

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

***“RIGA SHIPYARD” JSC***  
***2009 annual report***

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

*Riga, 2010*

***Content***

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**Information on the company**

Name of the company	<b>Joint stock company “Riga shipyard”</b>	
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 Address Partnership	“Tosmare Shipyard” JSC 42/44 Generala Baloza Street, Liepaya 49,72%	
Associate enterprise Address Partnership	“Remars Granula” SIA 2 Gales street, Riga, LV-1015 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
Einars Buks	Member of the Board	p. ID 270764 – 12854 (appointed on 29.01.2010)
Name, surnames and positions of members of the Council		
Sergejs Golicins	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 (resigned on 04.06.2009)
Juris Kaksitis	Member of the Council,	p.ID 270443 – 10124
Gaidis Andrejs Zeibots	Member of the Council,	p.ID 260645 – 10807 (appointed on 05.06.2009)
Chief accountant	Marina Pudova	Phone 67080868
Annual report	<b>1 January – 31 December 2009</b>	
Tax authority	SRS Large tax payers department	
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  
2009 annual report**

In the past of year 2009 JSC’s “Riga Shipyard” total net turnover made up 21 255 924 LVL, including shipbuilding – 7 847 598 LVL, ship repairing – 13 142 676 LVL (compared to the year 2008 –39 963 765 LVL, including ship building –12 230 478 LVL, ship repairing – 27 390 551 LVL).

The total gross loss of JSC “Riga Shipyard” made up 704 934 LVL ( 790 089 LVL gross profit in the year 2008). Loss in the financial year 2009 made up 274 421 LVL ( profit 208 972 LVL in the year 2008).

Company’s operating results were influenced by the global economic crisis. Scope of orders for shipbuilding and ship repair was reduced in 2009. During the last year the ship logistics went down more than 30%. Ship owners put vessels in lay-up and reduced the annual planned maintenance budgets. Acting in hard competition, participating in tenders and government purchases, in order to maintain a market niche, the company was forced to cut offered prices by 20%.

To maintain competitiveness in 2009th the company's management took steps to reduce production costs. Actions taken to optimize the management structure and manufacturing process, as a result the number of workers were reduced by 114 people. Subcontractor costs were reduced as well as salaries for shipyard employees. In order to economize energy resources, optimization of workshop areas and equipment were done.

During the year 2009 "Riga Shipyard" JSC repaired 72 ships in total (in comparison to 100 ships in the year 2008), it has also produced and launched on water 10 hulls (in comparison to 11 hulls in the year 2008).

There were no significant changes in list of suppliers for products and services, as well as for raw material suppliers in the year 2009 and mostly remain the same traditional countries of original, such as: Western Europe, Russia, Ukraine, Lithuania as well as Latvia.

Traditionally, the main ship repair customers were Western European, Russian, Lithuanian and Latvian ship owners, however shipbuilding customers have been mainly from the Scandinavian countries.

During the year 2009 "Riga Shipyard" JSC has invested 934 509 LVL into purchase of new technological equipment and reconstruction (compared to 1.5 million LVL in the year 2008).

The company purchased the spectrometer, Kato crane, two transshipper.

Floating transition undergone reconstruction to equippe docks No. 1 and No. 2 with modern carbon dioxide fire extinguishing system. Will be carried out overhaul of three floating dock, tug-steamer, and workshop buildings.

“Riga Shipyard” JSC’s work and procedures are made according to the international quality management system standards – EN ISO 9001 : 2000. The quality assurance certificate has been already received in 2001, and quality management system is continuously improved. The measures are taken each year to reduce environment pollution.

Economy has shown improving in begin of 2010, and there is possible increase in business activity. JSC "Riga shipyard" act to remain in the traditional market niche and is struggling to attract new customers, a company is participating in tenders and public procurement.

In the year 2010 the Company is planning to continue with the development of already running projects, as well as to go on with the investments into modern technological process equipment, replacement and reconstructions of old equipment that will allow to save production costs.

**JSC “Riga Shipyard”  
Chairman of the Board**

**V. Melniks**

February 26th, 2010

***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 2009, 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.

**JSC “Riga Shipyard”  
Chairman of the Board**

**V. Melniks**

February 26th, 2010

**Profit & Loss calculation for 2009 and 2008**

	Remarks	2009 Ls	2008 Ls	2009 EUR	2008 EUR
Net turnover	(1)	21 255 924	39 963 765	30 244 455	56 863 315
Sold production operating costs	(2)	21 960 858	39 173 676	31 247 486	55 739 119
<b>Gross profit or losses</b>		<b>-704 934</b>	<b>790 089</b>	<b>-1 003 031</b>	<b>1 124 196</b>
Selling costs	(3)	40 927	48 271	58 234	68 684
Administration costs	(4)	757 967	847 873	1 078 490	1 206 415
Other enterprise's business activity's income	(5)	1 440 507	1 169 331	2 049 657	1 663 808
Other enterprise's business activity's costs	(6)	804 504	822 069	1 144 706	1 169 699
<b>Profit &amp; Losses of business activity's</b>		<b>-867 825</b>	<b>241 207</b>	<b>-1 234 804</b>	<b>343 206</b>
Income from other capital participation, securities and loans forming part of the fixed assets		89		127	
Other percents and the like income	(7)	903 414	526 531	1 285 442	749 186
Payment off percents and the like costs	(8)	157 914	401 147	224 691	570 781
<b>Profit &amp; Losses prior to extra ordinary items and taxes</b>		<b>-122 236</b>	<b>366 591</b>	<b>-173 926</b>	<b>521 611</b>
<b>Profit &amp; loss prior to taxes</b>		<b>-122 236</b>	<b>366 591</b>	<b>-173 926</b>	<b>521 611</b>
Income taxes of the enterprise	(9a)		15 808		22 493
Deferred income	(9b)	56 512	41 456	80 409	58 986
Other taxes	(10)	95 673	100 355	136 131	142 792
<b>Year of account profit &amp; loss (net income)</b>		<b>-274 421</b>	<b>208 972</b>	<b>-390 466</b>	<b>297 340</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**

February 26th, 2010

“Riga shipyard” JSC  
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**Balance as at 31 December 2009 and 2008**

