

“RIGA SHIPYARD” JSC /AS “RĪGAS KUĢU BŪVĒTAVA”

***“RIGA SHIPYARD” JSC
2008 annual report***

***(audited)
(not consolidated)***

Riga, 2009

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INDEPENDENT AUDITOR'S REPORT

To the shareholder of „Rīgas kuģu būvētava” A/S

Report on the financial statements

We have audited the accompanying financial statements (page 7 to 34) of „Rīgas kuģu būvētava” A/S, which comprise the balance sheet as at 31 December 2008, and the income or loss statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except for possible influence of circumstances mentioned in „Substantiation to opinion with objections”, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selecting depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantiation to opinion with objections

As it is mentioned in the supplement Nr. 13 of financial statement „Partnership in capital of associated companies”, in the balance sheet of the enterprise is included investment in capital of associated company to the tune of LVL 843365, which is a purchase expense of the investment. It was not possible for us to get the necessary information about the balance value of this investment on the 31st of December, because the management of the enterprise didn't give us the financial statement of this associated company. That's why, it wasn't possible for us to define if the balance value of the investment needs some correction, which could be determined, if we got the financial statement.

Opinion with objections

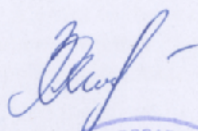
In our opinion, except for possible influence of circumstances mentioned in „Substantiation to opinion with objections” paragraph, the financial statements give a true and fair view of the financial position of „Rīgas kuģu būvētava” A/S as of 31 December 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on the management report

We have read the management report as shown on the page 4 to 5 of the annual report and we have not identified any material discrepancies between the historical financial information presented in the management report and the financial statements for the year ended 31 December 2008.

Managing Member of LTD UHY Orients N
Commercial Company License No.28

Riga, Latvia
29 April 2009



Natālija Zaiceva
Sworn Auditor
Certificate No.138

Information on the company

Name of the company	Joint stock company “Riga shipyard”	
Legal status	Joint stock company	
Incorporation number, place and date	000304589, 5 December 1991, companies register, Riga 40003045892, 26 August 2004, commercial register, Riga	
Registered office	2 Gales street, Riga, LV-1015	
Stock capital of the enterprise	Ls 11 672 107	
Core business of the enterprise	– building and repair of ships, yachts, catamarans, roll trailers and technological equipment – Port services – Wood processing, manufacturing of furniture designed for various functional purposes etc.	
Associate enterprise	“Tosmare Shipyard” JSC	
Address	42/44 Generala Baloza Street, Liepaya	
Partnership	49,72%	
Associate enterprise	“Remars Granula” SIA	
Address	2 Gales street, Riga, LV-1015	
Partnership	49,80%	
Name, surnames and positions of members of the Board		
Vasilijs Melniks	Chairman of the Board,	p. ID 310867-10726
Igors Komarovs	Member of the Board,	p. ID 040756-10902
Larisa Artemenko	Member of the Board,	p. ID 030349-12926
Irina Rudzate	Member of the Board,	p. ID 091066-11012 (appointed on 20.03.2008)
Aivars Stolders	Member of the Board,	p. ID 060569-10634 (resignet on 31.12.2008)
Name, surnames and positions of members of the Council		
Sergejs Golcins	Chairman of the Council,	p.ID 250154-10952
Anatolijs Ustinovs	Deputy Chairman of the Council,	p.ID 010146-10964
Aleksandrs Cernavskis	Member of the Council,	p. ID 230770-10102
Andris Kravalis	Member of the Council,	p. ID 250977-11002
Juris Kaksitis	Member of the Council,	p. ID 270443-10124
Chief accountant	Marina Pudova	Phone 67080868
Annual report	1 January – 31 December 2008	
Tax authority	SRS Riga regional institution Ziemeļu district division	
Name and address of an auditor	Natalija Zaiceva, p ID 140366-10722	
	Sworn auditors firm KSIA “ORIENTS N” LSAA certificate No 28	
Responsible person	Larisa Artemenko Member of the board t. 67353411, E-mail: larisa@riga-shipyard.com	

**“Riga Shipyard” JSC directorship statement to
2008 annual report**

JSC's "Riga Shipyard" business in the year 2008 was persistent and continued the previous years set in the course of development.

In the past of year 2008 JSC's "Riga Shipyard" total net turnover made up 39963765 LVL, including shipbuilding - 12230478 LVL, ship repairing - 27390551 LVL (compared to the year 2007 – 35626927 LVL, including ship building – 17304159 LVL, ship repairing - 16938121 LVL).

The total brutto turnover of JSC “Riga Shipyard” made up 790089 LVL (1111481 LVL in the year 2007), clear turnover in 2008 made up 208972 LVL, relatively 169185 LVL in 2007. Despite of net turnover's increase, JSC's “Riga Shipyard” clear income has decreased due to inflation's high level, which leaded to service, energy resources and raw material cost price increase.

During the year 2008 "Riga Shipyard" JSC repaired 100 ships in total (relatively 81 ships in the year 2007), it has also produced and launched on water 11 hulls (in comparison to 9 hulls in the year 2007), as well as 2 newbuilt fully completed tug boats have been turned over for operation to the Free Port authorities.

JSC's "Riga shipyard" products and services, as well as raw material suppliers in the year 2008 has not dramatically changed and mostly remain the same, such as: Western Europe, Russia, Ukraine, Lithuania as well as Latvia. Traditionally, one of the main ship repair customers have been Western European, Russian, Lithuanian and Latvian ship owners, however shipbuilding customers have been mainly from the Scandinavian countries and from Latvia for the tug boats.

During the year 2008 "Riga Shipyard" JSC has invested approximately 1.5 million LVL into new technological equipment acquisition and reconstruction (compared to 0.8 million LVL in the year 2007).

In February 2008, a new reconstructed central boiler-house have been turned over for operation, the building of which had been started in 2007. As reconstration's result, the central boiler-house utilized gas expenses have been reduced 3.5 times.

A brand new metal plasma-cutting machine SXE – P1 3500 has been purchased and turned over for operation as a result of which environment pollution during hull blocks production has dramatically reduced and, on the other hand, labour quality and effectiveness has increased. Floating dock Nr. 1 has been equipped with a modern CO2 fire-extinguishing system . Floating bridges reconstruction on the docks Nr 1 and 2 has been carried out. A brand new energy saving welding equipment has been also purchased , as well as pier's Nr 8, sea floating crane, bridge crane and pier KONE crane thorough repairs have been carried out.

The projects started in the 1st half of the year 2008 related to the sphere of energy resources reduction such as workshop's heating and ventilation systems reconstruction have been finished .

