



BLRT G R U P P



At the end of August the Chinese ambassador to Estonia, Huan Jun Po, visited BLRT in Tallinn. One of the issues

discussed during the visit was the possibility of the company working with specialists from China.

Group growth strategy

There's an old saying that goes: there can be no tailwind for those who sail with no set course. So that we are all aware of the course we are taking and benefit from the impetus this gives us, the following is an overview of the core areas of the company as well as our system of values and priorities.

Vision

BLRT is one of the biggest industrial concern in the Baltic, our aim is to become the market leader in all activities participated in.

Mission

We enhance the business of our customers by providing them with complete services, industrial products and materials. We are constantly evolving at organizational and technological levels to better serve the needs of our clients and to conserve the environment better. Our priorities are focused on sea transportation, renewable energy and engineering industries. Our strategic aim is to strengthen our leading position in our respective markets and to ensure the continued growth by offering the best efficiency and reliability in the serving of customer needs. Besides making quality products, we also make the lives of our customers comfortable and the lives of our employees deserving.

Our values

Entrepreneurship – We are constantly searching for new markets and business opportunities.

Efficiency – We aim to accomplish only the best results.

Reliability – We fulfill our promises.

Market directions

- Shipbuilding and Ship repair
- Manufacture of metal constructions and machine building
- Metal trading, metal prefabrication services, scrap metal processing
- Industrial and medical gases
- Transport and stevedoring services
- Material and equipment sales
- Technical services
- Investments, real estate

Key areas of strategic development

- investment
- reinforcing market positions
- seeking new opportunities
- management efficiency and growth in turnover and profits

Andrei Nassonov,
Strategy and Development Director

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BLRT Group's half-year turnover reaches 185 million euros

The turnover of the BLRT Group in the first six months of 2008 grew by 38.4 percent on the same period in 2007, reaching approximately 185 million euros.

The company's profit in the same period was almost 29,4 million euros – 40 percent more than in the first half of 2007. It should be noted, however, that this profit figure consolidates the joint ventures forming part of the group while turnover does not.

The biggest source of turnover in the first six months of 2008 was the sale of metals at 54.8 million euros, followed by ship repairs at 35.5 million euros, recycling of scrap metal at 30.8 million euros and production of metal structures at 23.4 million euros.



BLRT's promising new line – general cargo ships

Having received orders from BLRT-UMM Shipping, the group plans to construct 16 general cargo ships for the transport of general and solid bulk goods, processed timber products, fertilisers, grain, machinery and equipment. The projected cost of the ships depends on their exact nature and whether they are ice class but is expected to be around 13 million euros..

«We're launching our very own product – general cargo ships,» said Mark Berman, a member of the board of BLRT UMM. «With the market the way it is today it's a project with good prospects. For a start, the resources needed for shipbuilding are already booked up for several years, all over the world. At the same time, global trade never stops growing, but continental infrastructure in most regions has failed to keep up.»

The project will see eight ships built which are identical in appearance but fitted out differently. The first will take to the water in early 2010, with each consecutive ship following three months later. The ships were design by a Swedish bureau, while main construction will take place in Vakarų Laivų Statykla in Lithuania. The ships, which measure in at 5300 cubic metres, will be able

to sail in any part of the world, transporting goods as diverse as grain, timber, fertiliser and scrap metal.

The difference between this project and those the group has been involved in previously lies in the fact that the ships will go up for sale fully complete. Ordinarily contracts are signed before construction of a ship even begins. Some of the ships have already attracted interest. «If the first stage of the project is a success and the market situation doesn't change dramatically, another eight ships will be constructed in stage two,» Berman explained. «Until we find buyers for them we will operate the ships ourselves.»

BLRT UMM has been involved in cargo transport for one year and currently operates four ships. UMM (United Marine Management) itself, a partner to the BLRT Group, operates a fleet of 12 multi-purpose dry cargo vessels and one RO-LO vessel. It is one of the leading ship operators in Estonia in its tonnage segment. Ships transporting metals, scrap metal, processed timber products, fertilisers, machinery and equipment sail primarily between ports in the Baltic States, Scandinavia, the United Kingdom, Spain, Portugal and the Mediterranean.



BLRT shipbuilding programme makes waves in Greece

The BLRT Group introduced its additional ship repair options and shipbuilding programme to potential clients and visitors at the Poseidonia shipping fair recently held in Greece.

Gabriel Avanesov, the Marketing Director of Tallinn Shipyard, says that the Poseidonia fair is designed primarily for local shipowners. Greek companies do not take part in the exhibition themselves, as a rule, preferring instead to simply attend the event and visit the stands of the companies that interest them.