ASSETS	Remarks	31.12.2009 Ls	31.12.2008 Ls	31.12.2009 EUR	31.12.2008 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
Other intangible investments		15 951	26 653	22 697	37 924
Advance payments of intangible investments		167 895	167 701	238 894	238 618
<b>Intangible investments in total</b>	11	<b>183 846</b>	<b>194 354</b>	<b>261 591</b>	<b>276 542</b>
<i>II Fixed assets</i>					
Lands, buildings, constructions, perennial plants		3 993 652	3 860 641	5 682 455	5 493 197
Long-term investments into leased fixed assets		560	28 615	796	40 715
Equipment and machinery		13 878 783	14 005 016	19 747 728	19 927 342
Other fixed assets and stock		341 020	413 517	485 228	588 382
Up building of fixed assets and unfinished building objects costs		174 008	128 891	247 590	183 395
Advanced payments for fixed assets			5 835		8 302
<b>Fixed assets in total</b>		<b>18 388 023</b>	<b>18 442 515</b>	<b>26 163 797</b>	<b>26 241 333</b>
<i>III Property deposit</i>					
<b>Fixed assets and property deposit in total</b>	12	<b>18 837 077</b>	<b>18 884 275</b>	<b>26 802 743</b>	<b>26 869 901</b>
<i>IV Long-term financial investments</i>					
Participation in capital of related companies	13	3 008 147	3 008 147	4 280 207	4 280 207
Participation in capital of associated companies					
Other equities and investments	14	165	165	235	235
Other loans and other long-term debtors	15	543 104	551 743	772 767	785 060
Loans to copartners of the enterprises and to the directorship	16	322 284	332 284	458 569	472 799
Long-term deposit	17	5 727 853	4 322 245	8 150 000	6 150 000
<b>Long-term financial investments in total</b>		<b>9 601 553</b>	<b>8 214 584</b>	<b>13 661 778</b>	<b>11 688 301</b>
<b>Long-term investments in total</b>		<b>28 622 476</b>	<b>27 293 213</b>	<b>40 726 112</b>	<b>38 834 744</b>
<i>Current assets</i>					
<i>I Reserves</i>					
Raw materials, direct materials and auxiliary materials	18	2 771 314	3 831 032	3 943 225	5 451 067
Unfinished production	19	968 542	1 105 172	1 378 111	1 572 518
Unfinished order	20	313 995	361 679	446 775	514 623
Advance payments for goods	21	6 856 145	3 850 734	9 755 415	5 479 101
<b>Reserves in total</b>		<b>10 909 996</b>	<b>9 148 617</b>	<b>15 523 526</b>	<b>13 017 309</b>
<i>II Debts of debtors</i>					
Debts of buyers and customers	22	4 095 730	3 847 771	5 827 698	5 474 885
Associated companies debts	23	513 627	391 236	730 825	556 679
Other debtors	24	241 658	582 211	343 848	828 412
Short-term loans to copartners of the enterprise's and to the directorship	25	223 429	224 394	317 911	319 284
Next period costs	26	64 913	126 611	92 363	180 151
Accrued proceeds	27	2 721 257	5 954 590	3 872 000	8 472 617
<b>Debtors in total</b>		<b>7 860 614</b>	<b>11 126 813</b>	<b>11 184 645</b>	<b>15 832 028</b>
<i>III Short-term financial investments</i>					
<i>Short-term financial investments in total</i>					
<b>Cash assets</b>	28	<b>7 185 966</b>	<b>11 635 260</b>	<b>10 224 708</b>	<b>16 555 483</b>
<b>Current assets in total</b>		<b>25 956 576</b>	<b>31 910 690</b>	<b>36 932 879</b>	<b>45 404 820</b>
<b>Assets in total</b>		<b>54 579 052</b>	<b>59 203 903</b>	<b>77 658 991</b>	<b>84 239 564</b>

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO



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<b>LIABILITIES</b>		Remarks	<b>31.12.2009</b> <b>Ls</b>	<b>31.12.2008</b> <b>Ls</b>	<b>31.12.2009</b> <b>EUR</b>	<b>31.12.2008</b> <b>EUR</b>
<b>I</b>	<b>Equity capital</b>					
	Stock or share capital (equity capital)	29	11 672 107	11 672 107	16 607 912	16 607 912
	Overrate reserved of financial fixed assets	30	8 671 089	8 868 979	12 337 846	12 619 419
	Retained earnings					
	a) previous years retained earnings		3 286 347	3 077 375	4 676 051	4 378 711
	b) year of account retained earnings		(274 421)	208 972	(390 466)	297 340
	<i>Retained earnings in total</i>		<i>3 011 926</i>	<i>3 286 347</i>	<i>4 285 585</i>	<i>4 676 051</i>
	<b>Equity capital in total</b>		<b>23 355 122</b>	<b>23 827 433</b>	<b>33 231 343</b>	<b>33 903 382</b>
<b>II</b>	Reserves					
	<i>Reserves in total</i>					
<b>III</b>	<b>Creditors</b>					
<b>I</b>	<b>Long-term debts</b>					
	Liability of leasing					
	Liability of leasing		4 139		5 889	
	Deferred taxation reserves liabilities	9b	2 046 145	2 024 555	2 911 402	2 880 682
	<b>Long-term debts in total</b>		<b>2 050 284</b>	<b>2 024 555</b>	<b>2 917 291</b>	<b>2 880 682</b>
<b>II</b>	<b>Short-term debts</b>					
	Loans from credit institutions	31	4 743 208	5 844 453	6 748 977	8 315 907
	Liability of leasing		2 703		3 846	
	Advance payments received from buyers	32	22 195 009	23 678 267	31 580 653	33 691 139
	Debts to suppliers and contractors	33	1 391 071	2 350 839	1 979 316	3 344 943
	Taxes and social insurance payments	34	117 330	255 184	166 946	363 094
	Other creditors	35	189 195	298 135	269 197	424 208
	Unpaid previous years dividends	36	24 789	24 917	35 272	35 454
	Next period income	37	4 833	6 833	6 877	9 722
	Accrued liabilities	38	505 508	893 287	719 273	1 271 033
	<b>Short-term creditors in total</b>		<b>29 173 646</b>	<b>33 351 915</b>	<b>41 510 357</b>	<b>47 455 500</b>
	<b>Creditors in total</b>		<b>31 223 930</b>	<b>35 376 470</b>	<b>44 427 648</b>	<b>50 336 182</b>
	<b>Liabilities total</b>		<b>54 579 052</b>	<b>59 203 903</b>	<b>77 658 991</b>	<b>84 239 564</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**

