 2009, is correct.

Public Company "Lithuanian Shipping Company"
General director


Vytautas Vismantas

Public Company "Lithuanian Shipping Company"
Chief Accountant


Arvydas Stropus

**LIETUVOS JŪRŲ LAIVININKYSTĖ
(LIMITED LIABILITY COMPANY)**

FINANCIAL STATEMENTS

AS OF 30 JUNE 2009

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

Approved by general meeting of shareholders
of ... 2009
Minutes No.....

EXPLANATORY NOTES

I. 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 Malūnininkų 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 2009 the Company had 437 employees, of which 54 in coast divisions and 383 on board.

On 30 June 2009 the Company's shareholders were:

	2009-06-30		2008-06-30	
	Number of shares	Ownership percent	Number of shares	Ownership percent
State Property Fund (VĮ Valstybės turto fondas)	16.619.317	8,27%	16.689.155	8,3%
Ministry of Transport and Communication	113.833.000	56,66%	113.833.000	56,66%
Swedbank AS (Estonia)	11.706.741	5,83	16.849.753	8,4
DFDS TOR LINE A/S	11.108.420	5,53%	11.108.420	5,5%
UAB koncernas „Ahemos grupė“	13.366.219	6,65	-	-
Other small shareholders	34.267.599	17,06	42.420.968	21,14%

II. Accounting Policy

Compliance with the standards

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.

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), confirmed for application within the European Union.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

Functional and presentation currency

In the financial statements numbers are presented in Litas. This currency is the functional currency of the Company. Transactions in foreign currencies are stated at the functional currency according to the official exchange rate on the day of transaction. Impact of changes in currency exchange rates is presented in the income statement. Litas is tied to Euro on the exchange rate of 1 Euro being equal to 3,4528 Litas.

Standards, standard adjustments and interpretations valid in 2009, but not applicable to the Company

The below stated standards, standard adjustments and interpretations, which are due to apply on the reporting periods starting on (or after) the 1st of January 2009, but not applicable to the activity of the Company:

IAS 11 Construction contracts
IAS 20 Accounting for government grants and disclosure of government assistance
IAS 28 Investments in associates
IAS 29 Financial reporting in hyperinflationary economies
IAS 31 Interests in joint ventures
IAS 41 Agriculture
IFRS 2 Share-based payment
IFRS 3 Business combinations
IFRS 4 Insurance contracts
IFRS 6 Exploration for and evaluation of mineral resources
IFRIC 2 Member's shares in co-operative entities and similar instruments
IFRIC 5 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IFRIC 6 Liabilities arising from participating in a specific market – waste electrical and electronic equipment
IFRIC 7 Applying the Restatement Approach under IAS 29 Financial reporting in hyperinflationary economies
IFRIC 8 Scope of IFRS 2
IFRIC 9 Reassessment of embedded derivatives
SIC 7 Introduction of the euro
SIC 10 Government assistance – no specific relation to operating activities
SIC 12 Consolidation – special purpose entities
SIC 29 Disclosure – service concession arrangements

Standards, standard adjustments and interpretations, which are not yet valid and Company did not apply them before time

Below stated standards, standard adjustments and interpretations, which are due to be applicable on the Company's reporting periods starting on or after the 1st of January 2009 or any later periods, but which Company did not apply before time:

IFRIC 15 "Agreements for the Construction of Real Estate" will not be applicable to the Company and will not have significant influence on financial statements.
IAS 23 (adjusted) "Borrowing costs" (valid since 1 January 2009). This standard requires company to capitalise the borrowing costs directly attributable to criteria-matching asset (the one which takes a significant amount of time to prepare for use or sell) acquisition, construction or production, as a part of the asset acquisition cost. Possibility to immediately recognise these borrowing costs as expenses will be eliminated. The Company will start applying IAS 23 (adjusted) on 1 January 2009. The impact on the financial statements will not be present, because the Company has no such assets.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

IFRS 8 “Operating segments” (valid since 1 January 2009). IFRS 8 changed IFRS 14 and the information on segment presentation was matched with USA standard SFAS 131 “Disclosures about Segments of an Enterprise and related information” requirements. The new standard requires to apply “management method”, according to which information on segments is presented in the same way as the one used for the inner accounting purposes. The Company will start applying IFRS 8 on 1 January 2009.

SIC 13 “Jointly controlled entities – non-monetary contributions by ventures” and SIC 15 “Operating leases – incentives” will not be applicable to the Company because the Company does not pursue such activities.

IAS 1 “Presentation of financial statements”: adjustment, valid after 1 January 2009, changes the order of information presentation in the statement of changes in equity. The Company will start applying it on 1 January 2009, but no impact will be present.

IFRS 2 “Share-based payment” adjustment valid since 1 January 2009 and explains the indications of share-based payments and share-provision conditions, when shares become services. This standard will not be applicable to the activity of the Company.

IAS 32 “Financial instruments: presentation” related to financial instruments and obligations of sales, which arise when liquidating. This standard will not be applicable to the Company.

IAS 27 “Consolidated and separate financial statements”, IFRS 1 “First-time adoption of international financial reporting standards”, IFRS 28 “Investments in associates”, IFRS 29 “Financial reporting in hyperinflationary economies”, IFRS 31 “Interests in joint ventures”, IAS 40 “Investment property”, IAS 41 “Agriculture”, IAS 20 “Accounting for government grants and disclosure of government assistance”, IFRS 5 “Non-current assets held for sale and discontinued operations”, IAS 27 “Consolidated and separate financial statements (reviewed)”, IFRS 3 “Business combinations (reviewed)” adjustments, valid since 1 January 2009, but will not be applicable to the Company.

IAS 38 “Intangible assets”, IAS 16 “Property, plant and equipment”, IAS 7 “Cash-flow statements”, IFRS 7 “Financial instruments: disclosures”, IAS 39 “Financial instruments: recognition and measurement”, IAS 36 “Impairment of assets”, valid since 1 January 2009 and will be applied to the Company since 1 January 2009, but will not have any significant impact on the results.

Non-current Tangible 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. Acquisition value of ships is presented together with all of the ship equipment.

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 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.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

Asset groups	Average period of useful life (in years)
Ships	7 - 16
Plant and machinery	7 16
Vehicles and other transport means	6-10
Other fittings, fixtures, tools and equipment	4

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. The Company reviews the liquidation value of the assets every year.

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 balance value of an asset is higher than its recoverable value. All losses related to impairment are presented in the income statement.

In accordance with the requirements of classification companies 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

Computer software and other intangible assets with the limited using period, are stated at cost less the amortization and losses due to impairment. Amortization is calculated applying direct method during the period of useful life. Non-current intangible assets are depreciated within the period of 3 years.

Inventories

Inventories are presented in the balance sheet at the lower of purchase cost 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.

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.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

Cash and Cash Equivalents

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. The Company has no cash equivalents currently.

In the cash flow statement cash comprise cash on hand, in bank accounts, at current accounts, deposits.

Liabilities

Borrowing expenses are written off when they are incurred. At the initial recognition, liabilities are stated at the fair value of received funds. 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.

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.

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. Deferred income tax assets and liabilities are not further calculated, because according to the Corporate Income Tax Law of the Republic of Lithuania no temporary differences occur.

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.

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.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

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.

Segments

Accountable segments are active segments meeting the stated criteria. The Company gets separate financial information on these segments and the management makes decisions on evaluation of operating results on the basis of this information. Active segments are provided with segment liabilities, segment assets, particular income and expense article valuations, gross profit (loss) and it is all matched with financial statements of the Company. The Company does not divide it's segments in primary and secondary ones.

Payments to the Employees

The Company considers salaries, social security fees, holiday allowances, compensations for two first days of sickness, premiums, grants, leave allowances, holiday accruals to be the payments to the employees and they are recognized as expenses when an employee has fulfilled his duties in exchange to the received allowance.

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.

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.

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.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

Contingencies

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

Contingent assets are not recognised in the financial statements. They are disclosed, except for the cases when it is probable that the income or economic benefits will be received.

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.

Factors of Financial Risks

When managing the risks, the Company mainly concentrates on credit, market, currency exchange rate, liquidity and interest rate, operating and legal risks. Main goal of financial risk management is to draw the line for the risk and then assure that the scope of risk does not cross this line. Proper functioning of internal rules is the basis for decreasing the operating and legal risks.

Financial risks arise from trade amounts receivable, cash and cash equivalents, trade amounts payable and other payables, loan liabilities. Credit risk arises from cash, bank deposits, residue of amounts receivable. The Company only chooses the banks with high rankings, trade amounts receivable are being reviewed every week to determine the status of the payment. There is no concentration of significant credit risk in the Company.

Management of liquidity risks allows to keep a sufficient amount of cash and also financing according to the agreed credit instruments. The Company manages liquidity risk by planning cash flows ahead, considering the level of liquid assets and terms of loan returning. The Company is avoiding the liquidity and credit risks by having 1 million EUR in the term deposits.

The Company's income does not depend on changes in interest rates due to the fact that the Company has no material interest earning assets, except for the term deposits. Interest rate risks arise from long-term loans, provided with changing interest rate (LIBOR, EURIBOR). The Company did not use any derivative financial instruments to control the risks of interest rate fluctuations. Considering the pursued simulations, the management of the Company assumes that even if the interest rate increases or decreases by 0,5%, the change of net profit and equity would not be significant to the financial statements of the Company. In the reporting year the Company returned the loan of 800 thousand USD before the due term due to the worsen situation in the international markets.

The Company has a significant risk of currency exchange rates fluctuations, because 47% of Company's income is earned in USD and the rest in Euros. Euro is tied to functional currency Litas, so no significant fluctuations are present, but the USD is widely used in payments to the partners and no derivative financial instruments are used to reduce the risks of currency exchange rate fluctuations.

Other price risk, residual asset value risk is evaluated every time when preparing the financial statements. The Company has insured the ships, risk of transporting, risk of cargo losses, risk of environment pollution (when travelling to the USA) in the insurance companies and unions.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

Management of Capital Risks

The goal of capital risk management is to assure Company's going concern, to earn profit for the shareholders, to maintain the optimal structure of capital by decreasing the cost of capital. To maintain and adjust the structure of capital, the Company is able to adjust the amount of dividends paid to the shareholders, to return the capital to the shareholders, to issue new shares, to sell assets and in this way reduce the debts.

The Company is in control of capital based on the debt and equity capital ratio, which is calculated by dividing the debts in net value by total capital. Debt in net value is calculated by subtracting cash and cash equivalents from the gross amount of debts. Total capital is calculated as equity capital, presented in the balance sheet, with added debts in net value.

According to the Company Law of the Republic of Lithuania, the capital of the company has to be at least 150 thousand Litas and the amount of equity capital has to be at least 50% of company's authorized capital. The Company fulfilled these requirements.

Evaluation at fair value

Fair value is the amount payable or paid in the market environment between the buyer and seller. When management thinks that fair value of financial assets and liabilities significantly differs from their book value, the calculation of such fair value is disclosed separately in the explanatory notes.