«We've been taking part in Poseidonia since 2004,» Avanesov explained. «This year we didn't sign any specific contracts, but we did hold negotiations with our colleagues from the Klaipeda factory and Turku Repair Yard. And a lot of visitors were very

interested in our shipbuilding programme. Ship construction is one of the group's most strategically important areas and one of the greatest beneficiaries of capital investment – designed, amongst other things, to automate production processes and boost operating efficiency. Thanks to the creation of a joint company with the Norwegian shipyard Fiskerstrand the group has gained access to valuable knowledge and the experience of its partner, and BLRT is also supporting the training of Estonian ship builders and engineers at the Tallinn University of Technology followed by two years of specialist studies at the Helsinki University of Technology.

According to forecasts, shipbuilding will account for 12.1% of the BLRT group's turnover in 2008. Its market niches are passenger ferries,



interested in our shipbuilding programme.»

Avanesov says that of the three shipyards, Greek clients dominate the Lithuanian portfolio. Tallinn Shipyard does have clients from Cyprus, but working with the Turku yard may have better prospects as a surprising number of the high-tonnage tankers sailing to the Baltics do so under the Greek flag.

Visitors to the trade fair showed

special-purpose vessels and general transport ships up to 100 metres long.

The Poseidonia shipping fair, which is held every two years, is one of the biggest maritime trade fairs in the world. This year it attracted 1720 companies from 80 countries and was attended by more than 17,000 visitors.

BLRT represented at SMM trade fair by three ship repair companies



The BLRT Group was represented at the Shipbuilding Machinery and Marine Technology 2008 (SMM) exhibition held in Hamburg in Germany at the end of September by three of its ship repair companies: sharing a 65 square metre box were Tallinn Shipyard, Klaipeda's Vakarų Laivų Remontas and Vakarų Laivų Statykla, and Finland's Turku Repair Yard.

«We wanted to take part so as to strengthen our ties with our existing clients and to increase our client base,» explained Gabriel Avanesov, the Marketing Director of Tallinn Shipyard. «It's a hot topic at the moment in light of the new opportunities the partnership between the group's three shipyards presents. What we have going for us is one of the biggest dry docks in Northern Europe and the flexibility in terms of logistics that the geographical locations of the companies offers – and that's just to name a couple of things!»

The SMM exhibition, the biggest in European ship building and repairs and one of the leading trade fairs of its kind in the world, was held from 23 to 29 September over 87,000 square metres of floor space. 1600 companies from 50 countries were represented at the event, which was visited by approximately 47,000 professionals. The BLRT Group has been taking part in the exhibition since 1996.



Star and Superfast VIII docked at the Turku Repair Yard



Partnership between Marketex and AKVA Group shows stability in quality and delivery

Five years ago, the BLRT Group's Marketex began working with Norway's AKVA Group (formerly AKVAsmart). Their partnership was designed for the reconstruction of two old barges as fish feeding vessels.

Marketex is the only company in the Baltic States still involved in the construction of fish feeding complexes – others have either turned their attention elsewhere or went bankrupt in the period of market decline between 2002 and 2004. It is a business which demands the highest levels of professionalism from its engineers and builders: its products are constantly being improved and fish feeding technology updated, with new selection options being introduced. The vessels must meet the requirements of the DNV certification foundation and the Food Processing Industry Board of Norway.

A third of Marketex's full capacity is currently being employed for its Norwegian partner. More than 90% of its output is delivered to clients in Norway, with individual orders being taken from Denmark, the Faroe Islands and Scotland.

Since the delivery of a single complex weighing between 100 and 150 tonnes can take up to 5 or 6 months, orders are continuously being worked on in any one of up to 20 different stages of completion. Marketex is currently capable of producing up to four vessels per month, but plans to reach a production volume of five per month. Repainting the barges alone takes two and a half weeks, with the same amount of time again being spent on producing small parts.

Marketex constructs the fish feeding complexes from start to finish. Resembling floating homes, the vessels are provided with both work and rest areas despite the fact that staff will only be on board the fish farms as and when required. The modern complexes are able to operate inde-



Each complex comprises a barge and the pens attached to its sides in which the fish are farmed

pendently, monitored and controlled at a distance by radio.

From March 2005 BLRT Marketex also constructed open sea fish farm complexes for the AKVA Group, but since demand for steel pens is not high the company is currently only supplying fish feeding vessels.

Marketex has become the only supplier of barges on the European market for the AKVA Group and already covers 65% of global demand for fish farming vessels.

28 years of AKVA operations

The history of the AKVAsmart brand dates back to 1980, when Akva A/S founder Ole Molaug and his partners developed the world's first centralised fish feeding system. Today the company has become the leading supplier of fish farms, providing international clients with more than 2000 feeding systems.

Eight years ago Akva A/S merged with Superior Systems AS, a supplier of biological produce control programmes, and Aquasmart International, a developer of adaption feeding technology. The new company came to be known as AKVAsmart ASA.