February 26th, 2010

**Cash flow statement for 12 months of the year 2009 and 2008**

	2009 Ls	2008 Ls	2009 EUR	2008 EUR
<b>A Cash flow from primary activity</b>				
Sales income	23 835 923	53 626 115	33 915 462	76 303 087
Cash to suppliers, personnel and others primary activity costs	25 851 854	45 182 384	36 783 874	64 288 740
<b>Gross cash flow from primary activity</b>	-2 015 931	8 443 731	-2 868 412	12 014 347
Interest paid	156 878	403 753	223 217	574 489
Corporate income tax	3 747		5 332	
Primary activity before extraordinary items	-2 176 556	8 039 978	-3 096 961	11 439 858
Cash flow from extraordinary items	-2 176 556	8 039 978	-3 096 961	11 439 858
<b>Net cash flow from primary activity</b>	-2 176 556	<b>8 039 978</b>	-3 096 961	<b>11 439 858</b>
<b>B Cash flow from investment activity</b>				
Related and associated enterprises shares acquisition				
Selling out of shares	25 000	20 000	35 572	28 457
Paid for fixed assets acquisition	590 386	454 645	840 044	646 902
Received for the fixed assets sold	3 217	50 752	4 577	72 214
Loans granted	7 069	6 528	10 058	9 289
Deposit	1 405 608	4 322 245	2 000 000	6 150 000
Repayment of loans	0	8 216	0	11 690
Interest received	894 228	487 986	1 272 372	694 342
Received dividend	89		127	
<b>Net cash flow from financial activity</b>	-1 080 529	-4 216 464	-1 537 454	-5 999 488
<b>C Cash flow from financial activities</b>				
Loan received	1 101 245	1 496 782	1 566 930	2 129 729
Loan repaid				
Dividend paid	128	611	182	869
<b>Net cash flow from financial activities</b>	-1 101 373	-1 497 393	-1 567 112	-2 130 598
Result of currency exchange rates changing	-90 836	74 066	-129 248	105 386
<b>Net cash flow and equivalent increase or decrease (A+B+C)</b>	-4 449 294	<b>2 400 187</b>	-6 330 775	<b>3 415 158</b>
<b>Cash and equivalent thereof at beginning of the period of accounts</b>	<b>11 635 260</b>	<b>9 235 073</b>	<b>16 555 483</b>	<b>13 140 325</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>7 185 966</b>	<b>11 635 260</b>	<b>10 224 708</b>	<b>16 555 483</b>

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February 26th, 2010

**Changes in own capital report for 2009 and 2008**

Types of changes	Stock or Share capital		Long-term asset reevaluation reserve		Retained earnings		Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<b>Balance as at 31.12.2007</b>	<b>11672107</b>	<b>16607912</b>	<b>10666906</b>	<b>15177640</b>	<b>3077375</b>	<b>4378711</b>	<b>25416388</b>	<b>36164263</b>
Reevaluation reserve			(232813) (1565114)	(331264) (2226957)			(1797927)	(2558221)
Dividends								
Period of account net profit & loss					208972	297340	<b>208972</b>	<b>297340</b>
<b>Balance as at 31.12.2008</b>	<b>11672107</b>	<b>16607912</b>	<b>8868979</b>	<b>12619419</b>	<b>3286347</b>	<b>4676051</b>	<b>23827433</b>	<b>33903382</b>
Reevaluation reserve			*( 232813) ** 34922	(331264) 49691			(197891)	(281573)
Dividends								
Period of account net profit & loss					(274421)	(390466)	<b>(274421)</b>	<b>(390466)</b>
<b>Balance as at 31.12.2009</b>	<b>11672107</b>	<b>16607912</b>	<b>8671089</b>	<b>12337846</b>	<b>3011926</b>	<b>4285585</b>	<b>23355122</b>	<b>33231343</b>

\* Decrease in long-term asset reevaluation reserve to the calculated depreciation amount

\*\* Increase in long-term asset reevaluation reserve to the deferred tax amount

EPS for 31.12.2009.  $LVL (274421) : 11672107 = (0,02) LVL$  or 0,03 EUR;

EPS for 31.12.2008.  $- 0,02 LVL$  vai  $0,03 EUR$

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February 26th, 2010

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.12.2009.

## **Notes to the financial statements**

### **Accounting policy**

#### **(1) General principles**

The annual report has been prepared in compliance with “International Accounting Standard”(IAS) and “International Reporting Standard”(IFRS).

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. 115 dated 19 November 2009, 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:

	<b>31.12.2009.</b>	<b>30.12.2008.</b>
	<b>Ls</b>	<b>Ls</b>
1 USD	0,489	0,495
1 EUR	0,702804	0,702804
1 NOK	0,0844	0,0708
1 GBP	0,783	0,728
1 RUB	0,0164	0,0171

## **(5) Fixed assets and low-grade stock**

Intangible and fixed assets are initially defined 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 defined 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:

<b>Depreciation % per annum</b>	
Buildings	2-15
Other buildings and constructions	3,5 - 20
Technological equipment	5-50
Other fixed assets and stock	10-40

Wear of basic means begins to count from the first date of the next month after its delivery to exploitation and is finished by the first date of the next after its exclusion from the basic means.

Company capitalizes permanent assets with value more than 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.

In case of the obvious evident that as a result of fixed asset’s repair and reconstruction in the future the economical achieved effect would be higher that the primary defined output, then such investments are capitalized as an additional cost of fixed assets staff. With capitalization of the spare parts installation expense the remaining cost of exchange spare parts is written off to the profit or losses account.

Net profit or losses from fixed assets disposal is calculated as the difference between fixed assets balanced value and income received from the sales and defined in the income or loss calculation of the period where they had occurred from.

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. Debtor's debt check has been executed on December 31<sup>st</sup> 2009.

**(12) Accumulated income**

Riga Shipyard's new building incomes 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 State Revenue Service data.

**(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.

In the conditions of regular activities the Enterprise is subject to credit and foreign exchange risks.

**(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 in euro currency as well as trade receivables is also in euro.

Since 2005 the Bank of Latvia has stated a fixed official 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 2008 in necessary cases individual post classification is changed in order to meet post classification for year 2009.