When determining the ship use value, the future cash flows were evaluated on a basis of a five year budget confirmed by the management. Future cash flows included planned cash inflow when constantly using the assets, planned cash outflows to collect the planned cash inflows, net cash flows, received due to asset transfer at the end of it's useful life. Discount rate was selected considering the cash timing value and risks typical to these assets and business activity.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

III. Explanatory Notes**1. Non-current Intangible Assets**

	Computer software
Acquisition value	
31 December 2007	301,2
Acquisitions	59,6
Write-offs	-
31 December 2008	360,8
Acquisitions	-
Write-offs	-
30 June 2009	360,8
Accumulated amortisation	
31 December 2007	293,9
Calculated during the period	9,6
31 December 2008	303,5
Calculated during the period	11,7
30 June 2009	315,2
Carrying amount	
31 December 2007	7,3
31 December 2008	57,3
30 June 2009	45,6

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

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

2. Non-current Tangible Assets, in thousand LTL

Items	Buildings and constructions	Plant and machinery	Ships	Other transport means	Repair	Other tangible assets	Total
Acquisition value							
31 December 2007	3.737	5.445	419.754	802	3.510	561	433.809
Acquired	---	1.490	77.222	---	6.995	65	85.772
Written-off (-)	(65)	(513)	(10.971)	(0)	(2.259)	(58)	(13.866)
Reclassifications	---	(5.220)	5.220	---	---	---	---
31 December 2008	3.672	1.202	491.226	802	8.246	567	505.716
Acquired		2.3	809.0		1.755,4	4,3	2.571,0
Written-off			(7.950,5)		(3.013,1)	(19,6)	(10.983,2)
30 June 2009	3.672,4	1.204,3	484.084,5	801,8	6.988,1	552,2	497.303,3
31 December 2007	---	---	(36.886)	---	---	---	(36.886)
Impaired (-)	---	---	(24.521)	---	---	---	(24.521)
Reversed impairment	---	---	---	---	---	---	---
31 December 2008	---	---	(61.407)	---	---	---	(61.407)
Accumulated depreciation			---	---	---	---	---
31 December 2007	347	2.439	108.687	501	---	307	112.281
Accounted for the period	52	806	27.336	165	---	61	28.421
Written-off (-)	(44)	(393)	(9.840)	---	---	(28)	(10.304)
Reclassifications	---	(1.914)	1.914	---	---	---	---
31 December 2008	355	939	128.096	666	---	341	130.398
Accounted for the period	25.2	55.2	13.850,5	69.0	---	31.4	14.031,3
Written-off			(7.479,1)			(14,3)	(7.493,4)
30 June 2009	380.7	994.2	134.467,6	735,4		357.9	136.935,8
31 December 2007	3.390	3.006	274.182	301	3.510	254	284.642
31 December 2008	3.317	263	301.723	136	8.246	227	313.911
30 June 2009	3.291,7	210,1	288.210,0	66,4	6.988,1	194,3	298.960,6

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

Ships

At the end of the financial period the non-current tangible assets of AB „Lietuvos jūrų laivininkystė“ included 13 ships, administrative building, machinery and equipment.

In may 2009 m/v „Algirdas“ were sold.

8 ships are mortgaged for loans received from SEB bankas (No 10 note)

3. Ship Repairs

Ship repair expenses of LTL 6988,1 thousand were recognized as assets.
This amount will be transferred to expenses according to the table below:

2009	-	LTL 2.856,3 thousand
2010	-	LTL 3.026,4 thousand
2011	-	LTL 921,4 thousand
2012	-	LTL 184,0 thousand

4. Inventories and Prepayments

	30-06-2009	31-12-2008
Spare parts	877,2	852,8
Food provision on ships	126,4	159,5
Prepayments	1102,3	1994,0
Total:	2105,9	3006,3

5. Amounts Receivable

	30-06-2009	31-12-2008
Trade receivables	158,6	180,7
Foreign trade debtors	988,8	742,3
Amounts receivable from State budget	15,1	7,9
Prepayments to ships	127,8	108,7
Overpayment of income tax	26,4	144,0
Other amounts receivable	194,7	188,9
Total:	961,3	1228,5

In the foreign trade amounts receivable of 2009 the amount of LTL 321,2 thousand due to the damage of the cargo of motor ship „Skalva“ (at the beginning of 2006) is included. This amount is covered by insurance, so insurance company is examining the circumstances of the cargo damage and the amount should be paid back to the Company.

6. Term Deposits

	30-06-2009	31-12-2008
Term deposits	---	4006,0
Other current assets	26,4	224,2
Total;	26,4	4230,2

Term deposits reduced due to advance repayment of a part of the bank loan and reduced earnings of the fleet as a result of financial crisis.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

7. Cash and Cash Equivalents

	30-06-2009	30-12-2008
Cash in bank in national currency	61,9	181,8
Cash in bank in foreign currencies	1204,3	1.016,8
LJL's cash on hand in national currency	34,0	4,4
LJL's cash on hand in foreign currencies	74,0	25,0
Total:	1343,6	1.228,0

8. Capital

	Authorised capital	Share premiums	Total
31 December 2008	200901,3	-	200901,3
New emission of shares	-	-	-
Acquisition of own shares	-	-	-
30 June 2009	200901,3	-	200901,3

On 30 June 2009 the Company's authorised capital consisted of 200 901 296 ordinary registered shares. With par value of LTL 1 for each share.

9. Reserves

	30-06-2009	31-12-2008
Compulsory legal reserves	20090,1	20090,1
Reserve for acquisition of ships	10001,8	29594,1
Reserve for employees' bonuses	45,3	150,0
Reserve for social and cultural activities	20,9	50,8
Total:	30158,1	49885,0

Untapped reserves for vessel purchase, bonus for employees and fund for social and cultural requirements of 2008 year and were left for the use in 2009 year by the decision of the general shareholders meeting of April 29, 2009.

10. Financial Liabilities (to credit institutions)

	30-06-2009	31-12-2008
Payable after one to five years	67.939,4	67.606,9
Payable within one year	7.070,3	16.162,0
Total	75.009,7	83.768,9
Balance of loans at the beginning of the year	83.768,9	61.035,8
Loans received	---	51.775,3
Loans repaid	(9.350,1)	(33.072,9)
Effect of exchange rates	(590,9)	4.030,7
Balance of loans at the end of period	75.009,7	83.768,9

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

All financial liabilities of LJJL to banks are secured by assets. 8 ships with the carrying amount of LTL 186.893,3 thousand are mortgaged. Loan repayment term is due in 2015.

11. Income Tax Liabilities

The Company is paying a fixe tonnage fee. At the end of the reporting period the Company has an overpayment of income tax in the amount of LTL 26,4 thousand.

12. Liabilities Related to Employment Relations

	30-06-2009	31-12-2008
Provision for annual leaves (salaries)	1.804,8	1.772,3
Provision for annual leaves (social insurance)	396,3	549,1
Payable social insurance contributions	367,8	418,4
Amount payable to guarantee fund	1,0	1,2
Total	2.569,9	2.741,0

13. Provisions

	30-06-2009	31-12-2008
Provisions for not received invoices	529,0	959,0

Provisions for not received invoices are evaluated having received preliminary calculations of the vessels cost and expenses incurred.

14. Other Amounts Payable

	30-06-2009	31-12-2008
Debts to agents	18,6	15,2
Debts to suppliers	1465,6	1.066,5
Prepayments from clients	3087,1	3.689,8
Dividends payable	101,6	103,2
Liabilities related to freight	225,9	-
Accrued expenses	117,4	93,7
Other liabilities	12,1	84,6
Total	5028,3	5.052,8

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

15. Sales

Sales revenue, LTL thousand	30-06-2009	31-12-2008	%
Time charter income	31.682,2	42.680,5	74,2
Other time charter income	547,9	-	-
Freight income from short-term agreements	760,7	-	-
Other income	24,6	28,0	87,6
Total:	33.015,4	42.708,5	77,3

Time charter party earnings reduced due to decreased number of vessels and as a result of worldwide financial crisis. The daily hire rates reduced about 50 per cent.

16. Personnel expenses

	30-06-2009	30-06-2008	%
Remuneration and social security	7.971,8	10.564,9	75,4
Daily allowances	3.173,	3.847,8	82,5
Crew victualling	685,2	731,4	93,7
Crew change transport	625,0	633,5	98,6
Business trips	163,2	191,7	85,1
Other personnel expenses	120,2	158,4	75,9
Total :	12.739,3	16.127,7	79,0

Personnel expenses reduced in the reported period of 2009 year if it is compared with 2008 year due to decreased number of vessels and the reduction in company cost following the worldwide financial crisis.

17. Ship maintenance expenses

	30-06-2009	30-06-2008	%
Address and brokers commission	916,8	1.130,8	81,1
Supply	161,6	523,8	30,8
Spares and materials	2.487,2	2.819,5	88,2
Lubricants	1.387,7	1.147,6	120,9
Inspection, maintenance of lifesaving, fire safety equipment	261,8	297,1	88,1
Ship appraiser services	1.157,9	544,0	212,8
Maintenance of radio, navigation equipment electronic device	261,0	541,6	48,2
Insurance	2.165,5	1.910,2	113,4
Communication expenses	141,2	90,6	155,8
Bunkers	353,0	104,5	337,8
Other expenses	1.743,2	1.491,9	116,8
Total :	11.036,9	10.601,6	104,1

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

18. Other administrative and selling expenses

	30-06-2009	30-06-2008	%
Bank services	38,9	84,7	45,9
Fuel used for cars, maintenance expenses	24,3	39,0	62,3
Computer programs, computers net maintenance expenses	99,1	133,5	74,2
Telecommunications and post services	75,9	100,2	75,7
Public services	56,1	52,2	107,5
Experts property valuation services	31,7	90,6	34,9
Insurance	26,4	33,6	18,6
Property insurance, deductibles	176,9	17,9	988,2
Other expenses	95,9	150,2	63,8
Total :	625,2	701,9	89,1

19. Financing and Investing Activities

	30-06-2009	30-06-2008	%
Received interests	9,8	56,4	
Income for time deposits	19,6	484,5	4,0
Positive effect of currency exchange rates	---	2.356,5	---
Paid interests	(1.422,1)	(1.566,9)	90,8
Negative effect of currency exchange rates	(803,1)	---	--
Total:	(2.195,8)	(846,0)	-

20. Profit (Earnings) per Share

Profit per share is calculated by dividing the net losses of the period (-10.229,9 thousand) LTL belonging to the owners of the shares by the number of ordinary shares at the end of the period – 200.901.296 shares.

21. Cash Flow Statement

At the end of the reported period (30.06.2009) the cash of LTL 1343,6 thousand. The cash reduced for LTL 3890,4 thousand as from the beginning of the current year. The reduction was due to worldwide financial crisis and decreased daily hire rates of the vessels.

22. Statement of Changes in Equity

On 30.06.2009 the company's assets were of LTL 220820,6 thousand. The assets were reduced as from the beginning of the reported year due to LTL 10229,9 losses.