Then, in 2006, the company merged with five more firms: Wavemaster, a producer of steel pens; Helgeland Plast/Polarcirkel, a manufacturer of plastic pens and boats; UNI-Aqua, a developer of closed water circulation systems for on-shore farms; Fishtalk, a developer of control systems for fish farming; and Idema-aqua, a supplier of net cleaning systems. After this merger the company began offering consumers a complete range of services, becoming the market leader in technical support for farms involved in aquaculture. AKVA Group ASA shares have been listed on the Oslo fund market since November 2006.

Wind energy – the energy of the future

Germany's BARD Group, one of BLRT's partners, plans to become the biggest German company developing wind parks on the open sea. The company was founded in 2003 by academic Arngoldt Bekker, who travelled to Germany after quitting the board of directors of the Gazprom corporation to start a promising new business.

Since studies have shown that wind turbines placed at sea are twice as productive as similar generators on shore, the German government created favourable conditions for the maritime development of wind energy. By 2020 Germany plans to be producing 25% of its energy from renewable sources.

Tests done and tests underway

After four years of design work, engineers from the BARD Group erected and tested two trial wind turbines close to the city of Emden, where the company's headquarters are located. The results of the tests exceeded everyone's expectations, and work on the first wind park in the North Sea entered stage two: production of a series of large-scale turbines began in a factory in Emden.

Rising more than 90 metres above sea level and producing a circle with a radius of 122 metres with their blades, each of the 400-tonne giants will produce

up to five megawatt hours of electricity – enough to meet the needs of five thousand homes. This would mean, in theory, that a park of 80 wind turbines operating at full capacity would suffice to provide electricity to every district in Tallinn.

In August the BARD Group began work on the construction of a third trial turbine, this time in the sea, close to the shoreline. The towers are erected on patented three-legged foundations which in turn are attached to piles driven into the sea floor. Worthy of mention is the fact that sections of the German company's first sea foundations were installed by the BLRT Group.

Turbine after turbine and park after park

In spring 2009 the turbines will begin to be erected on the open sea, 100 kilometres from the mainland. Installation work will be carried out by the specialist vessel the WindLift1, which is currently under construction for the BARD Group in BLRT's Klaipeda shipyard. A further ten wind park projects are at the approval stage with a nominal capacity of at least 3000 megawatt hours – seven for German waters and three for Dutch waters. The turbines will be connected to the E. ON Netz network via transmission platforms and cables on the sea bed.

VLS continues construction of technology for North Sea wind turbines



In June BLRT's Lithuanian subsidiary VLS launched the right side of the hull of the vessel WindLift1, which is designed for the installation and servicing of wind turbine parks. This right side of the hull is complete, with only electrical work left to be carried out on it while the left side of the hull is constructed in the company's dock.

Project Manager Anatoli Novikov says that building a ship designed for such a purpose demands heightened attention to detail due to the specific nature of the vessel and the complex working conditions. «A whole range of unforeseen problems can come up in the course of construction, but you solve them as you encounter them, and our work so far has gone according to plan,» he explained. «We're bang on schedule.» Joining the two halves of the hull is planned for the end of October, but construction work on the ship will take place next spring.

In July Vakarų Laivų Statykla also commenced construction of an open sea wind park transformer platform for BARD Engineering.



Transporting a 280-tonne BARD VM turbine generator



Igor Berman: «We're developing – that's what's important! »

Igor Berman, the founder and man with the ideas behind the ELME group of companies, talks about the stages of development and problems of the company he manages.

▪ **What can you tell us about the ELME group? We know it forms part of BLRT.**

First I'll tell you a little bit about our structure and history. Although the ELME group exists as such, legally it doesn't exist at all. Basically, some of the group's companies grew out of ELME AS and just held on to the ELME acronym in their names.

ELME Gaas was registered in 1998 and taken out of the ELME group because our turnover in terms of industrial gas production was pretty high and we had signed a memorandum with the Messer Group, one of the world's gas industry leaders, to form a partnership company. ELME Metall, ELME Trans, ELME TKS and BLRT Masinaehitus were all established in 2001. Each of them has its own specific area of operation – sales of rolled metal; thermal cutting, cleaning, priming and bending of it; logistics and transport; technical diagnostics and analysis of equipment and materials; mechanical processing and assembly of small metal constructions; production of cast metal products; and hot dip galvanising services.

After these, some dynamic developments in regional operations saw the rise of subsidiaries in Latvia, Lithuania, Russia and Ukraine focussing on the production of manufacturing gases, sales of metal and rolled metal products and transport services. So now there are almost 20 companies that form part of the ELME group – and it really could be called a 'holding company within a holding company'.