“Riga Shipyard” JSC's work and procedures are made according to the international sertificate standarts – EN ISO 9001 : 2000. The sertificate has been already received in 2001, and is controled and prolonged all the time. The issues on enviroment pollution reduction are also considered year to year.

In the year 2009 the Company is planning to continue with the development of already running projects, as well as to go on with the investments into technological projects, equipment exchange and reconstructions that will allow to save on expensive expenditure of electric current.

The modernization of hot zincification warehouse has been made. as well as modern technological projects at cast and steel smelting house have been inculcated on.

In the future, “Riga Shipyard” JSC will pay its most attention to the enterprise’s technical provision, especially to more available technological processes and equipment with lower energy power expenditure.

In the course of time between the last day of the annual report’s date and the day when the annual statement had been signed, neither of the major conditions took place that could influence on the annual report results as well as enterprise’s financial state.

JSC "Riga Shipyard" board of directors suggests the net income for 2008 in amount of LVL208972 to be invested into the further development of the company.

April 29th, 2009
JSC “Riga Shipyard”
Chairman of the Board

/signature/

V. Melniks

Notification on liability of the board

The board of the enterprise is liable for preparation of a financial report, grounding on initial accountancy per each accounting period, which correctly reflects financial situation of the enterprise as at the end of the year of account, as well as results and cash flow for this period.

The board endorses that, preparing this report for the period ended on December 31th 2008, there were used corresponding accounting methods, their application was consequent, there were made reasonable and prudent resolutions. The board endorses that corresponding International Accounting standards are observed and financial reports are prepared in compliance with principle of continuation of business.

The board is liable for administering of respective accounting reports, for perseverance of means of the enterprise, as well as for elimination of deceit and other dishonest acts.

Chairman of the Board

V. MELNIKS

/signature/

April 29th, 2009
“Riga Shipyard” JSC

Profit & Loss calculation for 2008 and 2007

	Remarks	2008 Ls	2007 Ls	2008 EUR	2007 EUR
1. Net turnover	(1)	39 963 765	35 626 927	56 863 315	50 692 550
2. Sold production operating costs	(2)	39 173 676	34 515 446	55 739 119	4 9111 055
3. Gross profit or losses		790 089	1 111 481	1 124 196	1 581 495
4.Selling costs	(3)	48 271	56 086	68 684	79 803
5. Administration costs	(4)	847 873	767 555	1 206 415	1 092 132
6.Other enterprise's business activity's income	(5)	1 169 331	1 218 043	1 663 808	1 733 119
7.Other enterprise's business activity's costs	(6)	822 069	976 125	1 169 699	1 388 901
8.Profit & Losses of business activity's		241 207	529 758	343 206	753 778
9.Income from investments in capital of related and associated companies			31 360		44 621
10. Other percents and the like income	(7)	526 531	133 115	749 186	189 406
11. Payment off percents and the like costs	(8)	401 147	329 608	570 781	468 990
12. Profit & Losses prior to extra ordinary items and taxes		366 591	364 625	521 611	518 815
13. Profit & loss prior to taxes		366 591	364 625	521 611	518 815
14. Income taxes of the enterprise	(9a)	15 808	33 456	22 493	47 604
15. Deferred income	(9b)	41 456	31 194	58 986	44 385
16. Other taxes	(10)	100 355	130 790	142 792	186 097
17. Year of account profit & loss (net income)		208 972	169 185	297 340	240 729

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

April 29th, 2009

Balance as at 31 December 2008 and 2007

ASSETS	Remarks	31.12.2008 Ls	31.12.2007 Ls	31.12.2008 EUR	31.12.2007 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
1 Other intangible investments		26 653	40 734	37 924	57 959
2 Advance payments of intangible investments		167 701	180 008	238 618	256 128
<i>Intangible investments in total</i>	11	194 354	220 742	276 542	314 087
<i>II Fixed assets</i>					
1. Lands, buildings, constructions, perennial plants		3 860 641	3 239 441	5 493 197	4 609 309
2. Long-term investments into leased fixed assets		28 615	3 304	40 715	4 701
3. Equipment and machinery		14 005 016	14 077 693	19 927 342	20 030 753
4. Other fixed assets and stock		413 517	464 087	588 382	660 336
5. Up building of fixed assets and unfinished building objects costs		128 891	384 081	183 395	546 498
6. Advanced payments for fixed assets		5 835	27 480	8 302	39 101
<i>Fixed assets in total</i>		18 442 515	18 196 086	26 241 333	25 890 698
<i>III Property deposit</i>		441 760	448 401	628 568	638 017
Fixed assets and property deposit in total	12	18 884 275	18 644 487	26 869 901	26 528 715
<i>IV Long-term financial investments</i>					
1.Participation in capital of related companies	13	3 008 147	3 008 147	4 280 207	4 280 207
2.Participation in capital of associated companies			283 540		403 441
3. Other equities and investments	14	165	165	235	235
4. Other loans and other long-term debtors	15	551 743	567 983	785 060	808 167
5. Loans to copartners of the enterprises and to the directorship	16	332 284	342 284	472 799	487 026
6.Long-term deposit	17	4 322 245		6 150 000	
<i>Long-term financial investments in total</i>		8 214 584	4 202 119	11 688 301	5 979 076
<i>Long-term investments in total</i>		27 293 213	23 067 348	38 834 744	32 821 878
<i>Current assets</i>					
<i>I Reserves</i>					
1.Raw materials, direct materials and auxiliary materials	18	3 831 032	4 291 829	5 451 067	6 106 723
2. Unfinished production	19	1 105 172	25 351	1 572 518	36 071
3. Unfinished order	20	361 679	540 388	514 623	768 903
4. Advance payments for goods	21	3 850 734	622 793	5 479 101	886 155
<i>Reserves in total</i>		9 148 617	5 480 361	13 017 309	7 797 852
<i>II Debts of debtors</i>					
1. Debts of buyers and customers	22	3 847 771	3 869 581	5 474 885	5 505 918
2. Associated companies debts	23	391 236	86 016	556 679	122 390
3. Other debtors	24	582 211	1 473 062	828 412	2 095 978
4. Short-term loans to copartners of the enterprise's and to the directorship	25	224 394	222 676	319 284	316 839
6. Next period costs	26	126 611	80 941	180 151	115 169
7. Accrued proceeds	27	5 954 590	13 747 359	8 472 617	19 560 730
Debtors in total		11 126 813	19 479 635	15 832 028	27 717 024
<i>III Short-term financial investments</i>					
<i>Short-term financial investments in total</i>					
<i>Cash assets</i>	28	11 635 260	9 235 073	16 555 483	13 140 325
<i>Current assets in total</i>		31 910 690	34 195 069	45 404 820	48 655 201
<i>Assets in total</i>		59 203 903	57 262 417	84 239 564	81 477 079