AB „Lietuvos jūrų laivininkystė“

Company code 110865039, address Malūnininkų str. 3, LT – 92264 Klaipėda

Financial statements for the period ended on 30 June 2009

(in thousands of Litas, if not specified otherwise)

23. Related Party Transactions

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

24. Segments

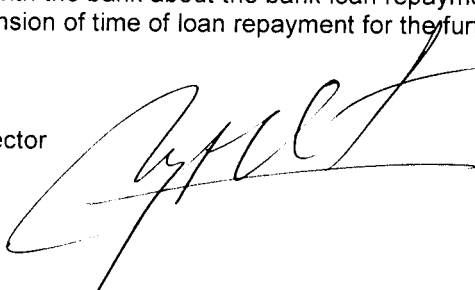
The Company operates in one business segment. Geographical segments are not determined.

25. Events after the Balance Sheet Date

However, at the end of 2008 and especially at the beginning of 2009, ship freight market experienced a fall down and particular rates for the ships of the Company decreased by 50%. The lease conditions also changed decreased to 3 months. At the end of the lease period lease rates will be reviewed. If the current situation remains on the same track, financial situation of the Company in 2009 will get worse.

But remuneration of the company employees will be paid in full and in time. The company is conducting negotiations with the bank about the bank loan repayment in the second half of the current year and the possible extension of time of loan repayment for the further period.

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, 2009

2009.01.01 - 2009.06.30
(reporting period)

LTL

(currency of financial statement)

No.	Items	Note No	30 June, 2009	30 June, 2008	01 April to 30 June, 2009	01 April to 30 June, 2008
I.	SALES REVENUE	15	33.015.372	42.708.505	15.357.834	20.125.416
II.	EXPENSES					
II.1.	Personnel expenses	16	12.739.317	16.127.700	5.504.660	7.981.289
II.2.	Ship maintenance expenses	17	11.036.908	10.601.612	4.898.464	5.582.601
II.3.	Ship repair expenses		7.132.854	6.643.442	1.697.116	4.656.288
II.4.	Other administrative and selling expenses	18	625.202	701.979	418.035	430.462
	Total expenses		31.534.281	34.074.733	12.518.275	18.650.640
	Profit (earnings) before depreciation (EBITDA)		1.481.091	8.633.772	2.839.559	1.474.776
III	Profit from sales of ships		4.565.884	33.343.567	4.565.884	33.343.567
IV.1	Depreciation of ships		13.871.791	13.347.115	6.905.277	6.774.347
IV.2	Depreciation of other assets		171.282	153.921	78.399	74.187
	Profit (earnings) before interest (EBIT)		-7.996.098	28.476.303	421.767	27.969.809
V.1	Effect of changes in exchange rates (profit)	19	-803.097	2.356.523	3.700.491	1.562.327
V.2	Net interest expenses		1.392.802	1.026.092	617.592	473.230
	Profit before tax		-10.191.997	29.806.734	3.504.666	29.058.906
VI.	Income tax		37.919	0	37.919	0
	NET PROFIT		-10.229.916	29.806.734	3.466.747	29.058.906
	Profit (earnings) per share, LTL	20	-0,0509	0,1484	0,0173	0,1446

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 2009

(date of formation of financial statements)

2009.01.01 - 2009.06.30

(reporting date)

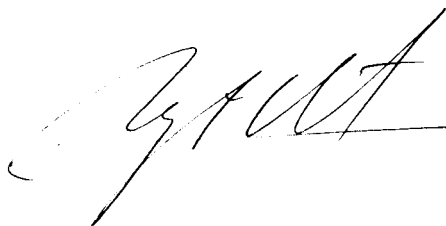
LTL

(currency of financial statement)

	ASSETS	Note, No	2009 m. June 30d	2008 m. December 31d
A.	NON-CURRENT ASSETS		299.006.216	313.968.102
I.	INTANGIBLE ASSETS	1.	45.632	57.312
I.1.	Development work			
I.2.	Goodwill			
I.3.	Licenses and patents			
I.4.	Computer software	1.	45.632	57.312
I.5.	Other intangible assets			
II.	TANGIBLE ASSETS	2.	298.960.584	313.910.790
II.1.	Land			
II.2.	Buildings and constructions		3.291.720	3.317.008
II.3.	Machinery		210.114	262.884
II.4.	Vehicles and other transport means		66.443	135.521
II.5.	Ships		288.210.031	301.722.851
II.6.	Repairs	3.	6.988.098	8.245.798
II.7.	Other tangible assets		194.178	226.728
III.	FINANCIAL ASSETS			
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			
IV.	ASSETS OF DEFERRED INCOME TAX			
B.	CURRENT ASSETS		4.960.899	9.613.184
I.	INVENTORIES PREPAYMENTS and CONTRACTS IN PROGRESS	4.	2.105.905	3.006.349
I.1.	Inventories		1.003.634	1.012.298
I.1.1.	Raw materials and components		1.003.634	1.012.298
I.1.2.	Work in progress			
I.1.3.	Finished goods			
I.1.4.	Goods for resale			
I.2.	Prepayments		1.102.271	1.994.051
I.3.	Contracts in progress			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	5.	1.485.014	1.228.502
II.1.	Trade amounts receivable		1.293.537	1.065.731
II.2.	Receivable from subsidiaries and associates			
II.3.	Other amounts receivable		191.477	162.771
III.	OTHER CURRENT ASSETS	6.	26.400	4.150.317
III.1.	Current investments			
III.2.	Time deposits			4.005.998
III.3.	Other current assets		26.400	144.319
IV.	CASH and CASH EQUIVALENTS	7.	1.343.580	1.228.016
	TOTAL ASSETS :		303.967.115	323.581.286

	EQUITY AND LIABILITIES	Note No	2009 m. June 30d	2008 m. December 31d
C.	EQUITY		220.829.585	231.059.501
I.	CAPITAL	8.	200.901.296	200.901.296
I.1.	Authorised (subscribed)		200.901.296	200.901.296
I.2.	Subscribed uncalled share capital (-)			
I.3.	Share premium			
I.4.	Own shares (-)			
II.	REVALUATION RESERVE (RESULTS)			
III.	REZERVES	9.	30.158.205	49.884.995
III.1.	Legal reserve		20.090.130	20.090.130
III.2.	Reserve for acquiring own shares			
III.3.	Other reserves		10.068.075	29.794.865
IV.	RETAINED PROFIT (LOSSES)	10.	-10.229.916	-19.726.790
IV.1.	Profit (loss) of the reporting year		-10.229.916	-19.726.790
IV.2.	Profit (loss) of the previous year			
D.	GRANTS and SUBSIDIES			
E.	AMOUNTS PAYABLE and LIABILITIES		83.137.530	92.521.785
I.	NON - CURRENT AMOUNTS PAYABLE AND LIABILITIES	10.	67.939.424	67.606.901
I.1.	Financial debts		67.939.424	67.606.901
I.1.1.	Leases and similar obligations			
I.1.2.	To credit institutions		67.939.424	67.606.901
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			
I.6.	Other amounts payable and non-current liabilities			
II.	CURRENT AMOUNTS AND LIABILITIES		15.198.106	24.914.884
II.1	Current portion of non-current debts			
II.2.	Financial debts	10.	7.070.334	16.162.017
II.2.1.	To credit institutions		7.070.334	16.162.017
II.2.2.	Other debts			
II.3.	Trade amounts payable		1.484.210	1.081.705
II.4.	Amounts received in advance		3.087.105	3.689.835
II.5.	Profit tax liabilities	11.		
II.6.	Liabilities related to employment relations	12.	2.569.934	2.741.013
II.7.	Provisions	13.	529.500	959.000
II.8.	Other amounts payable and current liabilities	14.	457.023	281.314
	TOTAL EQUITY AND LIABILITIES :		303.967.115	323.581.286

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 2009

2009.01.01 - 2009.06.30

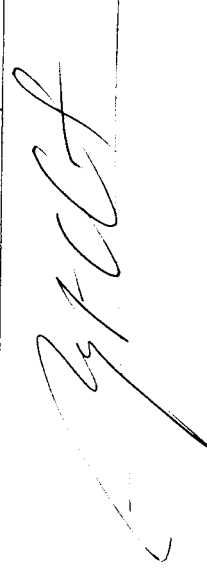
(reporting period)

LTL

(currency of financial statements)

	Share capital	Reserves provided by the law		Other reserves	Retained earnings (losses)	Total
		Legal	Acquisition of own shares			
Balance as of December 31, 2007	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						
Formed reserves		9.622.801			-498.958	-498.958
Balance as of 30 June 2008	200.901.296	20.090.130		29.794.865	-39.417.666	
Dividends				39.574.404	20.027.195	280.593.025
Formed reserves					-498.958	-498.958
Used reserves		9.622.801		29.794.865	-39.417.666	
Balance as of December 31, 2008	200.901.296	20.090.130		-9.779.539	9.779.539	
Net profit (loss) of the accounting period				29.794.865	-19.726.790	231.059.501
Dividends					-10.229.916	-10.229.916
Formed reserves						
Panaudoti rezervai				-19.726.790	-19.726.790	
Balance as of 30 June, 2009	200.901.296	20.090.130		10.068.075	-10.229.916	220.829.585

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, 20082009.01.01 - 2009.06.30

(reporting period)

APPROVED

by General meeting of shareholders

Minutes No.....

of, 200...

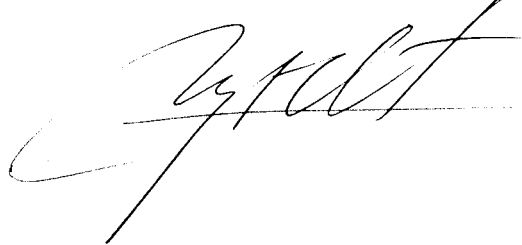
LTL

(currency of financial statement)

No.	Items	Note No	30 June, 2009	30 June, 2008
I.	Cash flows from operating activities			
I.1.	Net profit (loss)		-10.229.916	29.806.734
I.2.	Depreciation and amortisation expenses		14.043.073	13.501.036
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventories		8.663	1.007.484
I.5.	Decrease (increase) in advance payments received		891.780	1.894.105
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade receivables		-227.806	-390.332
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		-28.706	139.942
I.10.	Decrease (increase) in other current assets		158.320	-274.144
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		-200.225	2.559.357
I.13.	Increase (decrease) in payable profit tax		0	0
I.14.	Increase (decrease) in liabilities to employees		-171.079	1.472.848
I.15.	Increase (decrease) in provision		-429.500	68.427
I.16.	Increase (decrease) in other amounts payable and liabilities		135.307	89.419
I.17.	Elimination of results of financing and investing activities		1.460	486.226
	Net cash flows from operating activities		3.951.371	50.361.102
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investment)		-815.566	-77.154.714
II.2.	Transfer of non-current assets (excluding investment)		1.734.380	284.925
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			
	Net cash flows from investing activities		918.814	-76.869.789
III.	Cash flows from financing activities			
III.1.	Cash flows related to the owners of enterprise:		-1.460	-486.226
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		-1.460	-486.226

No.	Items	Note No	30 June, 2009	30 June, 2008
III.2.	Cash flows related to other financing sources		-8.759.159	22.081.029
III.2.1.	Increase in financial debts		0	51.775.300
III.2.1.1	Loans received		0	51.775.300
III.2.1.2	Issue of bonds			
III.2.2.	Decrease in financial debts		-8.759.159	-29.694.271
III.2.2.1	Loans received		-9.350.132	-25.881.712
III.2.2.2	Issue of bonds		590.973	-3.812.559
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
III.4.	Other decrease in cash flows from financial activities		-803.097	
	Net cash flows from financing activities		-9.563.716	23.452.368
IV.	Cash flows from extraordinary items		0	0
IV.1.	Increase in cash flows from extraordinary items			
IV.2.	Decrease in cash flows from extraordinary items			
V.	The effects of changes in foreign exchange rates on the balance of cash and cash equivalents		803.097	-2.356.523
VI.	Net increase (decrease) in cash flows		-3.890.434	-5.412.842
VII.	Cash and cash equivalents at the beginning of period		5.234.014	22.989.656
VIII.	Cash and cash equivalents at the end of period		1.343.580	17.576.814

General Director



Vytautas Vismantas



08/28/2009 No. (01)-5-319

Klaipėda

Ref. No.