Our goals are simple: we're developing, and that's the main thing! The results for the first half of the year are pretty impressive, but achieving them wasn't easy. Constantly raising volume is no simple task, but by diversifying your operations, looking



Igor Berman says that while the results for the first half of the year are impressive, achieving them was not easy

for new clients, entering new markets and specialising internally you can do it. Take ELME Metall: apart from supplying metal for construction, shipbuilding and metal structures, it has branched out into additional services for the pre-processing of rolled metal, and is starting to produce reinforcement products and filling material. The company is growing, and will already get ahead of itself, as it were, this year. Part of this success is due to its active expansion into new markets – Finland, Norway, Sweden, Denmark and Germany. Here our operations are 100% in line with [BLRT Group Chairman] Fjodor Berman's principle: «Think globally, act locally!»

▪ **А что можете сказать о других? What can you tell us about the other companies that grew out of ELME AS?**

To take ELME Messer Gaas as an example, it's stable and developing nicely, despite the fact that its half-year results weren't all that impressive. They were positive, but the local branches of the company are naturally affected by the economic situations in their regions – Estonia, Latvia, Lithuania, Kaliningrad and Ukraine – and there has been a slowdown in growth on these markets.

At the same time, we've created an institute for application technology and we're constantly on the lookout for new clients. In Sillamäe, for instance, we're involved in a project for the recycling and reuse of old batteries.

Our operations in Ukraine are growing nicely too, even though we've only been there for three years. One of our biggest ever gas extraction plants is being built in Dnepro-

petrovsk which will supply gas to the new Dneprostal electric steel smelter. And we're not only working there but also in Harkov, Kiev, Poltava and western Ukraine. Gas has a wide range of uses, from the food processing industry to water purification and energy, and ELME Messer Gaas is developing all the time. We already have plans connected to Finland, Belarus and St. Petersburg.

ELME TKS is more of an intellectual company, specialising in providing services in the field of irrefutable control methods, including magnetic powder defectoscopes, ultrasound and X-ray checks and colour defectoscopes. But it also carries out different types of analysis to identify the chemical composition of materials and their mechanical qualities. It's a very competitive company.

ELME Trans provides logistics, warehousing and transport services primarily to ELME Messer Gaas and ELME Metall. The dynamic growth those companies experienced was a fantastic leg-up for Trans as well, and in the last three years its turnover has increased by more than 150 percent.

■ **Are you feeling the downturn in economic conditions at the moment?**

In terms of sales turnover at least we're not, thanks to our new markets and constant growth. But the economic situation is generally unfavourable right now and we're seeing that in payment discipline – whereas the level of solvency in Estonia always used to be high, receivables are now demanding more and more attention. And stemming from that, risk levels are rising and client numbers are falling.

I'm not so much worried about the decline on the market as I am about the way costs are increasing, by which I mean fuel and electricity. A lot remains unclear: what will shape prices in future, and what will happen after the closure of the Ignalina power station in Lithuania. No one can predict that yet.

■ **So what are ELME AS's operations focussing on?**

ELME AS is about supplying the BLRT Group, in all of its areas of operation, with the energy resources, communication services (we have more than two thousand mobile phones alone), logistics, materials and equipment it needs. We have our

own power station, artesian wells, compression stations for the production of compressed air, pipelines for natural gas supplies and telephone exchanges. It's worth mentioning our technical services too, the likes of which probably don't exist in Estonia any more. I mean maintenance and repair of industrial equipment: dock cranes, metal cutting and processing benches and machinery, and all of the different kinds of communications systems we need.

■ **What has your career been like in the factory? And what role do you see ELME as having in the group's development?**

After I graduated from the Kaliningrad Institute of Technology I found myself working for BLRT in Workshop 13 in Tallinn, where I started out as an assistant. After that I became a specialist in the Non-standard Equipment Department, then a senior specialist, then head of the department, commercial director and finally in 1995 I was promoted to director of ELME. This year is my 20th anniversary of working here. I joined at a time of massive expansion.

A lot of the initiatives in the company have had to do with my colleague Igor Novoselov. He dealt with technical issues, while my area was marketing, finance and administration. Together we decided who to take on, we put teams together, we developed strategies... Now I'm a member of the board or the chairman of the board of every company in the ELME group. I have voting rights in all of them and take an active role in their operations. Generally I suppose it would be fair to say that the group's development has not come easily at all – quite the opposite. But the end result is pleasing, and that's what's important!

■ **One last question: what do you do outside of work? How do you spend your free time?**

I love travelling. I take the family skiing – downhill skiing – at least once a year. I have a pretty big family: two daughters and a son. My daughters are 15 and 10, but my son is only three. We'll be getting him up on skis next year! And we have a cat and a dog. I try to find time where I can to visit the gym too.