**Profit & Loss calculation supplement**

According to the standard demands No 14 “Information on segments presenting”, management defined the following kinds of industrial works:

**(1) Net turnover**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
<b>On aspects of business</b>				
Shipbuilding	7 847 598	12 230 478	11 166 126	17 402 403
Ship repair	13 142 676	27 390 551	18 700 343	38 973 243
Mechanical engineering	197 062	113 694	280 394	161 772
Other works	68 588	229 042	97 592	325 897
<b>Total</b>	<b>21 255 924</b>	<b>39 963 765</b>	<b>30 244 455</b>	<b>56 863 315</b>
Latvia	675 219	1 671 027	960 750	2 377 657
Russia	363 843	1 110 636	517 702	1 580 293
Great Britain	359 496	433 503	511 517	616 819
Norway	5 135 427	10 313 906	7 307 054	14 675 366
Cyprus	905 804	2 515 730	1 288 843	3 579 561
Belize	0	1 299 336	0	1 848 789
Malta	918 755	3 519 693	1 307 271	5 008 072
Panama	1 046 603	1 294 397	1 489 182	1 841 761
Liberia	2 003 436	4 542 742	2 850 633	6 463 740
Sweden	322 397	1 028 710	458 730	1 463 722
Finland	1 682 358	1 368 393	2 393 780	1 947 048
Iceland	1 537 071	79 679	2 187 055	113 373
Denmark	1 107 864	2 670 906	1 576 348	3 800 357
Bahamas	621 823	3 281 609	884 774	4 669 309
The Netherlands	0	301 102	0	428 430
St Vincent	295 151	1 384 910	419 962	1 970 549
Cambodia	776 967	307 113	1 105 524	436 982
Antigua and Barbuda	731 730	1 278 386	1 041 158	1 818 979
Gibraltar	403 171	0	573 661	0
Portugal	268 131	0	381 516	0
Ukraine	0	222 742	0	316 933
Marshall Island	330 563	42 864	470 349	60 990
Estonia	829 832	47 116	1 180 745	67 040
France	6 427	0	9 145	0
St.Kitts&Nevis	460 297	1 232 388	654 943	1 753 530
Italy	0	16 877	0	24 015
Barbados	280 282	0	398 805	0
Saudi Arabia	193 277	0	275 008	0
<b>Total</b>	<b>21 255 924</b>	<b>39 963 765</b>	<b>30 244 455</b>	<b>56 863 315</b>

**Profit & Loss calculation supplement**

**(2) Sold products operating costs**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
Material costs (raw materials and materials, value of goods, services from outside)	16 083 924	31 926 445	22 885 362	45 427 239
Salary	3 875 132	4 758 044	5 513 816	6 770 087
Social tax	900 484	1 091 009	1 281 273	1 552 366
Depreciation of fixed assets	753 486	848 322	1 072 114	1 207 053
Accruals for vocations	0	18 648	0	26 534
Other costs	347 832	531 208	494 920	755 840
<b>Total</b>	<b>21 960 858</b>	<b>39 173 676</b>	<b>31 247 486</b>	<b>55 739 119</b>

**(3) Selling costs**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
Advertisement	40 927	48 271	58 234	68 684
<b>Total</b>	<b>40 927</b>	<b>48 271</b>	<b>58 234</b>	<b>68 684</b>

**(4) Administration costs**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
Liaison costs	10 921	13 022	15 539	18 529
Office maintenance costs	4 760	5 499	6 773	7 824
Annual report costs	8 000	9 600	11 383	13 660
Salary of administration	70 035	52 635	99 651	74 893
Accrual for vocation	225 840	286 533	321 341	407 700
Remuneration of the board	184 500	213 885	262 520	304 331
Remuneration of the council	111 706	79 987	158 943	113 811
Social insurance costs	24 539	34 208	34 916	48 674
Depreciation of fixed assets	66 977	83 832	95 300	119 282
Transport costs, travel allowances	0	1 958	0	2 786
Legal services	6 487	11 234	9 230	15 985
Assurance	15 918	33 237	22 649	47 292
Representation costs	28 284	22 243	40 245	31 648
<b>Total</b>	<b>757 967</b>	<b>847 873</b>	<b>1 078 490</b>	<b>1 206 415</b>

**Profit & Loss calculation supplement**

**(5) Other enterprise’s business activity’s income**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
Income generated by transport services rendering	5088	15 374	7240	21 875
Income generated by leased FA payments and public services	900 290	625 014	1 280 997	889 315
Tugboat services income	106 617	125 161	151 702	178 088
Selling out of raw materials and materials	224 877	339 811	319 971	483 507
Income generated by fluctuation of currency rate	187	4 544	266	6 466
Income generated by chemical analyses	2 356	3 234	3 352	4 602
Income generated by realization of fixed assets	1 510	13 462	2 149	19 155
Previous year income	28 437	23 177	40 462	32 978
Incomes from writing off accounts payable to limit expiration	17 086	1 758	24 311	2 501
Currency selling income	12 238	4 468	17 413	6 357
Income from write-off provision for vocations	89 397	0	127 200	0
Other income	52 424	13 328	74 594	18 964
<b>Total</b>	<b>1 440 507</b>	<b>1 169 331</b>	<b>2 049 657</b>	<b>1 663 808</b>

**(6) Other enterprise’s business activity’s costs**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
Material purchase costs	156 448	309 985	222 605	441 069
Losses incurred by currency selling out	102 094	6 977	145 267	9 927
Social infrastructure objects costs (medical services)	12 158	14 057	17 299	20 001
Costs on tugboat services	40 243	64 908	57 261	92 356
The donations	3 400	17 751	4 838	25 257
Material benefits	11 580	21 280	16 477	30 279
Burial costs	2 440	2 004	3 472	2 851
Costs incurred by fixed assets’ exclusion	476	1 996	677	2 840
Representation costs	11 330	24 825	16 121	35 323
Costs on maintenance of leased FA	439 198	336 129	624 922	478 268
Special reserved sum provided for unsecured debts	1 839	10 965	2 617	15 602
Preceding year costs	20 746	0	29 519	0
Judicial costs	0	7 413	0	10 548
Other costs	2 552	3 779	3 631	5 378
<b>Total</b>	<b>804 504</b>	<b>822 069</b>	<b>1 144 706</b>	<b>1 169 699</b>

**Profit & Loss calculation supplement**

**(7) Other percents and the like income**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Depositing percentage	875 346	509 320	1 245 505	724 697
Bank interests	18 882	2 651	26 867	3 772
Interests income for loans	9 186	12 005	13 070	17 082
Received penalty payments	0	2 555	0	3 635
<b>Total</b>	<b>903 414</b>	<b>526 531</b>	<b>1 285 442</b>	<b>749 186</b>