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LIABILITIES		Remarks	31.12.2008 Ls	31.12.2007 Ls	31.12.2008 EUR	31.12.2007 EUR
I	Equity capital					
	1. Stock or share capital (equity capital)	29	11 672 107	11 672 107	16 607 912	16 607 912
	2. Overrate reserved of financial fixed assets	30	8 868 979	10 666 906	12 619 419	15 177 640
	3. Retained earnings					
	a) previous years retained earnings		3 077 375	2 908 190	4 378 711	4 137 982
	b) year of account retained earnings		208 972	169 185	297 340	240 729
	<i>Retained earnings in total</i>		<i>3 286 347</i>	<i>3 077 375</i>	<i>4 676 051</i>	<i>4 378 711</i>
	Equity capital in total		23 827 433	25 416 388	33 903 382	36 164 263
II	Reserves			122 239		173 930
	<i>Reserves in total</i>			122 239		173 930
III	Creditors					
I	Long-term debts					
	1. Liability of leasing					
	2. Deferred taxation reserves liabilities	9b	2 024 555	417 985	2 880 682	594 739
	Long-term debts in total		2 024 555	417 985	2 880 682	594 739
II	Short-term debts					
	1. Loans from credit institutions	31	5 844 453	7 341 235	8 315 907	10 445 636
	2. Liability of leasing			2 954		4 203
	3. Advance payments received from buyers	32	23 678 267	20 487 320	33 691 139	29 150 830
	4. Debts to suppliers and contractors	33	2 350 839	2 557 608	3 344 943	3 639 148
	5. Debts to associated companies					
	6. Taxes and social insurance payments	34	255 184	187 922	363 094	267 390
	7. Other creditors	35	298 135	256 015	424 208	364 277
	8. Unpaid previous years dividends	36	24 917	25 528	35 454	36 323
	9. Next period income	37	6 833		9 722	
	10. Accrued liabilities	38	893 287	447 223	1 271 033	636 340
	Short-term creditors in total		33 351 915	31 305 805	47 455 500	44 544 147
	Creditors in total		35 376 470	31 723 790	50 336 182	45 138 886
	Liabilities total		59 203 903	57 262 417	84 239 564	81 477 079

Chairman of the Board

V. MELNIKS

Member of the Board

L. ARTEMENKO

April 29th, 2009

Cash flow statement for 12 months of the year 2008 and 2007

	2008 Ls	2007 Ls	2008 EUR	2007 EUR
A Cash flow from primary activity				
Sales income	53 626 115	38 941 186	76 303 087	55 408 315
Cash to suppliers, personnel and others primary activity costs	45 182 384	34 895 799	64 288 740	49 652 249
Gross cash flow from primary activity	8 443 731	4 045 387	12 014 347	5 756 066
Interest paid	403 753	323 961	574 489	460 955
Corporate income tax		5 048		7 183
Primary activity before extraordinary items	8 039 978	3 716 378	11 439 858	5 287 928
Cash flow from extraordinary items	8 039 978	3 716 378	11 439 858	5 287 928
Net cash flow from primary activity	8 039 978	3 716 378	11 439 858	5 287 928
B Cash flow from investment activity				
Related and associated enterprises shares acquisition		85 457		121 594
Selling out of shares	20 000	25 000	28 457	35 572
Paid for fixed assets acquisition	454 645	527 702	646 902	750 822
Received for the fixed assets sold	50 752	18 693	72 214	26 598
Loans granted	6 528	10 896	9 289	15 504
Deposit	4 322 245		6 150 000	
Repayment of loans	8 216	751 976	11 690	1 069 965
Interest received	487 986	93 871	694 342	133 566
Received dividend		31 360		44 621
Net cash flow from financial activity	-4 216 464	296 845	-5 999 488	422 372
C Cash flow from financial activities				
Loan received		5 404 746		7 690 261
Loan repaid	1 496 782	3 072	2 129 729	4 371
Dividend paid	611	228 096	869	324 551
Net cash flow from financial activities	-1 497 393	5 173 578	-2 130 598	7 361 339
Result of currency exchange rates changing	74 066	19 829	105 386	28 215
Net cash flow and equivalent increase or decrease (A+B+C)	2 400 187	9 206 630	3 415 158	13 099 854
Cash and equivalent thereof at beginning of the period of accounts	9 235 073	28 443	13 140 325	40 471
Cash and equivalent thereof at the end of the period of account	11 635 260	9 235 073	16 555 483	13 140 325

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

April 29th, 2009

Changes in own capital report for 2008 and 2007

Types of changes	Stock or Share capital		Long-term asset reevaluation reserve		Retained earnings		Total	
Balance as at 31.12.2006	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
	11672107	16607912			3141632	4470140	14813739	21078052
Reevaluation reserve			10666906	15177640			10666906	15177640
Dividends					(233442)	(332158)	(233442)	(332158)
Period of account net profit & loss					169185	240729	169185	240729
Balance as at 31.12.2007	11672107	16607912	10666906	15177640	3077375	4378711	25416388	36164263
Reevaluation reserve			*(232813) **(1565114)	(331264) (2226957)			(1797927)	(2558221)
Dividends								
Period of account net profit & loss					208972	297340	208972	297340
Balance as at 31.12.2008	11672107	16607912	8868979	12619419	3286347	4676051	23827433	33903382

* Long-term asset reevaluation reserve to the calculated depreciation amount

** Long-term asset reevaluation reserve to the deferred tax amount

EPS for 31.12.2008. LVL 208 972 : 11 672 107 = 0,02 LVL or 0,03 EUR;

EPS for 31.12.2007. – 0,014 LVL or 0,02 EUR

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

April 29th, 2009

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.12.2008.

Notes to the financial statements

Accounting policy

(1) General principles

The annual report has been prepared in compliance with “International accounting standard”.

Profit & Loss calculation has been prepared as per turnover costs scheme.

Cash flow statement has been prepared as per third method.

Comparing to previous year of account methods of accountancy and evaluation applied in the Company have been changed.

The annual report has been prepared basing on the conception of continuation of business.

Financial reports, which are applied to the given annual report, are made in the Latvian national currency - in an LVL and counted in EURO.

Pursuant to the company's order No. 338 dated 22 November 2008, there was conducted the balance items' inventory.

(2) Agency continuation

Present financial report has been prepared with reference to uninterrupted operation of company that an active realization and repayment liability is preceding in an ordinary way.

(3) Income recognition and net sales

Net sales contains the total value of goods and services sold during the year excluding discounts and value added tax.

Income is recognized according to the following principles:

Sales of goods - after significant ownership risk and rewards have been passed to the buyer;

Rendering of services - under the percentage of completion method;

Income from fines and penalties - at the moment of receiving the payments;

Interest income - on an accrual basis;

Dividends - at the moment of acquiring legal rights to receive them.