INTERIM REPORT OF THE Ist HALF OF 2009

I. ABOUT THE COMPANY

Interim report of Public Company "Lithuanian Shipping Company" (LSC) is prepared for the period of January 1, 2009 to June 30, 2009.

Public Company "Lithuanian Shipping Company" (hereinafter referred to as LSC), company code 110865039, Malūnininkų g. 3, Klaipėda, Tel.: + 370 46 393 105, Fax: + 370 (46) 393 119, E-mail: gp@ljl.lt, founded on 27 June 2001. Legal organization form: legal entity - public company

Details of registration in the company register:

Date of incorporation: 27 June 2001.

Manager of the register: State Enterprise Center of Registers

Company registration No.: BĮ 01 – 128

Company code: 110865039

Former company code: 1086503

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

Branch of economy – sea transport.

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

50.2. Sea and coastal cargo water transport.

The Company securities have been included in the National Securities Exchange of Lithuania current sales list since 09/07/2001. The National Securities Exchange of Lithuania formerly Vilnius Securities Exchange, presently AB NASDAQ OMX Vilnius. After the board of Vilnius Securities Exchange approved amendment of the rules of sale of AB "Vilniaus vertybinių popierių birža" on May 18, 2007, the current sales list was changed to additional securities list. Thereon the company has been included in the additional securities list:

- the quantity of the issue – 200.901.296 units;
- nominal value - LTL 1;
- total nominal value of the issue – LTL 200.901.296,00;
- share category - PVA;
- ISIN code- LT0000125999;
- Method of stock issue into public securities turnover – reorganization.

Total number of Public company "Lithuanian shipping company" shareholders on April 22, 2009, i.e. the day of accounting of general shareholders' meeting, was 1811 shareholders.

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

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

1 company shareholders' meeting, 3 board meetings, 2 supervisory board meetings were held in 2009.

II. DATA RELATED TO SALE OF LSC SECURITIES

Since 9 July 2001, 200.901.296 ordinary registered shares of Public company "Lithuanian shipping company" with nominal value of one Litas (total nominal value LTL 200.901.296) have been quoted in Vilnius Exchange of Securities (former National Exchange of Securities) in the current sales list. Sale of the company's securities in other exchange institutions or other organized markets is not implemented.

During the 1st half of 2009 the company did not purchase or transfer own shares and does not have such.

There were no official offers of third parties filed for purchase of the company's securities. The company did not file an official offer for purchase of securities issued by third parties.

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

Table II .1

The results of the last 12 quarters (each separately) for securities sold by automatic handling deals*

Reporting period		Price			Turnover (LTL)			Date of the last session	Total turnover	
From	To	Max	Min	Last session	Max.	Min	Last session		(units)	(LTL)
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
2008 07 01	2008 09 30	0,5	0,35	0,38	908.192	0	43.083	2008 09 30	9.154.554	3.936.928
2008 10 01	2008 12 31	0,38	0,15	0,23	372.593	0	56.629	2008 12 30	14.805.954	3.187.381
2009 01 01	2009 03 31	0,45	0,22	0,36	791.987	0	145.207	2009 03 31	25.025.523	8.659.821
2009 04 01	2009 06 30	0,42	0,34	0,39	833.464		45.617	2009 06 30	8.714.861	3.435.257

Table II .2

Sale of the issuer's securities outside the exchange *

Payment in cash						Non-cash payment
Reporting period		Turnover		Price		Turnover , units
From	To	LTL	units	Min.	Max.	
2006 07 01	2006 09 30	194.695,05	487.783	0,25	0,51	23.636
2006 10 01	2006 12 31	3.717.913,21	10.481.563	0	0,41	165.045
2007 01 01	2007 03 31	-	-	-	-	909.090
2007 04 01	2007 06 30	108.196,10	186.545	0,58	0,58	74.836
2007 07 01	2007 09 30	426.078,70	734.515	0,58	0,58	3.049
2007 10 01	2007 12 31	115.961,72	195.799	0,58	0,58	28.854

2008 01 01	2008 03 31	2.270.060,19	5.670.379	0,29	0,55	19.364
2008 04 01	2008 06 30	716.272,10	1.647.564	0,33	0,48	33.523
2008 07 01	2008 09 30	2.264.116,93	6.476.029	0,26	0,48	49.023
2008 10 01	2008 12 31	1.273.675,53	4.601.730	0	0,42	19.882
2009 01 01	2009 03 31	279.826,86	875.949	0,16	0,4	65.514
2009 04 01	2009 06 30	158.320,04	441.532	0,21	1	408.178

* Prepared basing on information announced in topics on www.csdl.lt on outside deals for the 1st half of 2009 and accounting done by UAB FMĮ „Jūsų tarpininkas“ for the 1st half of 2009.

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

III. INFORMATION ABOUT THE MANAGEMENT BODIES OF THE COMPANY

The company's management bodies are:

1. general shareholders' meeting;
2. supervisory board;
3. board;
4. the company's director.

The General Shareholders' Meeting is the supreme body of the Company.

The General Shareholders' Meeting has the following exclusive rights:

1. to change the Company's articles of association except of cases specified in the Law on Public Companies of the Republic of Lithuania;
2. to elect the members of the supervisory council;
3. to depose the supervisory council or its members;
4. to elect and depose an audit company, to set conditions of audit services payment;
5. to set category, number, nominal value, and minimal emission price of the Company's shares released;
6. to approve annual financial statement;
7. to make a decision concerning distribution of profit (loss);
8. to make a decision concerning composition, usage, decrease, and termination of reserves;
9. to make a decision to issue convertible bonds;
10. to make a decision to cancel priority right to purchase the Company's shares or convertible bonds of specific emission of for all the shareholders;
11. to make a decision to increase the authorized capital;
12. to make a decision to reduce the authorized capital except of cases specified in the Law on Public Companies of the Republic of Lithuania;
13. to make a decision for the Company to purchase its shares;
14. to make a decision concerning reorganization or segregation of the Company and to approve conditions of reorganization or segregation;
15. to make a decision to reorganize the Company;
16. to make a decision to restructure the Company;
17. to make a decision to liquidate the Company or to cancel the Company's liquidation except of cases specified in the Law on Public Companies of the Republic of Lithuania;
18. to elect and depose liquidator of the Company except of cases specified in the Law on Public Companies of the Republic of Lithuania.

The General Meeting can make other decisions provided making such decisions is not ascribed to competence of other Company's management bodies in accordance with the Law on Public Companies of the Republic of Lithuania and provided making such decisions is not a function of the management bodies per se.

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

The supervisory board:

1. elects the board's members and deposes them. If the company operates with loss, then the supervisory board is obligated to discuss the question of suitability of the board's members for their positions;
2. supervises activity of the board and the Company's director;
3. provides the general shareholders' meeting with responses and offers concerning strategy of the Company's activity, annual financial statement, project of profit distribution and annual report of the Company as well as activity of the board and the Company's director;
4. provides the board and the Company's director with offers to annul their decisions that contradict the laws and other legal statements, articles of association of the Company or decisions of the general shareholders' meeting;
5. resolves other questions on supervision of activity of the Company and its management bodies ascribed to competence of the supervisory board by the decisions of the general shareholders' meeting.

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

The Board discusses and approves:

1. strategy of the Company's activity;
 - 1.1. the Company's annual report;
 - 1.2. structure of the Company's administration and employees' positions;
 - 1.3. positions for which employees are assigned according to competition;
 - 1.4. articles of association of the Company's subsidiaries and representational offices;
 - 1.5. procedure of goods, works and services purchase.
2. The Board makes:
 - 2.1. decisions for the Company to become a founder or participant of other legal entities;
 - 2.2. decision to establish the Company's subsidiaries and representational offices;
 - 2.3. decisions concerning investment, transfer, or rent of long-term property, balance value of which is bigger than 1/20 (one twelfth) of the authorized capital of the Company (calculated separately for every type of contract);
 - 2.4. decisions concerning mortgage and hypothec of long-term property, balance value of which is bigger than 1/20 (one twelfth) of the authorized capital of the Company (total sum of contracts is calculated);
 - 2.5. decisions concerning warranty or guarantee of fulfillment of other persons' liabilities, the sum of which is bigger than 1/20 (one twelfth) of the authorized capital of the Company;
 - 2.6. decisions to acquire long-term property for the price bigger than 1/20 (one twelfth) of the authorized capital of the Company;
 - 2.7. decision to restructure the Company in cases specified by the Law on Restructuring Companies of the Republic of Lithuania;

2.8. decisions to allow the company's director making deals (except of deals on derivative financial means, currency purchase-sale, insurance of ships and ships maritime risks) with the value exceeding LTL 2.000.000 (without taxes) and deals of change of works with the value exceeding LTL 3.000.000 (without taxes).

2.9. other decisions ascribed to competence of the Board by the laws, these articles of association or decisions of the General Meeting.

3. Prior to making the decision to invest assets or other property to another legal entity, the board has to inform creditors about that with whom the company has not settled during the term set, if total sum of debt to these creditors exceeds 1/20 of the company's authorized capital.

4. The Board analyzes and assesses the material provided by the company's director regarding the following:

4.1. implementation of the Company's activity strategy;

4.2. organization of the Company's activity;

4.3. financial condition of the Company;

4.4. results of the Company's economic activity, income and expenses estimates, stock-taking and other data of property change accounting.

5. The Board analyzes, assesses project of the Company's annual financial statement and project of profit (loss) distribution and presents them to the supervisory board and the general shareholders' meeting together with the Company's annual report. The Board sets the methods of calculation of tangible property depreciation and intangible property amortization applied in the Company.

