

## JSC Klaipėda Stevedoring Company Interim report for the first six months of 2009

### 1. The accounting period for which the report has been drawn up

The report covers the operations of JSC Klaipėda Stevedoring Company during the first six months of 2009; all the figures are given as per 30 June 2009, if not stated otherwise. In this report, JSC Klaipėda Stevedoring Company can also be named as *enterprise, company* or *issuer*.

### 2. The issuer and its contact details

Issuer's name:	JSC Klaipėda Stevedoring Company
Legal organizational form:	Joint-stock company
Statutory capital, Lt:	126 704 290
Date and place of registration:	03.05.1995, Klaipėda Municipal Authority
Registration certificate No.:	AB 95-119
Enterprise code:	140346267
Enterprise VAT payer's code:	LT403462610
Enterprise register:	Klaipėda branch of State Enterprise Centre of Registers
Registered office:	J. Zauerveino g. 18, 92122 Klaipėda
Phone number:	8 46 399101
Fax number:	8 46 399066
Electronic mail address:	info@klasco.lt
Website address:	www.klasco.lt

### 3. The type of the main operations of the issuer

In 2009, the operations of the enterprise included cargo handling, cargo storage, cargo forwarding, marine towage and other services related to cargo handling and transportation.

### 4. Contracts entered into with securities public circulation brokers

On 01.07.2007 the company signed an issuer services contract with JSC Financial Brokers' Enterprise *Kapitalo srautai* (Ltd.).

### 5. Data on issuer's securities trade in regulated markets

The dynamics of the issuer's share price and turnover in the stock Exchange JSC NASDAQ OMX Vilnius during the last three years the dynamics of the share price is stated in LTL/ordinary registered share, whereas the turnover in thousands LTL:



**6. The total number of own shares of the enterprise acquired and in possession of the enterprise, their nominal value and the share of the statutory capital the said shares make up**

There are no such shares.

**7. The total number of own shares of the enterprise acquired and transferred into possession of other persons, their nominal value and the share of the statutory capital the said shares make up**

There are no such shares.

**8. Information on payment for its own shares, if such shares are acquired or transferred into possession of other persons against payment**

There are no such shares.

**9. Information on research and development activities of the enterprise**

In 2009, the company continues the construction of the second port tugboat, KLASCO-2. It is planned to put the KLASCO-2 into operation at the end of 2009.

**10. When the enterprise uses financial measures and when it is important for the assessment of the assets, the own capital, the obligations, the financial status and the operation results of the enterprise, the aims of financial risk management are disclosed, the insurance measures are used, to which the accounting of insurance deals is applied, and the scope of the price risk, credit risk, liquidity risk and cash flow risk of the enterprise**

The enterprise does not use financial measures.

**11. Information on the scope of risk and its management: the management of various types of risk, the measures of risk reduction and the internal control system implemented within the enterprise are described**

There is an internal control system implemented and functioning at the enterprise. Beside the internal control system, there are the following management systems functioning at the enterprise:

1. Environmental Protection Management System. Certificate ISO 14001:2004 issued on 01.01.2003;
2. Quality Management System. Certificate ISO 2001:2000 issued on 01-09-2001;
3. Occupational Safety and Health Management System. Certificate OHSAS 18001:2007 issued on 12.11.2008.

**12. Information on regulations governing the election and replacement of Board members, and also amendments of the Statutes of the enterprise**

1. The Board of the enterprise is a collegial body managed by the Chairman, who is elected from among the members of the Board, The Board is elected by the General Shareholders' Meeting for the term of four years. The Board shall start its work after the completion of the General Shareholders' Meeting which elected the Board and shall continue in office until a new Board is elected and assumes the office. If the General Shareholders' Meeting takes the decision to increase the number of the members of the Board and to amend the Statutes accordingly, the newly elected members of the Board may commence in office only from the date of registration of the amended Statutes within the Register of Legal Entities of the Republic of Lithuania. The number of terms of office of the members of the Board is not limited.

2. During the election of the Board, each shareholder shall have the number of votes equal to the number of votes carried by the owned shares of the enterprise multiplied by the number of members of the Board being elected. The shareholder shall distribute the votes at his discretion, giving them for one or several candidates. The candidates who receive the greatest number of votes shall be elected.

3. The General Shareholders' Meeting may remove from office the entire Board or its individual members before the expiry of the term of office of the Board.

4. The Statutes of the enterprise may be amended by the qualified majority vote which shall be not less than 2/3 of the voting rights carried by the shares of the shareholders present at the General Shareholders' Meeting.