(4) Revaluation of foreign currency in lats

All the company accounting is carried out into lats.

All monetary assets in foreign currency were revaluated in lats in the end of the year of account pursuant to the currency exchange rate officially established by the Bank of Latvia

Cash, debtors and creditors in currency at the end of the year was converted in Ls in accordance to the Bank of Latvia currency rate at the last day of year of the account. Net income or losses at the result of exchange rate fluctuations was reflected in profit-loss statement.

Currency rate for financial statements at December:

	31.12.2008.	30.12.2007.
	Ls	Ls
1 USD	0,495	0.484

1 EUR	0,702804	0.702804
1 NOK	0,0708	0.0876
1 GBP	0,728	0.963
1 RUB	0,0171	0.0197

(5) Fixed assets and low-grade stock

Intangible and fixed assets are initially recognized at the purchase cost. Purchase cost includes costs, directly related to the acquisition of intangible and fixed assets. In financial statements the intangible and fixed assets are recognized at purchase cost or revalued amount less depreciation.

Increase in value arising from revaluation is shown in equity under “Long-term investments revaluation reserve”.

Depreciation is calculated on a straight-line basis applying the following rates of depreciation set by the management, based on the estimated useful life of the fixed assets:

Depreciation % per annum

Buildings	2-15
Other buildings and constructions	3,5 - 20
Technological equipment	5-50
Other fixed assets and stock	10-40

Company capitalizes permanent assets with value more Ls 100 and time of valid usage is more than 1 year. Increased value of revaluing permanent assets is reflected as moving towards long-term investments revaluation reserve. It is attributed to the dissolution of permanent assets in the calculation of profits, incomes losses. To calculate enterprise's income tax the depreciation of the fixed assets was estimated pursuant to rates and requirements under article 13 of LR law “On enterprises' income tax”.

Low-grade stock booked at the purchase prices and costs was 100% written off after commissioning.

(6) Property deposit

There is some property that is hold in order to gain cost for the rent.

(7) Affiliated undertaking deposits.

Affiliated undertaking deposits are shown taking into account SGS Nr.27, 28, 36 as well as SFPS Nr.3 requirements. Though since year 2004 goodwill amortization and 36 SGS requirements were suspended.

(8) Other long-term investments.

Other long-term investments have been reflected in purchase costs.

(9) Reserves

Raw materials, materials and goods subject to sale were booked at the purchase price, including costs related to purchase, and were accounted as per FIFO methods. Sum of illiquid assets, stored in the enterprise's warehouses, in comparison to total commodity stock was not essential.

Balance of reserves has been shown at the lowest costs.

Unfinished production has been reflected at the prime cost, excluding administration costs.

(10) Long-term contract

Initial and final dates of execution of the contract about creation of an active are in the different accounting periods.

Incomes of long-term contracts admit according to a degree of their readiness. The degree of readiness is determined surveying results of work personally and physically ascertaining the termination of a part of works of the named contracts.

(11) Debtors

Debtors' debts in the balance sheet have been shown at the net value. Debtors' actual sum complies with contracts and other accounting basic documents.

(12) Accumulated income

The incomes from Riga Shipyard's customers are acknowledged respective to its executive degree.

(13) Cash and cash equivalents

In the report of cash flow consist of the money in cash-box and remnants of active bank cont.

(14) Reserves for unused vocations

Vocation cost reserves was calculated considering vocation days and average earnings for all workers.

(15) Income tax of the enterprise

Enterprise income tax was calculated according to Latvia Republic tax laws. Tax laws in 2008 and further fix 15% tax rate.

Deferred taxation was referable to all short-term distinctions, which appear as a result of making accountancy of earnings and expenses according to tax laws. Deferred taxation is liability, which was calculated using tax rates. The main short-term distinctions appear from distinctions of fixed assets and nonmaterial wealth depreciation norms in taxes and financial bookkeeping calculation.

Deferred taxation assets item was included in financial reports only when regain of assets is real.

(16) Taxes

There has been made reconciliation of taxes liabilities by data of SRS Ziemeļu division.

(17) Bookkeeping arrangement

The bookkeeping accountancy has been arranged with the help of computers using the software

(Microsoft Business Solutions – NAVISION 4.0).

(18) Use of estimation

In financial reports enterprise management must make estimations, assumptions which influence presented assets and liabilities at the date of annual report processing. Real results can differ from estimations.

(19) Financial risks

The principal financial instruments of the Company are money. The main objective of these financial instruments is to provide financing for the operations of the Company. The Company interacts with various other financial instruments, for example, trade receivables and payables and other creditors, following directly from its operations.

Financial risks, connected with the financial instruments of the Company, mainly, are interest rate risk, liquidity risk and credit risk.

(20) Credit risk

The Company is subject to the credit risk with respect to the debts of its buyers and customers, issued short-term loans and money and its equivalents. The Company manages its credit risk constantly reviewing the repayment history of the client debts and stating the credit conditions for each client separately.

The Company has no significant concentration of credit risk on any separate business partner or group of partners corresponding to the similar description.

(21) Percentage risk

Enterprise is subjected from credit interest rate changing risk.

(22) Currency risk

The company is subject to foreign currency exchange rate fluctuations, mainly due to its loans and other operations performed with euro and USD currency, and trade receivables is euro and USD currency.

Since 2005 the Bank of Latvia has stated a fixed currency exchange rate for lats against euro, i.e. 0.702804, and ensure that the market rate will not differ from the official rate by more than 1%. As far as the Bank of Latvia maintains the above mentioned exchange corridor, the Company will not have a significant currency exchange risks in respect of assets and liabilities nominated in euro.

(23) Dividend

Dividend was reflex as fixed in announced period.

(24) Retraining

In comparative readings for year 2007 in necessary cases individual post classification is changed in order to meet post classification for year 2008.