ELME Metall sales grow despite weak Estonian market



The first half of 2008 proved a success for ELME Metall, with the total turnover of the company's divisions reaching 140 million euros. The decline on the Estonian market primarily caused by a freeze on building projects was compensated by increased sales on foreign markets.

«All of our subsidiaries met their goals in the first half of the year,» explained Georgi Grigorjan, CEO of ELME Metall. «We managed to increase sales to Finland, Switzerland, Norway and Denmark.»

It is worth noting that the company does not sell rolled metal on the Scandinavian market but semi-finished goods for manufacturing and construction. «First and foremost what we sell is a service,» Grigorjan said. The company's all-inclusive services include production of small parts and filling materials based on the technical conditions of each client, thermal size cutting, bending and priming.

Based on its growth strategy and the positive experience ELME Metall has had working with Scandinavian companies, it plans to establish itself in the region in the near future. Its other key areas of development lie to the east – Belarus and Ukraine – and the company will continue to reinforce its position in Russia, having launched construction of a service centre in Kaliningrad.





Meeting every challenge – with quality

Engineer-mechanic Dmitri Gornostajev joined the group four years ago having been awarded his bachelor's degree in product development. Dmitri's motto is: «While you're still young you have to meet every challenge». By combining his work and his studies he has now also obtained his master's degree and is a doctoral candidate at the Tallinn University of Technology – not that this gets in the way of the young specialist also studying management by distance education and training Estonia's future women's volleyball team.

But in fact everything began for Dmitri not just four years ago, or even eight, when he was working for a Tallinn company called Tehnomet, but much earlier. 38 years ago a man named Viktor Aleksandrovitš Lipin, a graduate of the Frunze Naval College, walked through the gates of the Baltic Ship Repair Yard and took up a post as a specialist, later to become a department head. He repaired warships, patrol boats and other vessels, his final project being the C-604 destroyer. Having retired from the industry, he now works as a night watchman at Tehnomet – the company he invited his grandson Dmitri to do some work experience in back in 2000.

«I spent two and a half months assisting one of the specialists,» Dmitri recalls. «I helped organise the work on the ships that were being repaired, and checked the quality of the work. It was interesting, and it made me realise, thanks to my grandfather, where and how I could put the knowledge I'd gained at university to good use.»

Dmitri is happy with the choice he has made. «I like it here in the group and I can't really see myself working anywhere else. Last year I transferred to the BLRT Marketex subsidiary at Tallinn Shipyard as a project manager. All of the work here is organised around the core product – fish farming vessels – which is a really exciting project. It's what I'm writing my dissertation about.»

Young professionals

Dmitri says that the team at the shipyard operates like a well-oiled machine. Everyone knows what they are meant to



Dmitri Gornostajev with his grandfather Viktor Aleksandrovitš Lipin

be producing; everyone does what they are meant to do; and everything is aimed at achieving results. «We want to be one of the best teams in the group, and to be honest I think we are, because our production level is high and our financial figures are good,» he explains. «And in fact our team is very young – the average age is around 30 or 35. Young people want to work here so they can actually do something with the things they've learned at university, open up and make a name for themselves. But the most important thing is the experience they get here, which is invaluable, because their colleagues can help them sort out any problems that come up. You just have to know who to ask! My mentors, Valentin Ivanovitš Trifonov and Juri Vladimirovitš Garšin, taught me a lot from their years of experience. They always had an answer, whatever the question I put to them.»

«Teaching project» from Marketex

Dmitri has now been managing the subsidiary's Technology Department for three months. His duties include checking production preparations, including coordinating the work of construction and technology specialists and checking document flow. «First and foremost it's up to me to organise the list of docu-

ments we need and set their deadlines,» he explains. «Then I check to make sure that they're being drawn up properly. I keep an eye on things so that they reach the right person in the right amount at the right time. I'm also responsible for ensuring that assembly parts are delivered on time.»

Norwegian partners Marketex are currently sending 'teaching projects' with their orders setting out the primary components and spaces and also the main materials and their thickness. On this basis engineers develop the technical documentation needed for the workshops. Tasks are divided into blocks and sections, and assembly and detailed plans are produced. According to Dmitri, what the client says they want is usually all that is needed for him to produce a 'training project' and manage the entire production process himself. Emboldened by his work, the young engineer is writing his doctoral dissertation on the modified version of the company's fish feeding vessel and plans to develop a convenient method of calculating the durability of internal sections and floating structures for the Technology Department.

On the 1st of September Dmitri was promoted to Production Manager at Tallinn Shipyard. He will continue to manage the company's technological services until a suitable replacement is found for the position, before taking on

new challenges bearing even greater responsibility in the management and coordination of the shipyard's workshops, services and subcontractors.