5. If the General Shareholders' Meeting of the enterprise takes the decision to amend and/or to supplement the Statutes of the enterprise, the amended version of the Statutes shall be signed by the person duly authorized by the General Shareholders' Meeting.

### **13. Information on the powers of Board members**

The powers of Board members are governed by the Board working regulations.

### **14. The composition of the managing and supervisory bodies and their committees; the areas of activities of the said bodies and those of the manager of the enterprise**

The composition of the Board, the managing body: Board Chairman – Bronislovas Lubys; members: Arūnas Laurinaitis, Juozas Benetis, Benediktas Petrauskas, Audrius Pauža. The areas of activities of the Board are stated in the Board working regulations; those of the manager, the General Director, are stated in the Statutes of the company and the functional regulations of the management.

### **15. An objective overview of the status, operations and development of the enterprise; a description of the main types and risk and uncertainty encountered by the enterprise**

The operations of JSC Klaipėda Stevedoring Company include port cargo-handling operations, cargo storage and port towage services. In this market, the Company considers other stevedoring companies operating in Klaipėda State Seaport and the stevedoring companies operating in the ports of neighbouring countries to be its competitors. During the first half of 2009, the Company handled 3.777 million tons of cargoes. It is by 24 per cent less than during the first half-year of 2008, when the company's cargo-handling turnover made up 4.976 mln. tons. Such results were predetermined by the reduced amount of Lithuanian and Belorussian fertilizers handled at the fertilizer Terminal, and the stoppage of the flow of ferroalloys at the Cargo-Handling Terminal. It should be mentioned that the flow of wheeled vehicle units at the Ferry Terminal, which had dropped in the second half of 2008, stabilized and started increasing, whereas the number of passengers remained at the level of the first half-year of 2008 (93 thousand) and made up 89 thousand.

In 2009, the business operations results of the company are adversely influenced by the recession in the USA and Europe continuing since 2008, due to which the total cargo flow via port of Klaipėda has decreased; furthermore, the profitability of the company may be influenced by internal factors, such as: plans to increase the price for the lease of the land of Klaipėda State Seaport, and continuous increase of the rates for their services by JSC *Lietuvos geležinkeliai* (Lithuanian Railways).

### **16. Analysis of the results of financial and economic operations of the enterprise and information on environmental protection and staff issues**

The key figures of the financial and economic operations of the enterprise (in thousand Litas, if not stated otherwise; non-audited data):

Time period	1-6/2009	1-6/2008	1-6/2007
Sales and services	54,098	88,667	76,027
Profit before taxes	6,321	11,961	8,079
Profitability	11.7 %	13.5 %	10.6 %

During the accounting period, the number of employees of the enterprise was decreasing. As on 30.06.2009, the number of employees was 731.

### **17. The structure of the statutory capital of the issuer**

As of 30.06.2009, the statutory capital of the enterprise consisted of 12,670,429 ordinary registered shares with the nominal value of LT 10.00 each.

### **18. Restrictions applied for the transfer of the securities**

No restrictions are applied.

### 19. Shareholders

The number of shareholders – 1401.

The shareholders possessing more than 5% of the statutory capital of the enterprise as on 30.06.2009:

Shareholder	Number of ordinary registered shares owned by the shareholder, pcs.	Share in the statutory capital, %	Share of votes granted by the ordinary registered shares owned, %
Private Limited Liability Company (UAB) Concern Achemos grupė; Enterprise code 156673480; registered address: Jonava District, Rūkla Ward, Jonalaukis Village, LT-55551	11,753,023	92.76	92.76

### 20. Shareholders possessing special controlling rights and description of the said rights

There are no such shareholders.

### 21. All restrictions of voting rights

No restrictions are applied.

### 22. Shareholders' agreements, the issuer is aware of, that could restrict transfer of the securities and/or voting rights

There are no such agreements.

### 23. Employees

Employee group	Average salary	Average number of employees	Education								1-6/2009	
			University	%	Higher	%	Secondary	%	Unfinished secondary	%	Dismissed	Hired
Managers	10.752	42	39	24	2	1	1	0	-	-	3	2
Specialists	4.255	156	91	55	54	28	11	3	-	-	15	5
Workers	2.946	574	34	21	136	71	369	97	35	100	45	3
<b>Total:</b>	<b>3.653</b>	<b>772</b>	<b>164</b>	<b>100</b>	<b>192</b>	<b>100</b>	<b>381</b>	<b>100</b>	<b>35</b>	<b>100</b>	<b>63</b>	<b>10</b>

### 24. Procedure of amendment of the Statutes of the issuer

1. The Statutes of the enterprise may be amended by the qualified majority vote which shall be not less than 2/3 of the voting rights carried by the shares of the shareholders present at the General Shareholders' Meeting.