**(8) Payment off percents and the like costs**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Paid off penalty	1695	5 762	2411	8 199
Paid off interests	100373	305 690	142818	434 958
Guarantee maintenance	55846	89 695	79462	127 624
<b>Total</b>	<b>157914</b>	<b>401 147</b>	<b>224691</b>	<b>570 781</b>

**(9a) Income taxes of the enterprise**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Income tax	0	15 808	0	22 493
Increase of deferred taxation	56 512	41 456	80 409	58 986
<b>Total</b>	<b>56 512</b>	<b>57 264</b>	<b>80 409</b>	<b>81 479</b>

**Deferred taxation calculation**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Deferred taxation liabilities:				
Spread between capital assets residual value in financial accountancy and for tax collections	13 814 561	13 760 023	19 656 349	19 578 748
Deferred taxation assed:				
Reserves for vacations	173 595	262 992	247 003	374 204
Provisional distinctions total	<b>13 640 966</b>	<b>13 497 031</b>	<b>19 409 346</b>	<b>19 204 544</b>
<b>Deferred taxation liabilities/(assets), rate 15%</b>	2 046 145	2 024 555	2 911 402	2 880 682
<b>Deferred taxation liabilities</b>	<b>2 046 145</b>	<b>2 024 555</b>	<b>2 911 402</b>	<b>2 880 682</b>

**Profit & Loss calculation supplement**

**9(b) Deferred taxation liability changes**

	<b>2009 year</b> <b>Ls</b>	<b>2008 year</b> <b>Ls</b>	<b>2009 year</b> <b>EUR</b>	<b>2008 year</b> <b>EUR</b>
Rest at the beginning of year of account	2 024 555	417 985	2 880 682	594 739
Deferred taxation increase	56 512	41 456	80 409	58 986
Increase reevaluation reserve	-34 922	1 565 114	-49 689	2 226 957
<b>Deferred EIT income tax liabilities at the end of taxation year</b>	<b><u>2 046 145</u></b>	<b><u>2 024 555</u></b>	<b><u>2 911 402</u></b>	<b><u>2 880 682</u></b>

**(10) Other taxes**

	<b>2009 year</b> <b>Ls</b>	<b>2008 year</b> <b>Ls</b>	<b>2009 year</b> <b>EUR</b>	<b>2008 year</b> <b>EUR</b>
Real estate tax	95 673	100 355	136 131	142 792
<b>Total</b>	<b><u>95 673</u></b>	<b><u>100 355</u></b>	<b><u>136 131</u></b>	<b><u>142 792</u></b>

**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
<b>Initial value</b>						
01.01.2009			70 409		167 701	<b>238 110</b>
Bought			3 963		1 694	<b>5 657</b>
Relocated						
Written off					1 500	<b>1 500</b>
31.12.2009	0	0	74 372		167 895	<b>242 267</b>
<b>Depreciation</b>						
01.01.2009			43 756			<b>43 756</b>
Estimated			14 665			<b>14 665</b>
Written off						
31.12.2009	0	0	58 421			<b>58 421</b>
<b>Balance value 01.01.2009</b>	<b>0</b>	<b>0</b>	<b>26 653</b>		<b>167 701</b>	<b>194 354</b>
<b>Balance value 31.12.2009</b>	<b>0</b>	<b>0</b>	<b>15 951</b>		<b>167 895</b>	<b>183 846</b>

**(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
<b>Initial value</b>						
01.01.2009			100 183		238 618	<b>338 801</b>
Bought			5 639		2 410	<b>8 049</b>
Written off					2 134	<b>2 134</b>
Relocated						
Revaluated						
31.12.2009			105 822		238 894	<b>344 716</b>
<b>Depreciation</b>						
01.01.2009			62 259			<b>62 259</b>
Estimated			20 866			<b>20 866</b>
Written off						
31.12.2009	0	0	83 125			<b>83 125</b>
<b>Balance value 01.01.2009</b>	<b>0</b>	<b>0</b>	<b>37 924</b>		<b>238 618</b>	<b>276 542</b>
<b>Balance value 31.12.2009</b>	<b>0</b>	<b>0</b>	<b>22 697</b>		<b>238 894</b>	<b>261 591</b>

**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
<b>Initial value</b>								
<b>01.01.2009</b>	<b>5 825 261</b>	<b>531 039</b>	<b>28 615</b>	<b>18 495 598</b>	<b>960 479</b>	<b>128 891</b>	<b>5 835</b>	<b>25 975 718</b>
Bought	316 068	13 000		589 819	11 659	979 626	59 575	<b>1 969 747</b>
Written off	140		28 055	99 044	1 919	934 509	65 410	<b>1 129 077</b>
Relocated								
<b>31.12.2009</b>	<b>6 141 189</b>	<b>544 039</b>	<b>560</b>	<b>18 986 373</b>	<b>970 219</b>	<b>174 008</b>	<b>0</b>	<b>26 816 388</b>
<b>Depreciation</b>								
<b>01.01.2009</b>	<b>1 964 620</b>	<b>89 279</b>		<b>4 490 582</b>	<b>546 962</b>			<b>7 091 443</b>
Estimated	183 057	5 706		480 670	84 053			<b>753 486</b>
Written off	140			96 474	1 816			<b>98 430</b>
Relocated				232 812				<b>232 812</b>
<b>31.12.2009</b>	<b>2 147 537</b>	<b>94 985</b>		<b>5 107 590</b>	<b>629 199</b>			<b>7 979 311</b>
<b>Balance value 01.01.2009</b>	<b>3 860 641</b>	<b>441 760</b>	<b>28 615</b>	<b>14 005 016</b>	<b>413 517</b>	<b>128 891</b>	<b>5 835</b>	<b>1 884 275</b>
<b>Balance value 31.12.2009</b>	<b>3 993 652</b>	<b>449 054</b>	<b>560</b>	<b>13 878 783</b>	<b>341 020</b>	<b>174 008</b>	<b>0</b>	<b>18 837 077</b>