Volleyball – a proper hobby

Alongside his doctoral research at the Tallinn University of Technology, Dmitri continues to study through an open university in the United Kingdom, the cost of which is partly being covered by his employer. He plans to obtain an international certificate in management. «If the

conditions are there, I'd love to try my hand at lecturing.» the future Doctor of Technology says, «especially since I have a bit of experience in running seminars. And along with my work and studies I'm also in my third year of training primary school kids in volleyball. Not that we're competing yet – we're just beginners.» In future Dmitri plans to organise friendships between teams at the same level in Tallinn and throughout Estonia. His dream is to one day win the Estonian championships.

«You've got to have a proper hobby. Volleyball's mine. I love to travel too, if

I have the time and the money. Last year my wife and I went to Bulgaria for our wedding anniversary. We've been together for four years and covered pretty much all of Estonia, as well as going to Latvia, Lithuania, Poland, the Czech Republic and Hungary. I'd still like to see Paris.»

And yet Dmitri's daydreams see him not in Paris but rather surrounded by a happy family, with two children, their own house and of course an Estonian Volleyball Championship trophy on the shelf. And a successful career in Marketex and the BLRT Group.

Employee evaluation begins



In an analytical report to the evaluation committee of Tallinn Shipyard in late 2005, Gabriel Avanesov wrote: «The shipping company Hansatee-Tallink currently owns 12 vessels, three of which we are incapable of docking and working on. The proportion of large ships in the company's fleet is rising, as it is generally on the Baltic Sea. If we do not raise our dock capacity we will end up as 'the company that repairs small ships'. If we want to work on large ships we need to start working more closely with the ship repair companies in Turku and Gothenburg, where there are large docks.» This was just one of several considered views Avanesov expressed in the relatively short page-and-a-half report he submitted. Shared by other shipyard managers, it was clearly one of the factors in the BLRT Group's balanced and justified decision to buy Turku Repair Yard. And last year Gabriel became Tallinn Shipyard's Director of Marketing.

Group development potential

В октябре 2008 года начнется оценка Evaluation of the BLRT Group's engineering, technical and senior staff will begin once again in October 2008, starting in the group's subsidiaries. The central evaluation committee, comprising the group's management, will be assessing the managers of the subsidiaries, their deputies and the directors of the group's services and departments. Evaluation is designed to give the group's employees the chance to analyse their

work and the work of their division and to make proposals to the committee on how to improve it. For management it represents an opportunity to discuss and evaluate the contribution and potential for development of every person in every unit, based on the analytical reports submitted to them.

Increasing competitiveness

In theory, and in legal terms, the basis for the production of an analytical report is an employee's job description. Practice has shown, however, that a watered-down account of whether the requirements of a job description are being met is insufficient when it comes to analytical reports: everyone else is to blame for why I can't be the best I could be! Analysis is needed, including constructive criticism of yourself and your position, as well as warranted proposals at both the personal and company levels. Taking an analytical report from the 'me' level to the company level and beyond adds weight and substance. Serious preparations for employee assessment enable the evaluation committee to look at key issues for the companies involved and to help identify and gauge the development potential of staff. Observations made and views expressed by young specialists are just as important to the committee as the ability of experienced workers to take their knowledge further and implement it in ever-changing situations. The results of the evaluation are taken into account in career planning, putting together a

reserve of senior staff and salary negotiations. Assessment helps to uncover and make something of the potential in every employee, thus increasing the competitive edge the companies enjoy.

Positive example

Dmitri Gornastajev, a graduate of the Tallinn University of Technology, joined BLRT Marketex as an engineer and construction specialist in 2004. The company's experienced director Fjodor Kvitš noticed the development potential in the young recruit immediately, and had him trained in project and company management. The findings of the 2006 evaluation committee recommended that Dmitri be groomed in his work and studies to become a fully-fledged project manager. In 2007 Dmitri was promoted to the post of project manager in BLRT Marketex, responsible for the production of vessels on the slipways of Peetri harbour. His work went well and his results were good. In 2008 he became a doctoral candidate at the Tallinn University of Technology, where he studies outside of work hours. With his strong technical background and experience in project management, Dmitri was recently promoted to the post of production manager of vessels at Tallinn Shipyard. Assessment helped the young specialist better understand and implement his potential – one of the primary goals of employee evaluation.

Heinart Puhkim

Director of Personnel, BLRT Group



Old passenger ferry becomes «floating office»

In September Vakarų Laivų Statykla (VLS) reconstructed the ERSAL 3, a vessel which will be used for the maintenance of oil platform equipment and machinery. Due to go into service in the Caspian Sea, the ship has been dubbed a 'floating office' because of the layout of its rooms.