2. If the General Shareholders' Meeting of the enterprise takes the decision to amend and/or to supplement the Statutes of the enterprise, the amended version of the Statutes shall be signed by the person duly authorized by the General Shareholders' Meeting.

### 25. The issuer's bodies

1. General Shareholders' Meeting is the supreme management body of the enterprise. The Supervisory Board is not formed.

2. The collegial management body, i.e. the Board, is formed in the enterprise. The Board has six members. The Board is elected by the General Shareholders' Meeting for the term of four years.

3. The General Manager is the single-person management body of the enterprise. The General Manager is elected and/or revoked by the Board.

**26. The members of collegial management bodies, the General Manager and the Chief Financier of the enterprise.**

Position	Full name and ID number	Term of office	Number of shares of the enterprise possessed, pcs.	Share in the authorized capital, %	Share of votes, %
<b>The Board</b>					
Chairman	Bronislovas Lubys	2007-2011	262,349 ORS	2.07	2.07
Member	Arūnas Laurinaitis	2007-2011	-	-	-
Member	Audrius Pauža	2009-2011	-	-	-
Member	Benediktas Petrauskas	2007-2011	1,868 ORS	0.015	0.015
Member	Juozas Benetis	2008-2011	-	-	-
<b>The General Manager and Chief Financier</b>					
General Director	Audrius Pauža	2009-2011	-	-	-
Chief Accountant	Šarūnas Kručius	1999 - up to day	-	-	-

**27. Significant agreements to which the issuer is a party and which would come into effect, change or would be terminated as a result of changes in the issuer's control, as well as effects thereof, except for cases where revelation thereof would cause considerable damage to the issuer due to the nature of such agreements**

There are no such agreements.

**28. Agreements concluded by the issuer and members of management bodies or employees providing for compensation in case of their resignation or groundless dismissal or end of their job as a result of changes in the issuer's control**

There are no such agreements.

**29. Information on major deals by related parties**

The operations of the enterprise cannot be carried out without related parties; however, during the first six months of 2009 no deals resulting in strong impact on the financial condition of the enterprise were concluded with related parties.

**30. Information on adherence to the Company Management Code**

The company essentially continues adhering to the recommended Management Code of Listed Companies approved by Vilnius Stock Exchange. All the necessary information on the management practice of the enterprise is contained in the consolidated annual report covering the year 2008. Public information has been published via regulated information base of JSC NASDAQ OMX Vilnius.

Link: [http://www.nasdaqomxbaltic.com/market/?issuer=KJK&market=&start\\_d=2&start\\_m=1&start\\_y=2009&end\\_d=24&end\\_m=8&end\\_y=2009&keyword=&pg=news&lang=lt&currency=0](http://www.nasdaqomxbaltic.com/market/?issuer=KJK&market=&start_d=2&start_m=1&start_y=2009&end_d=24&end_m=8&end_y=2009&keyword=&pg=news&lang=lt&currency=0).

**31. Data on public disclosures**

Public disclosures can be found at the web link given in Clause 30 of this report.

The company has made the following public disclosures:

**11.08.2009 Notice on the implementation of the official offer and operation results of the half-year dated 11.08.2009**

1. JSC Concern Achemos grupė implemented the mandatory official offer to buy-up the shares of JSC Klaipėda Stevedoring Company. In the course of the official offer, 94,068 shares (0.74% of the statutory

capital) of JSC Klaipėda Stevedoring Company were bought. The price of the mandatory official offer is 13 Lt (3.77 EUR).

2. During the first half of 2009, JSC Klaipėda Stevedoring Company earned 61.9 mln. Lt (17.94 mln. EUR) in unaudited income.

#### **08.06.2009 Notice on the price of the mandatory official offer**

JSC Klaipėda Stevedoring Company submitted a circular letter of the official offer to the Securities Board of the Republic of Lithuania, wherein the offered share purchase price is 13 Lt (3.77 EUR) per share.

#### **02.06.2009 Notice on the signing of the protocol of intent**

JSC Klaipėda Stevedoring Company and a Dutch company signed a protocol of intent, whereby the parties discussed negotiation actions, the purpose of which is to sign a contract (contracts) on possibility to load 1–1.5 mln. tons of granite at KLASCO; the granite will be used to cover the pipe of the pipeline Nord Stream on the sea bed. Due to the fact that the terms and conditions of the potential contract have not been discussed in detail, as well as due to the confidentiality obligation contained in the protocol of intent, there is no possibility to disclose more information on the potential deal or the Dutch company.