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

**(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
<b>Initial value</b>								
<b>01.01.2009</b>	<b>8 288 600</b>	<b>755 600</b>	<b>40 715</b>	<b>26 316 865</b>	<b>1 366 639</b>	<b>183 395</b>	<b>8 302</b>	<b>36 960 116</b>
Bought	449 724	18 497	0	839 237	16 589	1 393 882	84 768	<b>2 802 697</b>
Written off	199	0	39 919	140 927	2 730	1 329 687	93 070	<b>1 606 532</b>
Relocated								
<b>31.12.2009</b>	<b>8 738 125</b>	<b>774 097</b>	<b>796</b>	<b>27 015 175</b>	<b>1 380 498</b>	<b>247 590</b>	<b>0</b>	<b>38 156 281</b>
<b>Depreciation</b>								
<b>01.01.2009</b>	<b>2 795 402</b>	<b>127 032</b>	<b>0</b>	<b>6 389 523</b>	<b>778 257</b>	<b>0</b>	<b>0</b>	<b>10 090 214</b>
Estimated	260 467	8 119	0	683 932	119 597	0	0	<b>1 072 115</b>
Written off	199	0	0	137 270	2 584	0	0	<b>140 053</b>
Relocated				331 262				<b>331 262</b>
<b>31.12.2009</b>	<b>3 055 670</b>	<b>135 151</b>	<b>0</b>	<b>7 267 447</b>	<b>895 270</b>	<b>0</b>	<b>0</b>	<b>11 353 538</b>
<b>Balance value 01.01.2009</b>	<b>5 493 197</b>	<b>628 568</b>	<b>40 715</b>	<b>19 927 342</b>	<b>588 382</b>	<b>183 395</b>	<b>8 302</b>	<b>26 869 901</b>
<b>Balance value 31.12.2009</b>	<b>5 682 455</b>	<b>638 946</b>	<b>796</b>	<b>19 747 728</b>	<b>485 228</b>	<b>247 590</b>	<b>0</b>	<b>26 802 743</b>

**Immovable property (building) cadastral value at 01.01.2009. is 8 314 869 LVL**

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

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Initial value	101 104	454 037	143 858	646 036
Accumulated depreciation	98 430	422 816	140 053	601 613
Balance value	2 674	31 221	3 805	44 423
Permanent assets liquidation loss	2 674	31 221	3 805	44 423

### Supplements to the balance sheet

#### (13) Partnership in capital of associated companies

	31.12.2009. Ls	Share capital (%)	31.12.2008. Ls	Share capital (%)	31.12.2009. EUR	31.12.2008. 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	49,80	1 200 000	1 200 000
<b>Investments</b>	<b>3 008 147</b>		<b>3 008 147</b>		<b>4 280 207</b>	<b>4 280 207</b>

#### (14) Other equities and investments

Name enterprise	Parts or shares	Parts or shares value		31.12.2009			31.12.2008		
		2009	2008	Quantity	Ls	EUR	Quantity	Ls	EUR
"Baltic International Bank" JSC		5	5	33	165	235	33	165	235
<b>Total</b>		<b>5</b>	<b>5</b>	<b>33</b>	<b>165</b>	<b>235</b>	<b>33</b>	<b>165</b>	<b>235</b>

Received dividends in the year 2009 – 89 LVL.

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

Name enterprise	31.12.2008	Loans granted in 2009	Loans granted in 2009	Difference in currency rate	Reallocation at a short	31.12.2009	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	53 301	7 069		-727		59 643	2011-2029	-
Shares loan payout	498 442				14 981	483 461	2011-2015	-
<b>Total</b>	<b>551 743</b>	<b>7 069</b>		<b>-727</b>	<b>14 981</b>	<b>543 104</b>		

Amount to be pay back after 5 years – 379 503 Ls.



**Supplements to the balance sheet**

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

Name enterprise	31.12.2008	Loans granted in 2009	Loans granted in 2009	Difference in currency rate	Reallocation at a short	31.12.2009	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	75 841	10 058		-1 035		84 864	2011-2029	-
Shares loan payout	709 219				21 316	687 903	2011-2015	-
<b>Total</b>	<b>785 060</b>	<b>10 058</b>		<b>-1 035</b>	<b>21 316</b>	<b>772 767</b>		

Amount to be pay back after 5 years – 539 984 EUR

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

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
Long-term loans	322 284	332 284	458 569	472 799
<b>Total</b>	<b>322 284</b>	<b>332 284</b>	<b>458 569</b>	<b>472 799</b>

	Ls	Euro
Copartners and directorship		
Including: Long-term	322 284	458 569
Short-term	10 000	14 227
<b>31.12.2009</b>	<b>332 284</b>	<b>472 796</b>

There is a management of JSC "Tosmare shipyard" shares in this position.  
The sum, which should be paid in 5 years - 282 284 Ls or 401 654 EUR.

**Supplement to the balance sheet**

**(17) Long-term deposit**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
	5 727 853	4 322 245	8 150 000	6 150 000
<b>Total</b>	<b>5 727 853</b>	<b>4 322 245</b>	<b>8 150 000</b>	<b>6 150 000</b>

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 10<sup>th</sup> 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**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
1. Metal ware	66 868	77 796	95 145	110 694
2. Timbering	3 414	5 134	4 858	7 305
3. Metal, non-ferrous metals, pipes	1 860 780	2 805 316	2 647 651	3 991 605
4. Wire cables	5 582	5 687	7 942	8 092
5. Fuel	3 569	28 715	5 078	40 858
6. Coveralls	4 739	6 348	6 743	9 032
7. Equipment	7 203	6 509	10 249	9 261
8. Cables	26 987	29 798	38 399	42 399
9. Varnish and paint	90 559	75 544	128 854	107 489
10. Tools	4 909	6 837	6 985	9 728
11. Household goods	665	3 759	946	5 349
12. Technical rubber ware	11 468	14 313	16 317	20 366
13. Other	684 571	765 276	974 058	1 088 889
<b>Total</b>	<b>2 771 314</b>	<b>3 831 032</b>	<b>3 943 225</b>	<b>5 451 067</b>

**(19) Unfinished production**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Shipbuilding orders	968 542	1 105 172	1 378 111	1 572 518
<b>Total</b>	<b>968 542</b>	<b>1 105 172</b>	<b>1 378 111</b>	<b>1 572 518</b>

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

**Supplement to the balance sheet**

**(20) Unfinished orders**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
1) Ship repair orders	306 953	349 964	436 755	497 954
Including:				
m/v "Ignis"	37 386		53 195	
m/v "Green Klipper"	88 188		125 480	
m/v "Lange Wapper"	163 763		233 014	
The others	17 616		25 066	
2) Mechanical engineering orders	2 364	5 160	3 364	7 342
3) Various	4 678	6 555	6 656	9 327
<b>Total</b>	<b>313 995</b>	<b>361 679</b>	<b>446 775</b>	<b>514 623</b>