6. The Board is in charge of convocation of the General Shareholders' Meeting and its well-timed organization.

7. The Board's members are obligated to keep the Company's commercial (production) secrets that they learned while being the members of the board.

8. The Board is obligated to organize the General Shareholders' Meeting and secure their proper organization.

Head of the company – director general - is a single-person organ of the company's management.

1. The director general organizes daily activity of the company, issues procures, letters of attorney, employs and discharges the employees, negotiates and terminates employment agreements, stimulates them, and prescribes punishments.

2. The company's director establishes property depreciation calculation norms applied in the company.

3. The director general acts on behalf of the company's name and has a right to make contracts unilaterally. The director general can make deals specified in item 51 of these articles of association when the Company's board makes a decision to make such deals.

4. The company's director is in charge of:

4.1. organization and implementation of the company's activity goals;

4.2. composition of annual financial statement and preparation of annual report;

4.3. making of contract with an audit company;

4.4. presentation of information and documents to general shareholders' meetings, the supervisory council and the board in cases specified by the laws or by their request;

4.5. presentation of the company's documents and data to the manager of Legal Entities' Registry;

4.6. presentation of the company's documents to the Securities Commission and Lithuanian Central Securities Depository;

4.7. public announcement of information specified by the laws in a daily newspaper specified in the articles of association;

4.8. presentation of information to the shareholders;

4.9. fulfillment of other obligations specified by the laws, these articles of association and by positional regulations of the company's head (director general).

Members of management bodies

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

Liudmila Zumerienė, Chair, no LSC shares in possession.
Ona Barauskienė, Member, LSC shares in possession.
Kazimieras Gimbutis, Member, possesses 2000 LSC shares, i.e. 0.001 % of the votes.
Helena Rogoža, Member, no LSC shares in possession.
Evaldas Zacharevičius, Member, possesses 21081 LSC shares, i.e. 0.01 % of the votes.

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

Arvydas Vaitkus, Chair until 03/10/2009, no LSC shares in possession;
Jelena Antonevič, Member, no LSC shares in possession;
Livita Kretkovskienė, Member until 03/10/2009, no LSC shares in possession;
Vidutė Šarkienė, Member, no LSC shares in possession;
Vytautas Petras Vismantas, Member, Director General of the company since 06/27/2001, possesses 16400 LSC shares, i.e. 0.01 % of the votes.
Elected on 03/10/2009 in replacement of the members of the board dismissed - Arūnas Štaras, and Juozas Darulis, no LSC shares in possession.
Arūnas Štaras elected to be the chair of the board on 03/20/2009.
Changing data on shares indicated on April 22, 2009.

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

In the beginning of 2009, there were 14 vessels employed in the company, while in the end of the period - 13.

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 (sold on 05/31/2009).

The scope of services rendered in 2005 – 1st half of 2009 is given in Table IV.1, employment of the vessels per year – in Table IV.2, and types of cargo carried – in Table IV.3 and diagrams attached thereto.

Table IV.1

Total scope of services rendered in 2005 – 2009, LTL

Title	2005	2006	2007	1 st half of 2008	2008	1 st half of 2009
Goods sold and services rendered	96,417,514	102,129,181	91,701,300	42,708,505	87,616,934	33,015,372

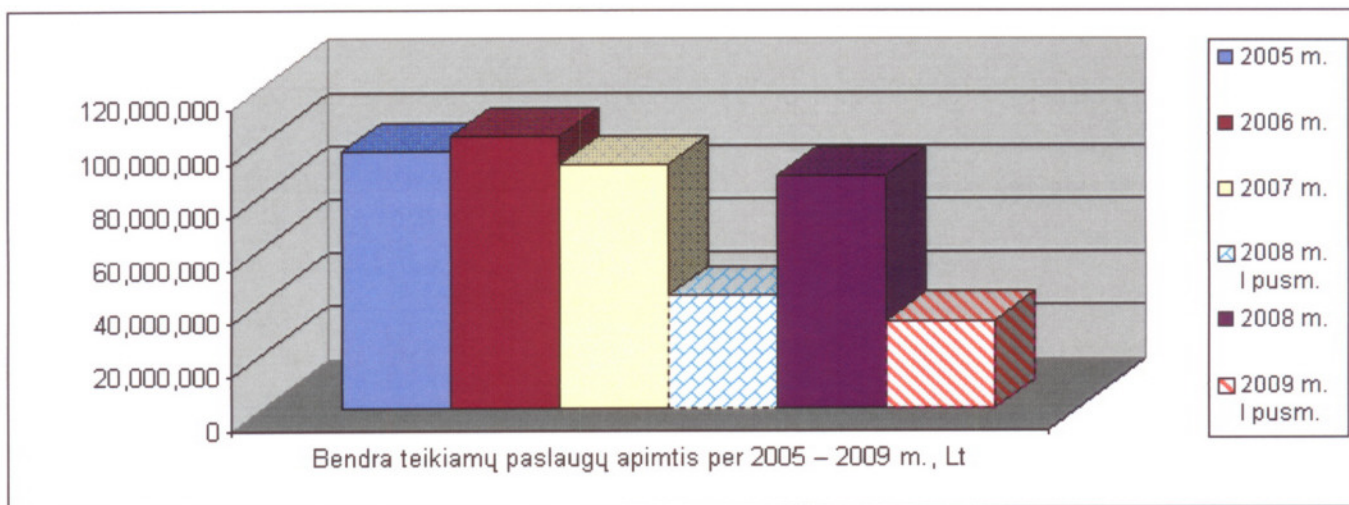
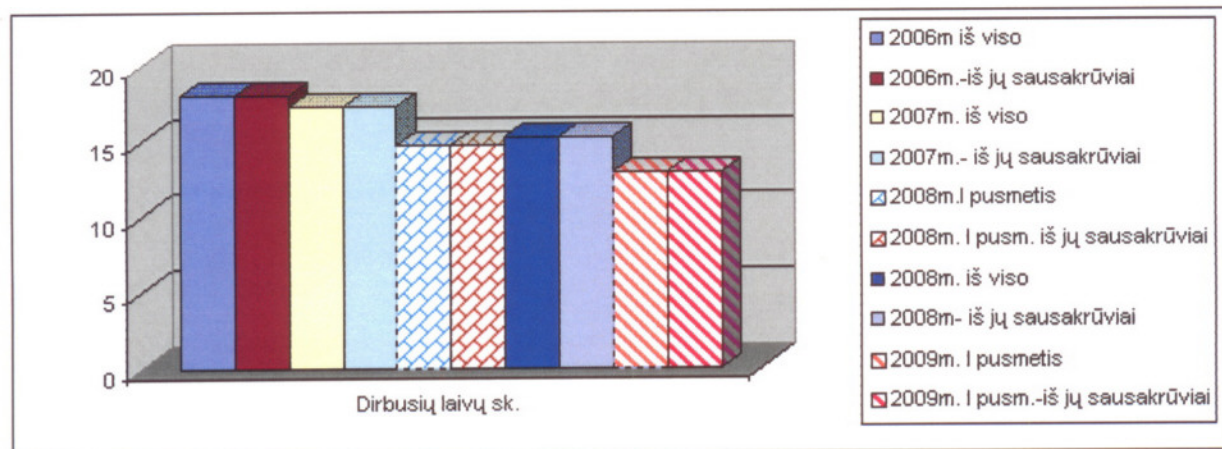


Table IV.2

Employment of cargo vessels, average per year

Title of index	2006		2007		1 st half of 2008		2008		1 st half of 2009	
	Total	Including dry-cargo vessels	Total	Including dry-cargo vessels	Total	Including dry-cargo vessels	Total	Including dry-cargo vessels	Total	Including dry-cargo vessels
Number of employed vessels	18.1	18.1	17.3	17.3	14.7	14.7	15.3	15.3	12.9	12.9
Their deadweight, thousand tons	220.43	220.43	189.77	189.77	160.1	160.1	158.67	158.67	156.5	156.5
Cargo carried, thousand tons	2237	2237	2255	2255	797	797	1574	1574	708	708



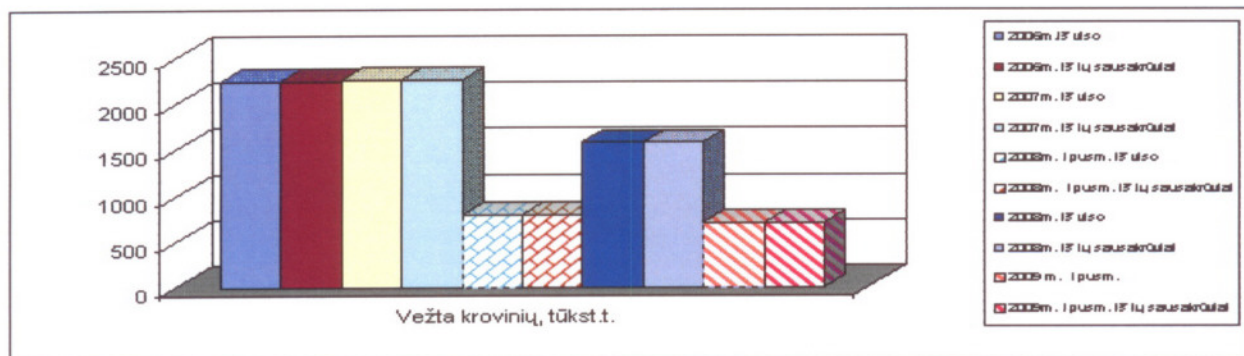
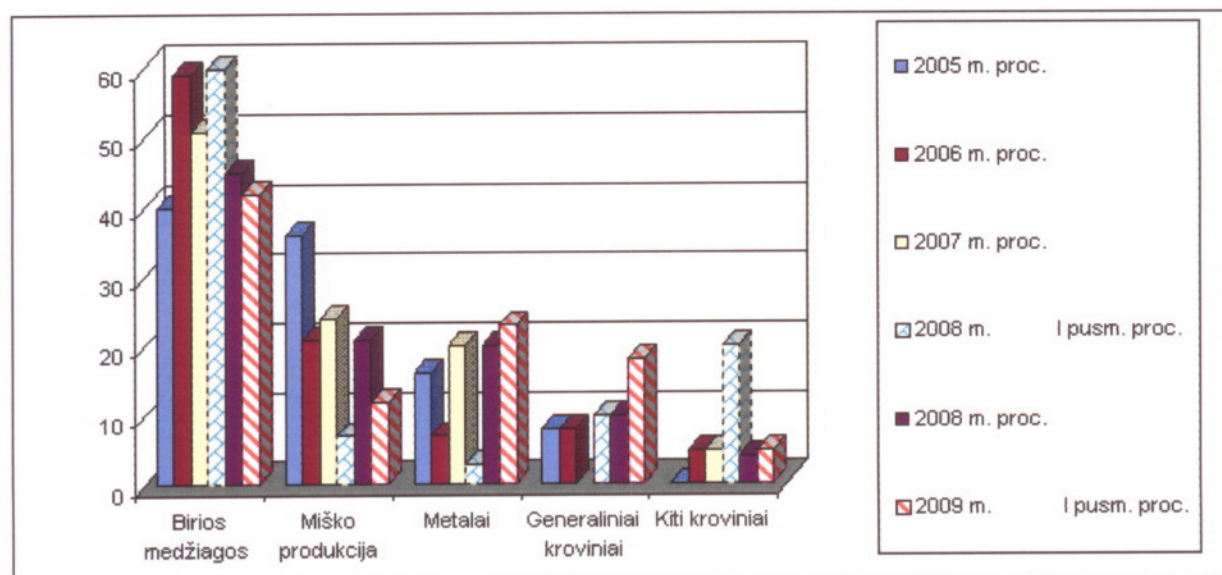


Table IV.1

Types of cargo carried

Types of cargo carried	2005 %	2006 %	2007 %	1 st half of 2008 %	2008 %	1 st half of 2009 %
Loose goods	40	59	51	60	45	42
Wood products	36	21	24	7	21	12
Metals	16	7	20	3	20	23
General cargo	8	8		10	10	18
Other cargo	-	5	5	20	4	5
Total:	100	100	100	100	100	100



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

On June 30, 2009 the Company had 437 employees, including 54 coastal employees. Comparing to the number of employees in the end of 2008 (454) this number is less by 17 (4 %).