Profit & Loss calculation supplement

(1) Net turnover

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
On aspects of business				
Shipbuilding	12 230 478	17 304 159	17 402 403	24 621 600
Ship repair	27 390 551	16 938 121	38 973 243	24 100 775
Mechanical engineering	113 694	216 238	161 772	307 679
Other works	229 042	1 168 409	325 897	1 662 496
Total	39 963 765	35 626 927	56 863 315	50 692 550
Latvia	1 671 027	6 594 292	2 377 657	9 382 832
Russia	1 110 636	3 241 871	1 580 293	4 612 767
Great Britain	433 503	182 906	616 819	260 252
Norway	10 313 906	9 835 357	14 675 366	13 994 452
Cyprus	2 515 730	1 052 331	3 579 561	1 497 332
Belize	1 299 336	0	1 848 789	0
Malta	3 519 693	3 599 613	5 008 072	5 121 788
Panama	1 294 397	802 688	1 841 761	1 142 122
Liberia	4 542 742	1 454 345	6 463 740	2 069 347
Sweden	1 028 710	723 111	1 463 722	1 028 895
Finland	1 368 393	0	1 947 048	0
Iceland	79 679	1 699 897	113 373	2 418 736
Denmark	2 670 906	1 840 106	3 800 357	2 618 234
Bahamas	3 281 609	1 811 756	4 669 309	2 577 897
The Netherlands	301 102	400 274	428 430	569 539
St Vincent	1 384 910	0	1 970 549	0
Cambodia	307 113	576 963	436 982	820 944
Antigua and Barbuda	1 278 386	162 403	1 818 979	231 079
Gibraltar	0	245 981	0	349 999
Lithuania	0	508 297	0	723 241
Ukraine	222 742	0	316 933	0
Marshall Island	42 864	186 803	60 990	265 797
Estonia	47116	0	67 040	0
Belgium	0	700 918	0	997 316
St.Kitts&Nevis	1 232 388	0	1 753 530	0
Italy	16 877	0	24 015	0
Thailand	0	7 015	0	9 981
Total	39 963 765	35 626 927	56 863 315	50 692 550

(2) Sold products operating costs

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Material costs (raw materials and materials, value of goods, services from outside)	31 926 445	28055136	45 427 239	39 918 862
Salary	4 758 044	4 064 883	6 770 087	5 783 807
Social tax	1 091 009	928 013	1 552 366	1 320 444
Depreciation of fixed assets	848 322	861 099	1 207 053	1 225 233
Accruals for vocations	18 648	22 870	26 534	32 541
Other costs	531 208	583 445	755 840	830 168
Total	39 173 676	34 515 446	55 739 119	49 111 055

(3) Selling costs

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Advertisement	48 271	56 086	68 684	79 803
Total	48 271	56 086	68 684	79 803

(4) Administration costs

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Liaison costs	13 022	22 202	18 529	31 591
Office maintenance costs	5 499	9 751	7 824	13 874
Annual report costs	9 600	9 000	13 660	12 806
Salary of administration	52 635	42 127	74 893	59 941
Accrual for vocation	286 533	252 018	407 700	358 589
Remuneration of the board	213 885	210 000	304 331	298 803
Remuneration of the council	79 987	60 022	113 811	85 404
Social insurance costs	34 208	40 748	48 674	57 979
Depreciation of fixed assets	83 832	80 791	119 282	114 955
Transport costs, travel allowances	1 958	10 328	2 786	14 695
Legal services	11 234	7 771	15 985	11 057
Assurance	33 237	22 797	47 292	32 438

Representation costs	22 243	0	31 648	0
Total	847 873	767 555	1 206 415	1 092 132

Profit & Loss calculation supplement

(5) Other enterprise's business activity's income

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Income generated by transport services rendering	15 374	23 506	21 875	33 446
Income generated by leased FA payments and public services	625 014	735 938	889 315	1 047 145
Tugboat services income	125 161	113 444	178 088	161 416
Selling out of raw materials and materials	339 811	289 657	483 507	412 145
Income generated by fluctuation of currency rate	4 544	1 373	6 466	1 954
Income generated by chemical analyses	3 234	4 477	4 602	6 370
Income generated by realization of fixed assets	13 462	9 142	19 155	13 008
Previous year income	23 177	17 180	32 978	24 445
Reimbursement of losses	62	17 392	88	24 747
Education expenses recovery	3 842	2 723	5 467	3 874
Incomes from writing off accounts payable to limit expiration	1 758	389	2 501	553
Currency selling income	4 468	0	6 357	0
Other income	9 424	2 822	13 409	4 016
Total	1 169 331	1 218 043	1 663 808	1 733 119

(6) Other enterprise's business activity's costs

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Material purchase costs	309 985	266 020	441 069	378 512
Losses due to currency rate fluctuation	0	35 020	0	49 829
Losses incurred by currency selling out	6 977	50 056	9 927	71 223
Social infrastructure objects costs (medical services)	14 057	11 108	20 001	15 805
Costs on tugboat services	64 908	41 933	92 356	59 665
The donations	17 751	8 596	25 257	12 231
Material benefits	21 280	12 110	30 279	17 231
Burial costs	2 004	2 457	2 851	3 496
Costs incurred by fixed assets' exclusion	1 996	919	2 840	1 308
Representation costs	24 825	16 645	35 323	23 684
Costs on maintenance of leased FA	336 129	328 184	478 268	466 964
Special reserved sum provided for unsecured debts	10 965	23 647	15 602	33 646
Preceding year costs	0	55 803	0	79 400
Judicial costs	7 413	122 239	10 548	173 930
Other costs	3 779	1 388	5 378	1 977
Total	822 069	976 125	1 169 699	1 388 901

Profit & Loss calculation supplement

(7) Other percents and the like income

	2008 year	2007 year	2008 year	2007 year
	Ls	Ls	EUR	EUR
Depositing percentage	509 320	236	724 697	336
Bank interests	2 651	71	3 772	101
Interests income for loans	12 005	50 490	17 082	71 841
Received penalty payments	2 555	82 318	3 635	117 128
Total	526 531	133 115	749 186	189 406

(8) Payment off percents and the like costs

	2008 year	2007 year	2008 year	2007 year
	Ls	Ls	EUR	EUR
Paid off penalty	5 762	5 647	8 199	8 035
Paid off interests	305 690	239 773	434 958	341 166
Guarantee maintenance	89 695	84 188	127 624	119 789
Total	401 147	329 608	570 781	468 990

(9a) Income taxes of the enterprise

	2008 year	2007 year	2008 year	2007 year
	Ls	Ls	EUR	EUR
Income tax	15 808	33 456	22 493	47 604
Increase of deferred taxation	41 456	31 194	58 986	44 385
Total	57 264	64 650	81 479	91 989

Deferred taxation calculation

	2008 year	2007 year	2008 year	2007 year
	Ls	Ls	EUR	EUR
Deferred taxation liabilities:				
Spread between capital assets residual value in financial	13 760 023	3 030 916	19 578 748	4 312 605
accountancy and for tax collections				
Deferred taxation assed:				
Reserves for vacations	262 992	244 344	374 204	347 670
Provisional distinctions total	13 497 031	2 786 572	19 204 544	3 964 935
Deferred taxation liabilities/(assets), rate	2 024 555	417 985	2 880 682	594 739

15%

Deferred taxation liabilities	<u>2 024 555</u>	<u>417 985</u>	<u>2 880 682</u>	<u>594 739</u>
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Profit & Loss calculation supplement