**(21) Advance payments for goods**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
For materials	6 856 145	3 850 734	9 755 415	5 479 101
<b>Total</b>	<b>6 856 145</b>	<b>3 850 734</b>	<b>9 755 415</b>	<b>5 479 101</b>

**(22) Debts of buyers and customers**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
Buyers and customers accounting value	4 325 785	4 075 987	6 155 037	5 799 607
Generated reserves	-230 055	-228 216	-327 339	-324 722
<b>Balance net value</b>	<b>4 095 730</b>	<b>3 847 771</b>	<b>5 827 698</b>	<b>5 474 885</b>

**Changes in provisions (Ls)**

	<b>Debts of buyers and customers</b>	<b>Other debtors</b>	<b>Total</b>
<b>Savings 31.12.2008</b>	<b>228 216</b>	<b>141 479</b>	<b>369 695</b>
Increase of savings			
Decrease of savings	1 839		1 839
<b>Savings 31.12.2009</b>	<b>230 055</b>	<b>141 479</b>	<b>371 534</b>

**Supplement to the balance sheet**

**Changes in provisions (EUR)**

	<b>Debts of buyers and customers</b>	<b>Other debtors</b>	<b>Total</b>
<b>Savings 31.12.2008</b>	<b>324 722</b>	<b>201 306</b>	<b>526 028</b>
Increase of savings			
Decrease of savings	2 617		2 617
<b>Savings 31.12.2009</b>	<b>327 339</b>	<b>201 306</b>	<b>528 645</b>

**(23) Associated companies debts**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
"Tosmare shipyard" JSC debt for service	187 007	0	266 087	0
SIA "Remars Granula" debt for service	21 890	95 692	31 146	136 157
SIA "Remars Granula" debt for credit	304 730	295 544	433 592	420 522
<b>Total</b>	<b>513 627</b>	<b>391 236</b>	<b>730 825</b>	<b>556 679</b>

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

**(24) Other debtors**

	<b>2009 year Ls</b>	<b>2008 year Ls</b>	<b>2009 year EUR</b>	<b>2008 year EUR</b>
Accounting value	383 137	723 690	545 154	1 029 718
Generated reserves	-141 479	-141 479	-201 306	-201 306
<b>Balance net value</b>	<b>241 658</b>	<b>582 211</b>	<b>343 848</b>	<b>828 412</b>

Other debtors debts are as following:

Accounted VAT	522	965	743	1 373
Overpaid taxes				
- Value added tax	80 791	210 894	114 955	300 075
- Enterprise income tax	49 110	34 980	69 877	49 772
Payments personal debts	1 129	2 189	1 606	3 115
Payment of salary	422	338	600	481
Short-term loans for "Tosmare Shipyard" JSC'S shares	14 942	14 961	21 261	21 288
Advance payment of service	91 086	250 261	129 604	356 089
Account with other debtors	3 656	67 623	5 202	96 219
<b>Total</b>	<b>241 658</b>	<b>582 211</b>	<b>343 848</b>	<b>828 412</b>

**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”	213 429	303 682
leaders debt for shares	10 000	14 229
<b>31.12.2009</b>	<b>223 429</b>	<b>317 911</b>

**(26) Next period costs**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Enterprise’s property insurance premium sum	10 228	28 868	14 553	41 075
Subscription to the press	476	364	677	518
Inviting of specialists	1 819	30 228	2 588	43 011
Insurance of health	6 818	7 777	9 701	11 066
Check of floating means	9 886	11 528	14 067	16 403
Expenses for repair of the rented basic means	28 055	36 287	39 919	51 632
Advertisements	124	968	176	1 377
Others	7 507	10 591	10 681	15 069
<b>Total</b>	<b>64 913</b>	<b>126 611</b>	<b>92 363</b>	<b>180 151</b>

**(27) Accrued proceeds**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Shipbuilding	2 721 257	5 954 590	3 872 000	8 472 617
<b>Total</b>	<b>2 721 257</b>	<b>5 954 590</b>	<b>3 872 000</b>	<b>8 472 617</b>

**(28) Cash assets**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Money at a cash department	2 416	3 976	3 437	5 657
Money on current accounts	50 090	93 938	71 271	133 662
Short-term deposit	7 133 460	11 537 346	10 150 000	16 416 164
<b>Total</b>	<b>7 185 966</b>	<b>11 635 260</b>	<b>10 224 708</b>	<b>16 555 483</b>

**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.

**“Riga shipyard” JSC shareholders on the 31.12.2009**

	<b>31.12.2009</b>	<b>%</b>	<b>31.12.2008</b>	<b>%</b>	<b>2009year</b>	<b>2008year</b>
	<b>Ls</b>		<b>Ls</b>		<b>EUR</b>	<b>EUR</b>
“Remars-Riga” JSC	5 819 194	49.86	5 819 194	49.86	8 279 967	8 279 967
Other limited companies	3 335 061	28.57	3 329 177	28.52	4 745 364	4 736 992
Private personae	2 517 852	21.57	2 523 736	21.62	3 582 581	3 590 953
<b>Total</b>	<b>11 672 107</b>	<b>100</b>	<b>11 672 107</b>	<b>100</b>	<b>16 607 912</b>	<b>16 607 912</b>

**(30) Long term investments reevaluation reserves**

	<b>2009 year</b>	<b>2008 year</b>	<b>2009 year</b>	<b>2008 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
	8 671 089	8 868 979	12 337 846	12 619 419
<b>Total</b>	<b>8 671 089</b>	<b>8 868 979</b>	<b>12 337 846</b>	<b>12 619 419</b>

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

	<b>2009 year</b>	<b>2008 year</b>	<b>2009 year</b>	<b>2008 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
	4 743 208	5 844 453	6 748 977	8 315 907
<b>Total</b>	<b>4 743 208</b>	<b>5 844 453</b>	<b>6 748 977</b>	<b>8 315 907</b>

The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA with JSC “Nordea Bank Finland Plc.” On December 31<sup>st</sup> 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.