During the first 6 months of 2009 the Company dismissed 49 employees, including 2 masters, 3 chief assistants of masters, 20 AB sailors, 7 motorists, 2 cooks, 1 trainee, 3 chief mechanics, 4 mechanics, 2 electro mechanics, 5 coast employees.

Reasons for dismissing the employees:

Article 125 of the Labor Code of the Republic of Lithuania (mutual agreement of the parties) – 12 employees; Article 126 of the Labor Code of the Republic of Lithuania (end of term of the contract) – 24 employees; Article 127(1) of the Labor Code of the Republic of Lithuania (at the initiative of the employee) – 13 employees.

During the first 6 months of 2009 the Company hired 34 sailors.

The company faces certain problems of the working force. These problems are: absence of qualified human resources on the market or lack of certain specialists, their limited training, their departure to foreign fleets, number of older/pre-retirement age employees left after privatization, hard working conditions comparing with coast work, in ports, smaller salary comparing to such in vessels registered in countries with convenient flags, etc. or similar. System of seamen training completely fails to be oriented towards jobs in Lithuanian national fleet companies.

Number of the Company's employees is influenced by specifics of the work, changes in work organization, number of vessels and need in crew subject to the number of vessels.

During the first 6 months of 2009 113 of the company's employees were ill for 1958 days.

The average listed number of employees and wages for the period from 2007 to 2009 are given in Table V.1, money sums calculated for the company's director general who is the board's member and for the chief accountant – in Table V.2, other information that needs to be revealed – Table V.3, company's personnel structure by education for the period from 2007 to 2009 – in Table V.4.

Table V.1

The average listed number of employees and wages

Group of employees	Average listed number of employees					Average monthly wage, LTL				
	1 st half of 2007	2007	1 st half of 2008	2008	1 st half of 2009	1 st half of 2007	2007	1 st half of 2008	2008	1 st half of 2009
Administration (including from profit)	10	10	10	10	9	6.938 1.694	7.598 1.164	7.625 1.451	7.715 1.745	6.861 -
Specialists	280	307	282	283	254	2.390	2.273	2724	2.837	2.603
Workers	234	222	186	181	166	1.548	1.473	1961	1.951	1.853
Total:	524	539	478	474	429	2.101	2,042	2529	2,602	2.397

Table V.2

Information on calculated sums

Title of positions	Wage, LTL				Average employee's wage (including from profit), LTL			
	1 st half of 2007	1 st half of 2008	2008	1 st half of 2009	1 st half of 2007	1 st half of 2008	2008	1 st half of 2009
Director general, chief accountant	126,003	153,323	305,735	122,992	10501 (1799)	12777 (1862)	12739 (2087)	10249 (-)

The company has no data on calculated sums for the members of the company's supervisory council and other members of the board (not for the company's workers).

Table V.3

Other information on director general and chief accountant of Public company "Lithuanian shipping company":

Name, surname	Position	Number of shares	Part of votes, %
Vytautas Vismantas	Director general from 06/272001	16400	0,01
Arvydas Stropus	chief accountant from 06/272001	-	-

Table V.4

Company's personnel structure by education for the period from 2005 to 2007

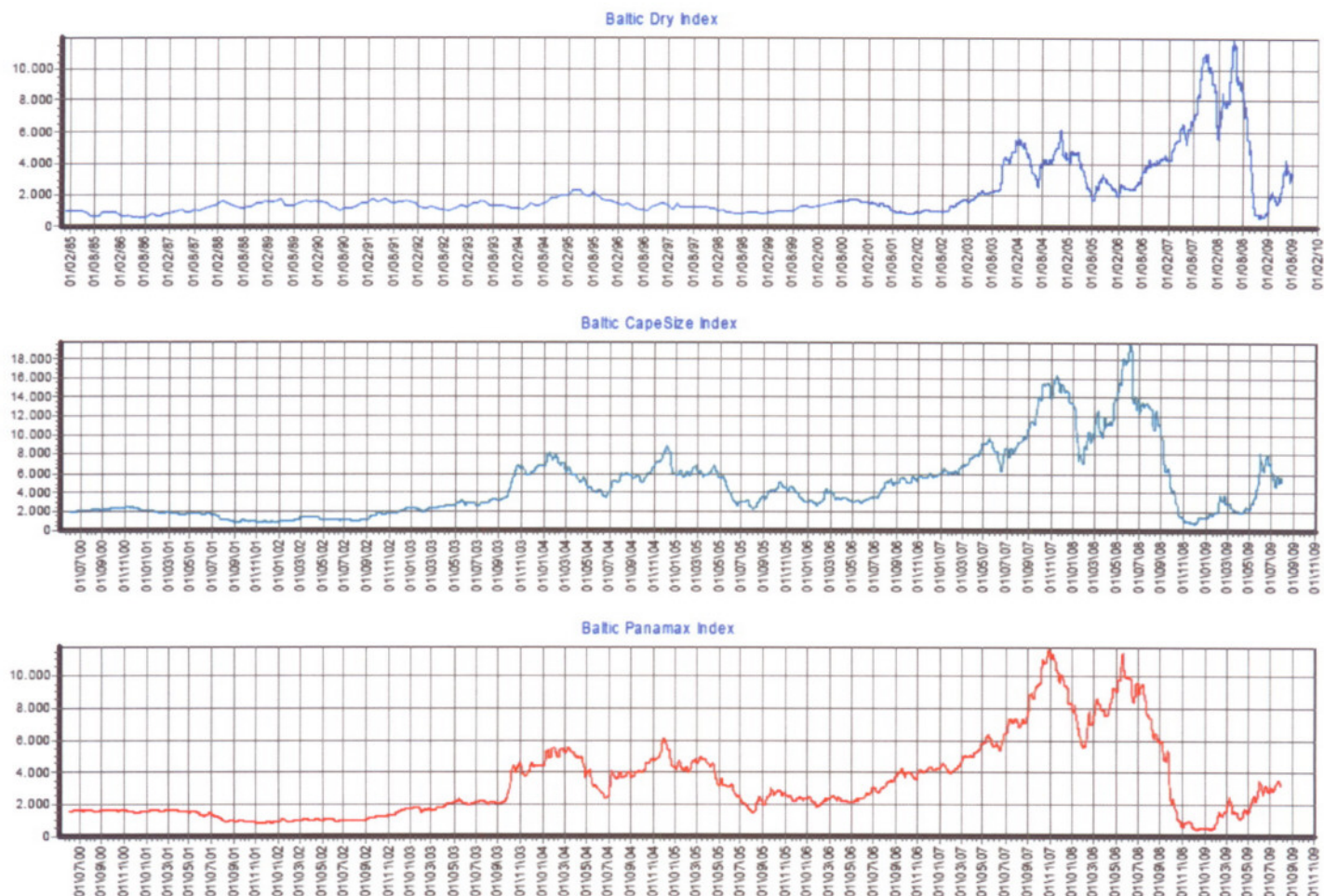
Education	Number of employees				
	1 st half of 2007	2007	1 st half of 2008.	2008	1 st half of 2009
Higher	183	164	164	150	137
Special secondary (college)	177	149	140	138	182
Secondary	222	226	174	186	110

VI. NAVIGATION MARKET

Baltic Dry Index (BDI) reflects the market situation of the big-sized vessels from 170 000 dwt (Cape size), 75 000 dwt (Panamax), 52 000 dwt (Supramax), and 28 000 dwt (Handy size). The value of the navigation market reflecting BDI index in the beginning of 2008 was 8580 points, in February of the same year it dropped to 5720, later it has been rising and reached the record heights – 11793 points, which persisted for about a month and a half and then started falling. The downfall persisted until November 2008 and, when it reached 663 points (minimum limit), it remained the same until the end of 2008 – the beginning of 2009.

Baltic Dry Indices

Year	BDI Max	BDI Avg	BDI Min	BCI Max	BCI Avg	BCI Min	BPI Max	BPI Avg	BPI Min	BSI Max	BSI Avg	BSI Min
2005	4880	3366	1747	6801	4593	2319	4956	3124	1488	2129	1868	1391
2006	4407	3199	2033	6104	4309	2711	4394	3042	1841	2989	2265	1442
2007	11039	7092	4219	16256	9970	5943	11713	7036	3923	6956	4552	2732
2008	11793	6445	663	19687	9444	830	11425	6141	440	6743	4009	421
2009	4291	2310	772	8147	3766	1361	3524	1960	492	2095	1407	389



Recovery of the market showed in the big-sized vessel (Cape/Panamax) sector in February 2009, which resulted in the upturn of BDI. Such recovery of the market has not affected the vessel sector of Lithuanian Shipping Company, with the exception of the motor vessel Venta, which meets the characteristics of “Handy Size” sector and time charter rate whereof increased from 4600 USD to 6100 USD per twenty four hours.

The markets of the vessels with a less deadweight capacity – which is the majority in the fleet of Lithuanian Shipping Company – usually fluctuate much less. Unfortunately, there are no indexes available for calculation of smaller-sized vessels; however, the activities of the vessels of Lithuanian Shipping Company demonstrate that the price fluctuations conform to BDI variations at lower value. Below is the comparative table of the time charter rates for 2008 /2009:

VESSELS	2008	2009
Asta/Audre	4600 EUR	2950 USD
Akvile/Daina	4650 EUR	3100 USD
Alka	6400 USD	4200 USD
Skalva	7300 USD	3700 USD
Staris/Svilas	7300 USD	3200 USD
Raguva/Deltuva	9500 USD	5000 USD
Romuva/Voruta	9500 USD	5000 USD
Venta	24000-4600 USD	6100 USD

The time charters of the vessels for 2009 are entered into for particularly short periods, i.e. 2-3 months, as well as different options are searched for to keep the vessels busy and avoid lay-up thereof, which would mean zero income and persisting, though reduced, costs.