9(b) Deferred taxation liability changes

	<u>2008 year Ls</u>	<u>2007 year Ls</u>	<u>2008 year EUR</u>	<u>2007 year EUR</u>
Rest at the beginning of year of account	417 985	386 791	594 739	550 354
Deferred taxation increase	41 456	31 194	58 986	44 385
Increase reevaluation reserve	1 565 114		2 226 957	
Deferred EIT income tax liabilities at the end of taxation year	2 024 555	417 985	2 880 682	594 739

(10) Other taxes

	<u>2008 year Ls</u>	<u>2007 year Ls</u>	<u>2008 year EUR</u>	<u>2007 year EUR</u>
Buildings and constructions real estate tax	29 863	106 900	42 491	152 105
Real estate tax	70 492	23 890	100 301	33 992
Total	<u>100 355</u>	<u>130 790</u>	<u>142 792</u>	<u>186 097</u>

Supplement to the balance sheet

(11) Other intangible investments LVL

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments Total
Initial value						
01.01.2008			70409		18008	250417
Bought					7090	7090
Relocated						
Written off					19397	19397
31.12.2008	0	0	70409		167701	238110
Depreciation						
01.01.2008			29675			
Estimated			14081			14081
Written off						
31.12.2008	0	0	43756			43756
Balance value 01.01.2008	0	0	40734		180008	220742
Balance value 31.12.2008	0	0	26653		167701	194354

(11) Other intangible investments EUR

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
Initial value						
01.01.2008.			100183		256128	356311
Bought					10088	10088
Written off					27599	27599
Relocated						
Revaluated						
31.12.2008.			100 183		238617	338800
Depreciation						
01.01.2008.			42224			42224
Estimated			20035			20035
Written off						
31.12.2008.	0	0	62259			62259
Balance value 01.01.2008.	0	0	57959		256128	314087
Balance value 31.12.2008.	0	0	37924		238617	276542

Supplements to the balance sheet

(12) Report on long-term investments movement LVL

	Land, buildings, constructions Ls	Investments assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction Ls	Advance Payment for FA Ls	Total Ls
Initial value								
01.01.2008	4964650	596363	3304	18253733	941676	384081	27480	25171287
Bought	760587	34700	53205	670667	44038	1254802	58984	2876983
Written off	-	-		428802	25235	1509992	80629	2044658
Relocated	100024	-100024	-27894					-27894
31.12.2008	5825261	531039	28615	18495598	960479	128891	5835	25975718
Depreciation								
01.01.2008	1725209	147962		4176040	477589			6526800
Estimated	164618	16110		479311	94608			754647
Written off				397581	25235			422816
Relocated	74793	-74793		*232812				232812
31.12.2008	1964620	89279		4490582	546962			7091443
Balance value								
01.01.2008	3239441	448401	3304	14077693	464087	384081	27480	18644487
Balance value								
31.12.2008	3860641	441760	28615	14005016	413517	128891	5835	18884275

Immovable property (building) cadastral value at 01.01.2009. is 5843723 LVL

***Account year wear for which the reevaluation long term investments reserve had been reduced.**

(12) Report on long-term investments movement (EUR)

	Land, buildings, constructions	Investment assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction	Advance Payment for FA	Total
Initial value								
01.01.2008	7064061	848548	4701	25972722	1339884	546498	39101	35815515
Bought	1082218	49374	75704	954273	62661	1785422	83926	4093577
Written off				610130	35906	2148525	114725	2909286
Relocated	142321	-142321	-39690					-39690
31.12.2008	8288600	755600	40715	26316865	1366638	183395	8302	36960116
Depreciation								
01.01.2008	2454751	210531		5941970	679548			9286800
Estimated	234231	22922		681998	134615			1073766
Written off				565707	35906			601613
Relocated	106421	-106421		*331262				331262
31.12.2008	2795403	127032		6389523	778257			10090215
Balance value								
01.01.2008	4609309	638017	4701	20030753	660336	546498	39101	26528715
Balance value								
31.12.2008	5493197	628568	40715	19927342	588382	183395	8302	26869901

Immovable property (building) cadastral value at 01.01.2009. is 8314869 LVL

***Account year wear for which the reevaluation long term investments reserve had been reduced.**

Financial result of written off, liquidated and sold fixed assets:

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Initial value	454037	220975	646036	314419
Accumulated depreciation	422816	213356	601613	303578
Balance value	31221	7619	44423	10841
Permanent assets liquidation loss	31221	7619	44423	10841

Supplements to the balance sheet

(13) Partnership in capital of associated companies

	31.12.2008. Ls	Share capital (%)	31.12.2007. Ls	Share capital (%)	31.12.2008. EUR	31.12.2007. EUR
Branch enterprise “Tosmare shipyard” JSC investment value	2 164 782	49,72	2 164 782	49,72	3 080 207	3 080 207
SIA “Remars Granula”	843 365	49,80	843 365		1 200 000	1 200 000
Investments	3 008 147		3 008 147		4 280 207	4 280 207

(14) Other equities and investments

Name enterprise	Parts or shares	Parts or shares value		31.12.2008			31.12.2007		
		2008	2007	Quantity	Ls	EUR	Quantity	Ls	EUR
“Baltic International Bank” JSC		5	5	33	165	235	33	165	235
Total		5	5	33	165	235	33	165	235

(15) Other loans and other long-term debtors (Ls)

Name enterprise	31.12.2007	Loans granted in 2008	Loans granted in 2008	Difference in currency rate	Reallocation at a short	31.12.2008	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	54 535	6 528	8 216	454		53 301	2011-2028	-
Shares loan payout	513 448			-6	15 000	498 442	2010-2015	-

Total	567 983	6 528	8 216	448	15 000	551 743		
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Amount to be pay back after 5 years – 489 110 Ls.

Supplements to the balance sheet

(15) Other loans and other long-term debtors (EUR)

Name enterprise	31.12.2007	Loans granted in 2008	Loans granted in 2008	Difference in currency rate	Reallocation at a short	31.12.2008	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	77 597	9 288	11 690	646		75 841	2011-2028	-
Shares loan payout	730 570			-8	21 343	709 219	2010-2015	-
Total	808 167	9 288	11 690	638	21 343	785 060		

Amount to be pay back after 5 years – 695 941 EUR

(16) Loans to copartners of the enterprises and to the directorship

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Long-term loans	332 284	342 284	472 799	487 026
Total	332 284	342 284	472 799	487 026

	Ls	Euro
Copartners and directorship		
Including: Long-term	332 284	472 799
Short-term	10 000	14 227
31.12.2008	342 284	487 026

There is a management of JSC “Tosmare shipyard” shares in this position.
The sum, which should be paid in 5 years - 292 284 Ls or 415 883 EUR.