#### **29.05.2009 Notice on the unaudited interim financial statements and operation results of the first three months of 2009**

During the first three months of 2009, JSC Klaipėda Stevedoring Company earned 29.5 mln. Lt in unaudited income, and gained 5.5 mln. Lt in profit before taxes.

#### **14.05.2009 Notice on the General Director of JSC Klaipėda Stevedoring Company and management of the company**

In view of the fact that due to a traffic accident on 12.05.2009 the General Director is temporarily disabled, the Board of JSC Klaipėda Stevedoring Company appointed Juozas Benetis, Technical Manager, as temporary General Director of the company as from 13.05.2009. The work of the company is stable, and its operations are further developed.

#### **02.04.2009 Notice on the replacement of the General Director of JSC Klaipėda Stevedoring Company**

The Board of JSC Klaipėda Stevedoring Company decided to satisfy the request by Valentinas Greičiūnas, General Director of the company, to relieve him of his post of the General Director of the company as from 3 April 2009. A decision was made to elect Audrius Pauža General Director as from 4 April 2009.

#### **19.03.2009 Notice on intention to strike off the shares of the enterprise from the additional trading list of the Stock Exchange AB Nasdaq OMX Vilnius**

The Board of JSC Klaipėda Stevedoring Company (legal form: joint-stock company, registered address: Zauerveino g. 18, LT-92122, Klaipėda; the Company registered at Klaipėda Municipal Authority on 3 May, 1995; 1995, registration No. AB 95-119, the Company re-registered on 14.12.2004 in the Register of Legal Entities, Company register code: 140346267, registered statutory capital 126,704,290 (one hundred and twenty-six million seven hundred and four thousand two hundred and ninety) Litas, hereinafter referred to as the Issuer, acting in pursuance of Part 5 of Article 38 of the Law on Securities of the Republic of Lithuania, hereby gives a notice on the matter to be considered on 24.04.2009 regarding striking of the Issuer's shares off the additional trading list of Stock Exchange NASDAQ OMX Vilnius:

1) information on the planned announcement of the mandatory official offer – if and when the General Shareholders' Meeting of the Issuer to be held on 24.04.2009 takes a decision by not less than 3/4 of the total votes granted by the shares attending the meeting to strike the Issuer's shares off the additional trading list of Stock Exchange NASDAQ OMX Vilnius, the shareholders who have voted for the decision will make the mandatory official offer. During the validity period of the mandatory official offer, the right to sell their shares will be granted to those shareholders who voted „against“ or abstained from voting when the decision regarding striking the Issuer's shares off the additional trading list of Stock Exchange NASDAQ OMX Vilnius was being taken.

2) The reasons for striking the shares off the additional trading list of Stock Exchange NASDAQ OMX Vilnius – a small number of shares circulating in the Stock Exchange.

3) The measures taken by the managing bodies of the Issuer in order to protect the rights and interests of the shareholders – the Issuer will take all and any measures in order to make all necessary facilities and information accessible to the owners of the shares issued by the Issuer so that the shareholders could make use of their rights during the validity period of the official offer. Acting in accordance with the procedure stipulated by legal acts, the Issuer will announce information on the procedure for the implementation of the official offer in the daily *Lietuvos žinios* as stated in the Statutes of the Issuer.

4) The planned changes in the composition and activities of the managing bodies of the Issuer – no changes in activities are planned; changes in the member composition of the managing bodies are possible.

5) The price offered for the shares and the method of its setting – the price of the mandatory official offer (the price offered for the shares) is Lt 11 (eleven Litass), i.e. the average weighted market price for the Issuer's shares during the 6 month preceding the date of this notice (the period from 17.09.2008 to 17.03.2009).

### 32. Information on the branches and representative offices of the enterprise

#### 1. Information on the branches of JSC Klaipėda Stevedoring Company

Identification code	Name	Address	Code of the main type of operations	Income from main operations during 1-6/2009, thousand Lt	Number of employees
141908570	Klasco servisas	Naujoji uosto g. 23, 92245 Klaipėda	78.20	3.151	187
300076093	Klasco Towage Assistance		52.22	3.450	40

#### 2. Information on the representative offices of JSC Klaipėda Stevedoring Company

Representative offices	Address	Main type of operations	Number of employees
in Belarus	Skoriny 58, Block 9-17, Minsk	Search for clients and cargoes	1

### 33. Plans and forecasts for the operations of the enterprise

A goal for the year 2009 is to mitigate the aftermaths of the economic recession while maintaining optimum profitability of the enterprise.

Acting General Director



Vytautas Kaunas