Newly built vessels, which are appearing on the market this year, subject to such adverse situation will even more exacerbate this complicated situation in all sectors – particularly this will affect such older vessels as Staris/Svilas/Skalva.

VII. MAIN RISKS AND UNCERTAINTIES IN THE COMPANY'S ACTIVITY

LSC is a reliable and competitive company in terms of economics. The vessels have all valid necessary documents which allows shipping cargo with no limitations year round. There are no limitations set by the government for the activity. The company is founded for an unlimited period of time. LSC is a public company operating in accordance with the laws of the Republic of Lithuania, other legal statements and articles of association of LSC company. The company is legal entities of limited civil responsibility which is responsible for its liabilities with its property only.

The following main risks and uncertainties the company faces can be distinguished:

1. As any navigation company – water pollution, especially with oil products and especially working in USA region. This risk factor is related more to potential of vessel breakdowns. However, the vessels are insured for breakdowns and their consequences, therefore, the risk has not marked influence of financial results of the company.
2. The risk to be in the zone of military actions or be attacked by pirates. Seeking to avoid this, the company lists non-navigation zones for the ships in vessel hire contracts or avoids such zones.
3. Illegal boarding. Although this risk is insured, yet, due to time lost for implementation of certain procedures and transfer and disembark the illegal aliens there is an income not received.
4. Raise in fuel prices – due to which amount of income received decrease when signing vessel hire contracts for the next period. The company's activity is sensitive to this type of risk which is very hard to control. Service rates in such case are increasing late with a slower scale. As a consequence the company has losses.
5. Working on the international market the company is especially sensitive to fluctuations of foreign currency rates, especially such of US dollar. In order to control the skid of currency rates the company sought to change to paying in Euros, refuse risky currency, balance in assuming long-term obligations and certain expenses. Changes taking place during this period of global crisis adjusted in its own way these company's goals, along with many other things. The company continues its negotiations with banks started in the beginning of the year on postponing credit refunds.
6. Seeking to reduce expenses for vessel exploitation, insurance, repair and other expenses as well as to avoid risks due to vessel age, the company sells old vessels. Seeking to maintain competitiveness of services, the company sets the objective to update the fleet where possible, although these actions in the period of economic crisis become undefined and unpredictable.
7. The company insures vessel and cargo destruction risks in top insurance companies.
8. *Force Majeure*, causes not subject to the company's will, which cannot be predicted and avoided (for example, the situation on economic and financial markets during the crisis with all the consequences it has, scales of need in consumption and shipment, economic growth rates, bankruptcy of companies, duration of the company's vessel repair, etc.).

As life shows not all risks can be avoided, even when insured. Besides that, business especially today is operating on the basis of profit seeking at any cost rather than partnership principle.

VIII. RESULTS OF ACTIVITIES IN 2009

According to data not reviewed by auditors, during the first six months of 2009 the company had LTL 10,2 million loss, instead of estimated LTL 7,0 million before tax. The loss was greater by LTL 3,2 million compared to the estimated one.

In 2009 the company earned LTL 38,2 million income, including LTL 33,0 million from the fleet activities, LTL 5,1 million from sales of the motor vessel "Algirdas" and materials as well as premise rent and LTL 0,029 million for the fixed-date deposits. Having sold the motor vessel "Algirdas" for USD 2,020 million, the company earned LTL 5,0 million profit.

LSC earns its main income from fleet. After selling the fleet services LTL 33,0 million, or 86 % of the company's sales were earned. In 2009 the sales were smaller than in 2008 by LTL 9,7 million the vessels worked less than 24 days, time-charter equivalent per days was smaller by LTL 4274. During the first half of 2009 two vessels ("Voruta", "Alka") were repaired for 104,4 days. "Voruta" vessel was not operating for 24 days due to repair, while "Alka" vessels was not operating for - 80 days. Repair took longer than planned by 49 days, due to which the vessels did not earn LTL 0,7 million income.

In 2009 income from vessels day rent (time-charter equivalent) – EUR 3725 (LTL 12862). Time-charter equivalent comparing with the previous year period is smaller by EUR 1238, or LTL 4274, and comparing with the budget is smaller by EUR 405, or LTL 1399.

The Company earns the main income in Euros and USD. Income from fleet activity in USD (excluding the sale of ships) amounted to 85 % on the average, i.e. increased up to 100 % from 40 % in the beginning of the year. In 2009 US dollar on the average equaled to LTL 2,59 (in 2008 – LTL 2,36, in December 2008 - LTL 2,56, in 2007 – LTL 2,52, in December 2007 – LTL 2,37). The Company's services were sold at the average rate of LTL 2,5956 at US dollar price. US dollar price planned in the budget - LTL 2,60. Due to the difference between the actual and the planned rate of US dollar, the Company received on the average LTL 0,047 million less income for the reporting period.

Expenditures of the Company on income earning amounted to LTL 48,4 million, including fleet expenditures - LTL 43 million (89 %), general and administrative expenditures - LTL 2,6 million (5 %), interests expenditures of credits for vessel purchase - LTL 1,4 million (3 %). LTL 0,8 million loss was incurred over the period from the transactions in foreign currency, which totals 2 % costs of LSC (unplanned in the budget). The costs of LSC are given in the profit-and-loss appropriation account of LSC as per respective activities. LSC expenditures according to corresponding articles are allocated as follows: LTL 11,0 million (23 %) - vessels operating costs, LTL 7,1 million (15 %) – vessels repair, 0,6 (1 %) other administration and sales costs; LTL 12,7 million (26 %) - employees' expenses; LTL 14,0 million (29 %) - vessels and other property wear; LTL 1,4 million (13 %) - interests for credits for vessel purchase paid to the bank; LTL 0,8 million (2 %) – negative variation of foreign currency rate due to transactions in foreign currency.

Without covering all components of the Company's expenses, we will present a detailed review of the most significant expenses.

LTL 14,0 million or 29 % of the company's expenses consist of depreciation expenses, LTL 2,4 million (5 %) – insurance expenses. This is practically fleet expenses. Those are almost identical to the estimated.

In 2009 personnel expenses amounted to LTL 12,7 million (26 %) and were LTL 1,8 million less than planned due to reduction in wages, bonuses, free bonuses, due to which deposits to social insurance company SoDra reduced. Under conditions of the economic crisis starting from 03/01/2009 all the seamen had their wages reduced setting the salary level 1 irrespective of their qualification, which conditioned reduction in wages by 14 %. Starting from 04/01/2009 daily allowance for seamen was reduced. In 2009 bonuses for results to other workers of the company were not paid. Starting from 04/01/2009 wage bonuses were reduced by 45 % for the director general, by up to 33 % for other administration workers, while starting from 05/001/2009 their wages were reduced by 25 %. Comparing with the previous year wages of the director general reduced by 45 %, while for other administration workers – by 41 %.

In 2009 vessels repair costs amounted to LTL 6,0 million, unforeseen repair – LTL 0,5 million, emergency – LTL 0,6 million. Spare parts expenses amounted to LTL 2,5 million. Repair and spare parts expenses amounted to LTL 9,6 million, that comprises 20 % of the company's expenses. Over the reporting period they were LTL 1,8 million higher than the planned ones, whereof the repair costs - LTL 2,3 million. There were 2 ships repaired within 104 days over the reporting period, which is 49 days (90 %) longer than planned in the budget (55). "Alka" ship was repaired longer than estimated (45 days), "Voruta" ship was repaired longer than estimated (4 days). Motor vessel "Alka" repair expenses were LTL 2,7 million (including LTL 0,6 million emergency repair) higher than the estimated LTL 1,9 million. Repair expenses of motor vessel "Svilas" were exceeded by LTL 0,725 million. These causes conditioned work of the company's fleet during the reporting period, along with reduced time charter rates starting from February 15 according to contracts entered into with the charterers with consideration of economic situation of the market. Comparing the fleet income with the planned one (LTL 35,7 million) is LTL 2,7 million less.

Off-hire (non-received rent due to vessel breakdown, failures, arrests, etc.) amounted to LTL 1,5 million, i.e. 3,4 % of the fleet, or 2 % of LSC costs. Causes of *off-hire* are technical crew change. The biggest *off-hire* has taken place due to technical reasons - LTL 1,4 million (98 %).

Financial activity

While managing its monetary resources the Company received interests from banks (for fixed-date deposits and demand deposits) and pays to the banks for credits to acquire the ships and other services. In 2009 the Company received LTL 0,03 million income for deposits and paid LTL 1,4 million interest to the bank for the loans to acquire the ships. The company received income from banks for monetary assets LTL 0,5 million less than in 2008 due to reduced asset remainders on bank accounts and deposits. Money remainders in 2008 were markedly bigger because it was in accumulation for purchase of "Venta" ship. During the period the company had a loss of LTL 0,8 million due to changes in foreign currency rates which the company did not plan in its budget (in 2008 during the same period the company received LTL 2,4 million profit). This loss is also one of the reasons of deviation from the estimated result of the company's result for 2009.

In 2009 the Company paid LTL 10,8 million of the credit together with interests to the bank, including credit – LTL 9,4 million and interests - LTL 1,4 million. The company's debt to the bank for the loans to acquire the ships on 06/30/2009 amounted to LTL 75,0 million. The company refunded the whole credit of USD 3,2 million provided for 4 "Asta" type vessels provided until 11/30/2010 before term and USD 4,0 million part of the credit before term provided until 10/30/2009 for 2 "Clipper" type vessels using the monetary assets reserve which was accumulated in 2008. Due to this reasons the amount of credit refunded in 2008 is more than in 2009. Due to credit refund before term the company reduced its expenses by USD 0,283 million (LTL 0,629 million). The company's debt to banks for the loan to acquire 5 ships amounts to USD 26,1 million and EUR 3,1 million. Interests in USD amount to 2,5 %, Euro – 5,1 %. 8 ships are mortgages for bank loans. With consideration of market situation, in the beginning of this year the company applied to the bank for postponing a part of loan, therefore, in 2009 the company planned to refund less of the loan, negotiations are still in progress. The company fulfilled its obligations towards the bank in time or even before term. Having sold the motor vessel "Algirdas" the company refunded LTL 2,0 million loan part to the bank on 06/05/2009, which is earlier than 08/30/2009 term specified in the contract. The company refunds the loans with calculated interests to banks in terms and amounts specified in contracts. There were no claims received in related to LSC from banks from the very moment of the company's foundation.

In 2009 the Public Company "Lithuanian Shipping Company" had its accounts in the following banks: AB *SEB bankas*, AB *DnB NORD*, Danske Bank A/S, Lithuanian branch. The main turnover of money went through AB *SEB bankas*.