Supplement to the balance sheet

(17) Long-term deposit

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
	4 322 245		6 150 000	
Total	4 322 245		6 150 000	

The enterprise had made investments at JSC “UniCredit Bank” with final term 2011-2012 that serves as a loan (financial guarantee) to 4 signed guarantee agreements dated July 10th 2008 concluded between “JSC “Riga Shipyard” and JSC “UniCredit Bank” referring guarantee delivery based on May 30 2008 agreement concluded between “JSC “Riga Shipyard” and ‘Abeking & Rasmussen’ Schiffts- un Yachtwerft GMBH & Co. KG about 5 SWAT vessels building and delivery to the Ministry of Defense.

(18) Raw materials, direct materials and auxiliary materials

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
1. Metal ware	77 796	73 548	110 694	104 649
2. Timbering	5 134	12 889	7 305	18 339
3. Metal, non-ferrous metals, pipes	2 805 316	2 550 770	3 991 605	3 629 419
4. Wire cables	5 687	68 298	8 092	97 179
5. Fuel	28 715	33 283	40 858	47 357
6. Coveralls	6 348	9 159	9 032	13 032
7. Equipment	6 509	784 462	9 261	1 116 189
8. Cables	29 798	51 844	42 399	73 767
9. Varnish and paint	75 544	95 844	107 489	136 374
10. Tools	6 837	20 922	9 728	29 769
11. Household goods	3 759	206	5 349	293
12. Technical rubber ware	14 313	13 385	20 366	19 045
13. Other	765 276	577 219	1 088 889	821 311
Total	3 831 032	4 291 829	5 451 067	6 106 723

(19) Unfinished production

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Shipbuilding orders	1 105 172	25 351	1 572 518	36 071
Total	1 105 172	25 351	1 572 518	36 071

These columns reflect the orders with up to 10% executive degree from contractual value.

Supplement to the balance sheet

(20) Unfinished orders

	2008.gads Ls	2007.gads Ls	2008.gads EUR	2007.gads EUR
1) Ship repair orders	253974	521641	361373	742228
Including:				
m/v "Balder"	52282		74391	
m/v "Gerakl"	14389		20474	
m/v "Saules krastas"	140332		199674	
m/v "Baltic pride"	46971		66834	
The others	95990		136581	
2) Mechanical engineering orders	5160	16254	7342	23127
3) Various	6555	2493	9327	3548
Total	361679	540388	514623	768903

(21) Advance payments for goods

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
For materials	3 850 734	622 793	5 479 101	886 155
Total	3 850 734	622 793	5 479 101	886 155

(22) Debts of buyers and customers

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Buyers and customers accounting value	4 075 987	4 094 311	5 799 607	5 825 680
Generated reserves	-228 216	-224 730	-324 722	-319 762
Balance net value	3 847 771	3 869 581	5 474 885	5 505 918

Changes in provisions (Ls)

	Debts of buyers	Other debtors	Total
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	and customers		
Savings 31.12.2007	224 730	134 000	358 730
Increase of savings			
Decrease of savings	3 486	7 479	10 965
Savings 31.12.2008	228 216	141 479	369 695

Supplement to the balance sheet

Changes in provisions (EUR)

	Debts of buyers and customers	Other debtors	Total
Savings 31.12.2007	319 762	190 664	510 426
Increase of savings			
Decrease of savings	4 960	10 642	15 602
Savings 31.12.2008	324 722	201 306	526 028

(23) Associated companies debts

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
“Tosmare shipyard” JSC	0	559	0	795
SIA “Remars Granula” debt for service	95 692		136 157	
SIA “Remars Granula” debt for credit	295 544	85 457	420 522	121 595
Total	391 236	86 016	556 679	122 390

According to the agreement the “Borrower” pays percentage at the end of the loan return.

(24) Other debtors

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Accounting value	723 690	1 607 062	1 029 718	2 286 642
Generated reserves	-141 479	-134 000	-201 306	-190 664
Balance net value	582 211	1 473 062	828 412	2 095 978

Other debtors debts are as following:

Accounted VAT	965	963 183	1 373	1 370 486
Overpaid taxes				
- Value added tax	210 894	246 424	300 075	350 630
- Enterprise income tax	34 980	34 511	49 772	49 105
- Real estate tax		36 772		52 322
Payments personal debts	2 189	268	3 115	381
Payment of salary	338	278	481	396
Short-term loans for “Tosmare Shipyard” JSC’S shares	14 961	14 955	21 288	21 279

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Advance payment of service	250 261	128 767	356 089	183 219
Account with other debtors	67 623	47 904	96 219	68 160
Total	582 211	1 473 062	828 412	2 095 978

Supplement to the balance sheet

(25) Short-term loans to the enterprise’s copartners and directorship

	Directorship, copartners Ls	Directorship, copartners EUR
Loan JSC “Remars Riga”	214 394	305 055
leaders debt for shares	10 000	14 229
31.12.2008	224 394	319 284

(26) Next period costs

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Enterprise’s property insurance premium sum	28 868	26 426	41 075	37 601
Subscription to the press	364	268	518	381
Inviting of specialists	30 228	16 375	43 011	23 300
Insurance of health	7 777	4 998	11 066	7 112
Check of floating means	11 528	16 185	16 403	23 029
Expenses for repair of the rented basic means	36 287	12 166	51 632	17 311
Advertisements	968	1 279	1 377	1 820
Others	10 591	3 244	15 069	4 615
Total	126 611	80 941	180 151	115 169

(27) Accrued proceeds

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Shipbuilding	5 954 590	13 747 359	8 472 617	19 560 730
Total	5 954 590	13 747 359	8 472 617	19 560 730

(28) Cash assets

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Money at a cash department	3 976	2 810	5 657	3 998
Money on current accounts	93 938	8 263	133 662	11 757
Short –term deposit	11 537 346	9 224 000	16 416 164	13 124 570

Total	11 635 260	9 235 073	16 555 483	13 140 325
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Supplement to the balance sheet

(29) Stock or share capital (equity capital)

“Riga shipyard” JSC was founded in 1995 with the equity capital of Ls 10 000 000, which was comprised of 10 000 000 shares, face value of one share made up Ls 1.

The joint stock company is public and its shares are quoted on exchange market. All the shares give equal rights for dividends receive, liquidation quotes and vote rights at the shareholders meeting. 1 share gives 1 vote right. The enterprise does not have shares that it held or anybody else on its behalf.

Amendments to the Acts:

1. Growth of the equity capital up to Ls 11 000 000 on 31 December 1998.
2. Growth of the equity capital up to Ls 11 672 107 on 30 December 1999.