Jevgeni Petrov, Marketing Director with VLS, says that a six-man team will be permanently on board the ship as well as 50 specialist workers. Their office equipment has been designed to ensure that their work at sea is no different to work on dry land. «With this project we've again proven that we're looking to the future and keeping a constant eye on the market,» he said. «It might sound like boasting, but we know our strengths and we know how to make the most of them.»

The order for the vessel was placed by SAIPEM S.p.A., one of VLS's longest-standing clients and one of the biggest players in the international oil and gas industry.



VVS on the verge of change

Vakarų Laivų Gamykla subsidiary Vakarų Vamzdynų Sistemos (VVS) is on the verge of change with the recent appointment of the very experienced Oleg Ukrainets as the manager of the 73-strong company.

The new director says that the company has a lot of orders to fill, which is why his primary goals are to manage the progress of existing work, to strive for higher quality and to ensure that deadlines are met. Future plans will see attention turned to the key areas of project planning and the acquisition of materials, and

the procedure for the organisation of work in the company will be reviewed. Changes will also be made in administration.

«We have to introduce a consistent programme of investment,» he said. «If we're going to stay competitive we don't have any choice but to invest in the latest technology and equipment.» He also hopes to see a transition to an electronic system of document management in order to reduce the flow of paper documents and better direct work processes.

VVS's core areas of operation are the production and repair of pipeline systems for ships; repairs to boiler equipment; and turning, milling, technical sanitary and other work associated with pipeline systems.



2008's largest-scale firefighting training

The year's biggest firefighting training exercise took place in Vakarų Laivų Gamykla (VLG) on 5 August with the participation of both the company's own firefighting service and that of the Klaipeda district.

The exercise was designed to showcase the ability of the fire and rescue services to carry out operations to rescue people and extinguish fires. VLG's ability to ensure safety under even the most extreme conditions was demonstrated to the company's

49 people took part in the exercise, including 37 national fire and rescue service officials and 12 VLG employees. A large amount of equipment was involved: VLG's fire trucks and ten fire and rescue vehicles belonging to the City of Klaipeda.

biggest client, Germany's BARD Engineering.

Anatoli Rōžkov, Director of Control Services, was satisfied that the exercise went well: «It was great training on how to react in an emergency situation,» he said. «And it taught our workers some new skills in how to deal with incidents on ships being repaired in dock.»

VCL accredited as independent laboratory

Vakarų Centrinė Laboratorija (VCL) was awarded the ISO 17025:2005 certificate in July, making it the only independent laboratory provided control services in Western Lithuania.

Certification means that the checks carried out by VCL are in line with all ISO requirements, as attested by the Lithuanian State Accreditation board. Six employees designated to work with new equipment have received training and been issued with LST EN 473 certificates.

Jurgis Bražinskas, Director of VCL, says that accreditation is needed for the results of their tests to be recognised at the international level. «I'm convinced we're riding the crest of a wave at the moment,» he said. «Much of it is thanks to the new technology we've invested in and the new staff we've taken on. We have a lot of work ahead of us on WindLift1, the vessel VLG is constructing, which is designed to service wind turbines at sea.»

Work to obtain accreditation for the laboratory lasted two years. More than 115,000 euros was invested in the company in recent years to bring it into line with the ISO standard, with new equipment being purchased to measure X-rays and ultrasound and the laboratory itself being renovated.

As more and more demands are being placed on working conditions within companies in the European Union, VCL's future plans include accreditation for the assessment of the work zone. Once this is obtained the company will be able to take noise, light and dust measurements on site.

Stepan Alfimov – Employee of the Year at Vakarų Konstruktijos



Stepan Alfimov – Employee of the Year at Vakarų Konstruktijos

Stepan Fomitš Alfimov, head of the Metal Constructions Department at Vakarų Konstruktijos and recent recipient of the title of Employee of the Year, says that the award means a great deal not only to him, but to the entire team.

«It's a good feeling when people notice and appreciate the work you do,» he says. «I didn't expect to get an award for it, but I'm very happy I did! I guess what you do is best judged from the sidelines.»

Born in Klaipėda, Stepan joined the Western Ship Repair Yard in 1974 immediately after graduating from school. Although he is a hull builder by profession, he spent more than 15 years working as a brigade leader. He then decided to try his hand at a different line of work, but within a decade he had been called back to the shipyard – and he brought his own team with him.

«The situation at the time was complicated,» Stepan explains. «We

were basically starting from nothing. There were very few orders and the management changed frequently. Everything fell into place though when [current Vakarų Konstruktijos director] Vigantas Bružas arrived. Now all of our technology and equipment is cutting edge and our production has been modernised, which means the quality of our work is better than it has ever been.»