The Company concentrates its financial assets in the banks which provide more competitive and attractive services. In order to minimize expenses and ensure quick transactions the Company carries out

The Company concentrates its financial assets in the banks which provide more competitive and attractive services. In order to minimize expenses and ensure quick transactions the Company carries out its bank transactions electronically.

In order to perform payments in Lithuania, currency is being sold to the banks, which offer more competitive and expedient rates of exchange. For payments in currencies other than those of revenues (DKK, GBP, NOK, SEK, JPY, etc.), LSC performs currency purchase because the Company does not accumulate financial resources in these currencies, i.e. it does not freeze resources, on which no interest accrues.

Payments to the personnel are made in accordance with the Collective Agreement of March 30, 2004 of AB "Lithuanian Shipping Company", the Rules of the Work Pay System for Coast Employees and the Order of Payments for the Work of the Director General, Directors and the Chief Accountant. Special rights and obligations of employees or a part of them specified in the Collective Agreement are duration of sailor's work in sailing (amounting to 6-8 months in some cases), possible sailor's work in military action zones with sailing specificities, specificity of work and time-off as well as specifics in navigation company, compliance with requirements of international work organization conventions and other international regulative documents and legal statements, period for sailors in reserve, etc.

The Company pays considerable attention to its performance analysis, administration of process of its financial statements preparation and improvement of accounting procedures. The debts of freighters and the status of their settlement are under constant control. LSC is reliable with regard to suppliers. In 2009 the turnover period of debts to suppliers was up to 6 days, whereas in 2008 it amounted to 4 days, in 2006-2007 – up to 5 days.

Taxable profit

For 2007 and later taxation periods the Company chose to apply a fixed income tax rate on its taxable profit.

Segments

Information on LSC segments is specified in the Segments section of Explanatory Letter of the financial reports for the period ended on June 30, 2009.

Insurance and claims

Vessels of AB "Lithuanian Shipping Company" and accountability of the vessel's owner due to cargo and other claims are insured in insurance companies and mutual insurance clubs.

During the reporting period of 2009, according to Insurance and Claims Department there were claims received in 2008 indicated in 2008 annual report and the following new claims:

1. Motor ship "Svilas" cargo damage on 09/18/2007, i.e. timber moved in the vessel. Claim filed for USD 48.230,16, USD 12.500,0 paid. Claim completed on 04/23/2009.
2. Motor ship "Svilas", vessel hull damage in March 2009 in Greenland ices. Expenses of the vessel repair and port amounted to USD 300.000,0. Claim filed to insurance company "Ingostrach".

Significant agreements

No significant agreements between the company, directors of the company, its employees and other persons were made.

IX. RISK CONTROL

Employees of LSC Safe Navigation Control Service implement preparation and processing of safe navigation and vessel regulative documents, internal accounting vessel safety, provision of vessels with necessary documents, examination of knowledge, certification of skippers for higher position, etc.

There is no separate internal control division or employee in LSC (on the coast). Internal control functions are implemented by the heads of each division according to competence or if necessary implemented by order of the director general, or specialized companies or physical persons are hired in separate cases.

Seeking to control administration of various types of risks not only certain conditioning causes are analyzed, but also certain preventive means are implemented, estimating compliance with certain requirements in internal documents, rules of the company, etc. as much as it is possible on the basis of analysis. In separate cases collegial decisions are made, commissions for certain actions or certain decision making or offering are formed.

X. SUBSIDIARIES AND REPRESENTATIONAL OFFICES

The company has no subsidiaries and representational offices.

XI. Shareholders having special control rights and their description.

- None.

XII. Limitations of voting rights.

- None.

XIII. Shareholders agreements.

Shareholders agreements the company knows about and which can limit transfer of the securities and (or) the voting rights - None.

The company's shares are common inscribed shares of one category providing equal rights to their owners (shareholders).

One common inscribed share of the company provides its owner (shareholder) with the following property rights:

Property rights of the company's shareholders:

- to receive a part of the Company's profit (dividend);
- to receive shares for free, when the authorized capital is increased using the Company's assets, except of cases specified in the Law on Public Companies of the Republic of Lithuania;
- priority right to acquire shares issued by the Company, except of the case when the general shareholders' meeting decides to annul priority right for all the shareholders;
- to leave all or a part of shares by a testament to one or several persons;
- to transfer all or a part of shares to other persons' property according to procedure specified in the laws of the Republic of Lithuania;
- other property rights specified by the laws or the Company.

Non-property rights of the company's shareholders:

- to participate in general shareholders' meetings and vote (the right to vote in the general shareholders' meetings can be forbidden or limited in cases specified in the Law on Public Companies of the Republic of Lithuania of other laws as well as when the right towards the shares is an object of dispute);

- to receive information on the Company specified in Article 18 of the Law on Public Companies of the Republic of Lithuania;
- to appeal to court with a lawsuit requesting to compensate damage done to the Company that originated due to failure to fulfill or improper fulfillment of obligations of the Company's director and members of the board specified in the Law on Public Companies of the Republic of Lithuania and other laws as well as the Company's articles of association, and in other cases specified by the laws;
- other non-property rights specified by the laws or the Company.

XIV. Limitations of transfer of the securities.

10. Rights of disposal of 70806 shares of the company are limited (arrested) (for two persons who acquired these rights).

XV. ACTIVITY PLANS AND ESTIMATES

The company remains previous goals:

- Safe shipping and work without detentions in foreign ports.

New goals were set:

- to survive under conditions of the global crisis;

- to reduce expenses and duration of vessel repair.

Situation on global economic market has absolutely conditioned the navigation market. Demand in transportation services decreases, while tonnage offer even got increased upon completion of shipbuilding ordered when economics was still in the rise. Due to situation originating a wave of bankruptcy inevitably started on the navigation markets. Operators with less capacities bankrupt. Also, negative processes in the segment of vessel purchase/sale and shipbuilding are observed. Hire rates changed so that in certain cases they even fail to cover vessel operating costs, covering only fuel and port fees. So far no one can predict stabilization of rates, further fall or raise or greater reliability.

Impact of market changes for LSC operation

Fall of the market inevitably influenced LSC operation.

In 2009 shipment of wood products as well as rates for this shipment reduced markedly. Due to this day hire rates of "Daina" and "Akvilė" (5 820 DWT each) ships working on this market reduced by 40 per cent amount to USD 3200. Day hire rates of "Asta" and "Audrė" ships working in the Caribbean dropped down by 41 per cent down to USD 3500 per day. Day hire rates of the largest ship of LSC "Venta" reduced 4 times (from USD 24 400 to USD 6 100). Day hire rates of other ships dropped down by 35 per cent. All ship hire rates mentioned were valid until May 1, 2009.

Growth in ship repair prices

Prices for ship repairs in Europe have become hardly predictable. The repairs take longer. Repairs are much cheaper. LSC ships were repaired in Chinese Tenjin Repair Company. Since LSC ships do not operate in Asian region, so it is quite difficult to go to China due to great navigation costs. In January – February of 2009 motor ship "Voruta" was repaired in the company mentioned.

The prices of spare parts have grown significantly and the term of delivery has become longer. In order to avoid down time due to technical faults, spare parts are ordered and purchased earlier and in larger quantities.

The company operates on the international market and uses various foreign currencies for payments. The main are US dollar and Euro. In 2008 fleet income in USD on the average amounted 48

%, which is increase of up to 100 % of the main income until June 30, 2009.

The plan of AB "Lithuanian Shipping Company" for 2009 was prepared when the rate of Euro was LTL 3,4528, the average ate of US dollar - LTL 2,6. Unpredicted rate of the dollar and its future outlook can have certain effects on the Company's results. The shipping market in 2009 is especially hard to predict. With consideration of economic downfall and tendencies on financial markets the company does not plan to acquire ships for the period of 2009-2011 and limits other property purchase to the minimum. In 2009 the company plans to sell the motor ship "Algirdas".

The planned sales revenue of the ship park are calculated based on the agreements signed by the Shipping Management Division for separate ship types, assuming that the ships operate for the total of 4685 days, are repaired and do not work for 180 days (navigation to the repairs base). Ship hire agreements are signed for a shorter period of time in order to avoid possible losses.

In 2009 it is planned to carry out the repairs of 4 ships (approximately 30 % of the ship park): "Voruta", "Deltuva", "Alka", "Asta" for the cost of LTL 6,0 million not including spare parts. The Company set out the procedure for repair expenses accounting in accordance with the requirements of item 34 of BAS 12, whereas class certification repairs and dock repairs are included into expenses within the period until the next planned repairs. Therefore, the strategic plan for 2009 provides for LTL 6,1 million repair expenses deferred in the previous years and LTL 8,9 million of current period repair expenses. It is planned to allocated LTL 2,6 million for deferred expenses for 2010 - 2012. It is planned to purchase spare parts for LTL 5,5 million. Operating expenses of LTL 3,6 million are planned.

The sailors' maintenance costs are planned up to LTL 21 million. Strategic activity plan estimates LTL 27,2 million of fleet depreciation, LTL 4,6 million vessel insurance costs. Having such calculations the company estimates the loss amount subject to further course of the crisis, potential and duration of economic recovery, tendencies on the shipping market with all the consequences it has. Until now the company fulfilled its obligations towards the bank in time, although it applied to the bank asking to postpone refunding. Negotiations are still in progress.

XVI. DATA ON INFORMATION ANNOUNCED PUBLICLY

Implementing its liabilities in accordance with applied legal statements regulating the securities market the Company has publicly announced the following information during the period of January-June, 2009:

28.05.2009 - 15:42 (VLN), [en](#)

LSC: Public Company "Lithuanian Shipping Company" 2009 three months progress information

26.05.2009 - 08:35 (VLN), [en](#)

LSC: Public Company "Lithuanian Shipping Company" 2009 three months activity results

29.04.2009 - 16:45 (VLN), [en](#)

LSC: Public Company "Lithuanian Shipping Company" 2008 annual information

29.04.2009 - 16:20 (VLN), [en](#)

LSC: Public Company "Lithuanian Shipping Company" decisions of shareholders' meeting

17.04.2009 - 16:30 (VLN), [en](#)

LSC: Public Company "Lithuanian Shipping Company" drafts of decisions of general shareholders' meeting

27.03.2009 - 16:25 (VLN), [en](#)

LSC: Public Company "Lithuanian Shipping Company" received notification on acquisition of the voting rights

27.03.2009 - 13:33 (VLN), [en](#)

LSC: Public Company "Lithuanian Shipping Company" routine general shareholders' meeting

23.03.2009 - 15:47 (VLN), [en](#)

LSC: Public Company "Lithuanian Shipping Company" elections of the members and chair of the board

27.02.2009 - 16:51 (VLN), en

LSC: Public Company "Lithuanian Shipping Company" preliminary 2008 activity results and 2008 12 months progress information

Information on 2009 publicly announced essential events can be accessed in Public Company "Lithuanian Shipping Company", address: Malūnininkų 3, Klaipėda, office 311, chief accountant in charge A. Stropus, as well as on the company's web-site www.ljl.lt.

Director General, member of the Board



Vytautas Vismantas