**Supplement to the balance sheet**

**(32) Advance payments received from buyers**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
For shipbuilding	22 089 184	23 666 058	31 430 077	33 673 767
For ship repair	102 302	8 980	145 563	12 777
Others	3 523	3 229	5 013	4 595
<b>Total</b>	<b>22 195 009</b>	<b>23 678 267</b>	<b>31 580 653</b>	<b>33 691 139</b>

**(33) Debts to suppliers and contractors**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Debts for services	157 347	99 153	223 885	141 082
Debts for materials	326 962	728 293	465 225	1 036 268
Debts subcontractors	906 762	1 523 393	1 290 206	2 167 593
<b>Total</b>	<b>1 391 071</b>	<b>2 350 839</b>	<b>1 979 316</b>	<b>3 344 943</b>

**(34) Movement of tax liabilities in 2009 (Ls)**

	Balance as at 01.01.2009 Ls	Calculated In 2009 Ls	Paid off In 2009 Ls	Deflected to other taxes Ls	Balance as at 31.12.2009 Ls
Social insurance payments	164 244	1 358 922	81 596	1 364 020	77 550
Residents income tax	87 321	752 943	356 261	445 318	38 685
VAT	-210 894	-1 690 475		-1 820 579	-80 790
Real estate tax		95 673	95 673		0
Enterprise income tax	-34 980	859	3 748	11 241	-49 110
Risk tax	209	2 260	2 309		160
Customs duty on import		104	104		0
Natural resources tax	3 410	11 339	13 814		935
<b>Total</b>	<b>9 310</b>	<b>531 625</b>	<b>553 505</b>	<b>0</b>	<b>-12 570</b>
Ink.					
<b>Overpay tax</b>	<b>-245 874</b>				<b>-129 900</b>
<b>Debt tax</b>	<b>255 184</b>				<b>117 330</b>

**Supplement to the balance sheet**

**Movement of tax liabilities in 2009 (EUR)**

	Balance as at 01.01.2009 EUR	Calculated In 2009 EUR	Paid off In 2009 EUR	Deflected to other taxes EUR	Balance as at 31.12.2009 EUR
Social insurance payments	233 698	1 933 572	116 100	1 940 826	110 344
Residents income tax	124 247	1 071 341	506 914	633 630	55 044
VAT	-300 075	-2 405 329		-2 590 451	-114 954
Real estate tax		136 130	136 130		0
Enterprise income tax	-49 772	1 222	5 333	15 995	-69 877
Risk tax	297	3 216	3 285		228
Customs duty on import		148	148		
Natural resources tax	4 852	16 134	19 656		1 330
<b>Total</b>	<b>13 247</b>	<b>756 434</b>	<b>787 566</b>	<b>0</b>	<b>-17 885</b>

Ink.					
<b>Overpay tax</b>	<b>-349 847</b>				<b>-184 831</b>
<b>Debt tax</b>	<b>363 094</b>				<b>166 946</b>

**(35) Other creditors**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
Salary	168 211	267 060	239 343	379 992
Payments for deductions from salary	706	1 139	1 005	1 621
Payments by return to personae	508	922	723	1 312
Payments for credit cards	2 343	1 747	3 334	2 486
Payments for debts to other enterprises	17 427	27 267	24 792	38 797
<b>Total</b>	<b>189 195</b>	<b>298 135</b>	<b>269 197</b>	<b>424 208</b>

**(36) Unpaid previous years dividends**

	2009 year Ls	2009 year EUR
<b>31.12.2008</b>	<b>24 917</b>	<b>35 454</b>
Calculated	0	0
Paid off	128	182
<b>31.12.2009</b>	<b>24 789</b>	<b>35 272</b>



**Supplement to the balance sheet**

**(37) Next period income**

	<b>2009 year</b> <b>Ls</b>	<b>2008 year</b> <b>Ls</b>	<b>2009 year</b> <b>EUR</b>	<b>2008 year</b> <b>EUR</b>
Free of charge received base means had been formed that will be referred to PL incomings at the period of base means use.	4 833	6 833	6 877	9 722
<b>Total</b>	<b>4 833</b>	<b>6 833</b>	<b>6 877</b>	<b>9 722</b>

**(38) Accrued liabilities**

	<b>2009 year</b> <b>Ls</b>	<b>2008 year</b> <b>Ls</b>	<b>2009 year</b> <b>EUR</b>	<b>2008 year</b> <b>EUR</b>
For services	331 913	630 295	472 270	896 829
Accruals for vocations	173 595	262 992	247 003	374 204
<b>Total</b>	<b>505 508</b>	<b>893 287</b>	<b>719 273</b>	<b>1 271 033</b>

**(39) Out of balance supplements.**

On May 12<sup>th</sup> 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 2<sup>nd</sup> 2005.

On February 10<sup>th</sup> 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 2<sup>nd</sup> 2005 (with May 12<sup>th</sup> 2005 improvements) with loan of belonging to the enterprise building workshop of Granula.

**General remarks**

	2009 year Ls	2008 year Ls	2009 year EUR	2008 year EUR
<b>(1) Year average number of employees</b>				
Average number of employees	718	786		
<b>(2) Personnel payments</b>	<b>5 239 228</b>	<b>6 590 725</b>	<b>7 454 749</b>	<b>9 377 757</b>
- Salary	4 250 083	5 399 116	6 047 323	7 682 250
- Social tax	989 145	1 191 609	1 407 426	1 695 507
Total:				
Including:				
Salary of employees working in production (core business)				
- Salary	3 769 708	4 846 063	5 363 811	6 895 326
- Social tax	876 325	1 111 555	1 246 898	1 581 600
Total:	<b>4 646 033</b>	<b>5 957 618</b>	<b>6 610 709</b>	<b>8 476 926</b>
Payment for work of Administration				
- Salary	70 035	52 635	99 651	74 893
- Social tax	16 342	11 817	23 253	16 814
Total:	<b>86 377</b>	<b>64 452</b>	<b>122 904</b>	<b>91 707</b>
Remuneration of the board				
- Remuneration	225 840	286 533	321 341	407 700
- Social tax	54 405	34 492	77 411	49 078
Total:	<b>280 245</b>	<b>321 025</b>	<b>398 752</b>	<b>456 778</b>
Remuneration of the council				
- Remuneration	184 500	213 885	262 520	304 331
- Social tax	42 073	33 745	59 864	48 015
Total:	<b>226 573</b>	<b>247 630</b>	<b>322 384</b>	<b>352 346</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**I.KOMAROVS**

Member of the Board

**L.ARTEMENKO**

Member of the Board

**I.RUDZATE**

Member of the Board

**E.BUKS**

February 26th, 2010