	31.12.2008	%	31.12.2007	%	2008 year	2007 year
	Ls		Ls		EUR	EUR
“Remars-Riga” JSC	5 819 194	49.86	5 819 194	49.86	8 279 967	8 279 967
Other limited companies	3 329 177	28.52	3 335 061	28.57	4 736 992	4 745 364
Private personae	2 523 736	21.62	2 517 852	21.57	3 590 953	3 582 581
Total	11 672 107	100	11 672 107	100	16 607 912	16 607 912

(30) Long term investments reevaluation reserves

	2008 year	2007 year	2008 year	2007 year
	Ls	Ls	EUR	EUR
	8 868 979	10 666 906	12 619 419	15 177 640
Total	8 868 979	10 666 906	12 619 419	15 177 640

On December 2007 the enterprise had made 3 floating docks reevaluation based on certificate marine experts. As a result, reevaluation reserve of the amount of 10 666 906 LVL had been made up.

(31) Loans from credit institutions (short-term)

	2008 year	2007 year	2008 year	2007 year
	Ls	Ls	EUR	EUR
	5 844 453	7 341 235	8 315 907	10 445 636
Total	5 844 453	7 341 235	8 315 907	10 445 636

The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA with JSC “Nordea Bank Finland Plc.” On December 31st 2008 2 floating docks, 2 running new building projects, all requirement rights belonging to the depositor, reserves and debtor debts had been pawned as a guarantee to the received loan.

(32) Advance payments received from buyers

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
For shipbuilding	23 666 058	20 292 480	33 673 767	28 873 598
For ship repair	8 980	186 758	12 777	265 733
Others	3 229	8 082	4 595	11 499
Total	23 678 267	20 487 320	33 691 139	29 150 830

Supplement to the balance sheet

(33) Debts to suppliers and contractors

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Debts for services	99 153	59 992	141 082	85 361
Debts for materials	728 293	829 257	1 036 268	1 179 926
Debts subcontractors	1 523 393	1 668 359	2 167 593	2 373 861
Total	2 350 839	2 557 608	3 344 943	3 639 148

(34) Movement of tax liabilities in 2008 (Ls)

	Balance as at 01.01.2008 Ls	Calculated In 2008 Ls	Paid off In 2008 Ls	Deflected to other taxes Ls	Balance as at 31.12.2008 Ls
Social insurance payments	107 130	1 637 012	278 492	1 301 406	164 244
Residents income tax	77 514	1 046 367	336 040	700 520	87 321
VAT	-246 424	-1 926 166	56 508	-2 018 204	-210 894
Real estate tax	-36 772	100 355	63 583		0
Enterprise income tax	-34 511	16 027	218	16 278	-34 980
Risk tax	196	2 456	2 443		209
Customs duty on import		957	957		0
Natural resources tax	3 082	18 548	18 220		3 410

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Total	-129 785	895 556	756 461	0	9 310
Ink.					
Overpay tax	-317 707				-245 874
Debt tax	187 922				255 184

Supplement to the balance sheet

Movement of tax liabilities in 2008 (EUR)

	Balance as at 01.01.2008 EUR	Calculated In 2008 EUR	Paid off In 2008 EUR	Deflected to other taxes EUR	Balance as at 31.12.2008 EUR
Social insurance payments	152 433	2 329 258	396 259	1 851 734	233 698
Residents income tax	110 294	1 488 846	478 142	996 750	124 247
VAT	-350 630	-2 740 687	80 404	-2 871 646	-300 075
Real estate tax	-52 322	142 792	90 470		0
Enterprise income tax	-49 105	22 804	309	23 162	-49 772
Risk tax	279	3 495	3 476		297
Customs duty on import	0	1 362	1 362		0
Natural resources tax	4 384	26 391	25 925		4 852
Total	-184 667	1 274 261	1 076 347	0	13 247

Ink.					
Overpay tax	-452 057				-349 847
Debt tax	267 390				363 094

(35) Other creditors

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Salary	267 060	226 134	379 992	321 760
Payments for deductions from salary	1 139	2 034	1 621	2 894
Payments by return to personae	922	2 095	1 312	2 981
Payments for credit cards	1 747	2 295	2 486	3 265

Payments for debts to other enterprises	27 267	23 457	38 797	33 377
Total	298 135	256 015	424 208	364 277

(36) Unpaid previous years dividends

	2008 year Ls	2008 year EUR
31.12.2007	25 528	36 323
Calculated	0	0
Paid off	611	869
31.12.2008	24 917	35 454

Supplement to the balance sheet

(37) Next period income

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Free of charge received base means had been formed that will be referred to PL incomings at the period of base means use.	6 833	0	9 722	0
Total	6 833	0	9 722	0

(38) Accrued liabilities

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
For services	630 295	202 879	896 829	288 671
Accruals for vocations	262 992	244 344	374 204	347 670
Total	893 287	447 223	1 271 033	636 341

(39) Out of balance supplements.

On May 12th 2005 a Treaty Nr KD05091/12 for the final amount of 100000 LVL had been concluded with JSC “SEB LATVIJAS Unibanka” as a guarantee of “Remars Granula” responsibilities that is based on Credit agreement Nr KD 05091 dated May 2nd 2005.

On February 10th 2006 Loan agreement (mortgage) had been concluded with JSC “SEB LATVIJAS Unibanka” as an additional guarantee to “Remars Granula” responsibilities based on Credit agreement Nr KD 05091 dated May 2nd 2005 (with May 12th 2005 improvements) with loan of belonging to the enterprise building workshop of Granula.

General remarks

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
(1) Year average number of employees				
Average number of employees	786	809		
(2) Personnel payments	6 590 725	5 616 808	9 377 757	7 991 998
- Salary	5 399 116	4 618 027	7 682 250	6 570 859
- Social tax	1 191 609	998 781	1 695 507	1 421 139
Total:				
Including:				
Salary of employees working in production (core business)				
- Salary	4 846 063	4 113 882	6 895 326	5 853 526
- Social tax	1 111 555	938 758	1 581 600	1 335 734
Total:	5 957 618	5 052 640	8 476 926	7 189 260
Payment for work of Administration				
- Salary	52 635	42 127	74 893	59 941
- Social tax	11 817	9 374	16 814	13 338
Total:	64 452	51 501	91 707	73 279
Remuneration of the board				
- Remuneration	286 533	252 018	407 700	358 589
- Social tax	34 492	22 934	49 078	32 632
Total:	321 025	274 952	456 778	391 221
Remuneration of the council				
- Remuneration	213 885	210 000	304 331	298 803
- Social tax	33 745	27 715	48 015	39 435
Total:	247 630	237 715	352 346	338 238

Chairman of the Board

/signature/

V. MELNIKS

Member of the Board

/signature/

I.KOMAROVS

Member of the Board

/signature/

L.ARTEMENKO

Member of the Board

/signature/

I.RUDZATE

April 29th, 2009