The department head, who turns 56 this year, is proud of his team's solidarity and stability. «All of our specialists are trained and certified,» he says. «Discipline and motivation are key to our work. People say I'm tough, but I'm only like that when I really need to be. Sometimes there are just situations where you have to whip people into shape or give them a good talking-to. I'm glad my team understands that.»

But how does the employee of the year spend his time outside of work? «I'm a pretty active person, generally. I don't spend days on end lying on the sofa. I love being with my two grandkids, but if they're off somewhere else I'll happily go fishing.»

«Stepan's a hard-working and honest man. It's good if there's someone on the team you can always rely on and ask advice from when you need it, and that's Stepan. If you give him an important task to do, you can be sure it will get done. No two ways about it! He is without doubt one of our company's most experienced workers.»

Vigantas Bružas

Director, Vakarų Konstruktijos



CONGRATULATIONS!

New BLRT Group managers

▪ Stella Šareiko	<i>member of the board</i>	BLRT RPK
▪ Algis Maslauskas	<i>director</i>	Technometas

BLRT Group birthdays 1 July 2008 - 15 October 2008

▪ Aleksandr Jelisejev	<i>systems regulator</i>	BLRT ERA
▪ Natalja Mamatova	<i>secretary/administration</i>	BLRT Marketex
▪ Pjotr Voloda	<i>shift mechanic</i>	Russian-Baltic Port
▪ Viktor Vassiljev	<i>ship hull builder</i>	Vakarų Korpusų Konstrukcijos
▪ Justinas Drumstas	<i>appraiser</i>	Vakarų Laivų Statykla
▪ Sigitas Razvadauskas	<i>dock worker/mechanisation specialist</i>	Vakarų Krova
▪ Aleksandr Popov	<i>ship hull builder</i>	Vakarų Korpusų Konstrukcijos
▪ Yevgeny Kolesnikov	<i>member of the board</i>	BLRT IK
▪ Gennady Semenov	<i>procurement manager</i>	ELME Metall
▪ Vladimir Vernolhayev	<i>steel wiper</i>	BLRT Masinaehitus
▪ Aleksandr Khorokhonov	<i>mechanic</i>	BLRT Eko
▪ Viktor Karpychev	<i>galvanizer</i>	BLRT Masinaehitus

▪ Niina Abrosimova	<i>warehouse keeper</i>	BLRT Marketex
▪ Sergei Frolov	<i>tool locksmith</i>	BLRT Masinaehitus
▪ Anatoli Golovats	<i>miller</i>	Vakarų Korpusų Konstrukcijos
▪ Julius Patšerniskas	<i>specialist</i>	Vakarų Krova
▪ Stanislav Leitan	<i>driver</i>	Elme Transportas
▪ Vladimir Bronevski	<i>locksmith</i>	Vakarų Centrinė Laboratorija
▪ Valentinas Valjunas	<i>roller</i>	Vakarų Metalgama
▪ Vladimir Breusov	<i>specialist</i>	Vakarų Laivų Statykla
▪ Kazis Pakulis	<i>loader/driver</i>	Vakarų Korpusų Konstrukcijos
▪ Nikolay Sytin	<i>crane operator</i>	BLRT Marketex
▪ Nikolay Cherevko	<i>driver</i>	ELME Trans

▪ Aleksandr Gontšarov	<i>shift mechanic</i>	Russian-Baltic Port
▪ Georgii Belopuhhov	<i>sailor/engineman</i>	BLRT EKO
▪ Mihhail Terentjev	<i>sailor</i>	Russian-Baltic Port

List of BLRT Group employees who have worked for the company for...

▪ Alexander Zaborskiy	<i>director of production</i>	Tallinn Shipyard
▪ Valentina Ivanova	<i>cleaner</i>	Elme Trans
▪ Aleksandr Jelisejev	<i>systems regulator</i>	BLRT ERA
▪ Nikolai Morozov	<i>locksmith/electrician</i>	BLRT ERA
▪ Aleksandr Šurajev	<i>mechanic</i>	Russian-Baltic Port
▪ Vaidotas Tšerkesas	<i>locksmith/ship repairer</i>	Wartsila BLRT Lithuania
▪ Algirdas Reljuga	<i>electrical equipment locksmith</i>	Vakarų Technine Tarnyba
▪ Edvardas Gimbutas	<i>electrical equipment locksmith</i>	Vakarų Technine Tarnyba
▪ Lidia Gladenene	<i>cloakroom manager/cleaner</i>	Vakarų Buitis
▪ Vladas Jalmokas	<i>dock 219 shift mechanic</i>	Vakarų Laivynas

▪ Niina Abrosimova	<i>warehouse keeper</i>	BLRT Marketex
▪ Vladimir Jurkov	<i>electric fitter, electrical equipment repairs</i>	ELME
▪ Aleksandr Sokolov	<i>electric welder</i>	BLRT Masinaehitus