

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

***“RIGA SHIPYARD” JSC
2010 annual report
(not audited)
(not consolidated)***

under EU Approved International Standards for Financial Statements

Riga, 2011

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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 Address Partnership	“Tosmare Shipyard” JSC Reg.No. 42103022837 42/44 Generala Baloza Street, Liepaya 49,72%	
Associate enterprise Address Partnership	“Remars Granula” SIA Reg.Nr.54103022521 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 no 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 – 10656
Juris Kaksitis	Member of the Council,	p.ID 270443 – 10124
Gaidis Andrejs Zeibots	Member of the Council,	p.ID 260645 – 10807
Chief accountant	Marina Pudova	Phone 67080868
Annual report	1 January – 31 December 2010	
Tax authority	SRS Large tax payers department	
Name and address of an auditor	Natalija Zaiceva, p ID 140366-10722 LACA certificate. No. 138 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

2010 annual report

In the past of year 2010 JSC's "Riga Shipyard" total net turnover made up 31 219 130 LVL, including shipbuilding – 18 775 423 LVL, ship repairing – 12 365 165 LVL (compared to the year 2009 –21 351 135 LVL, including ship building –7 942 809 LVL, ship repairing – 13 142 676 LVL).

In total there were 84 ships repaired in 2010 (compared to year 2009 – 72 ships were repaired) and 6 hulls were built and launched (if compared to year 2009 there were 10 hulls).

The total profit of JSC "Riga Shipyard" made up 804 575 LVL (685 413 LVL gross loss in the year 2009). Profit in the financial year 2010 made up 158 605 LVL (loss 266 547 LVL in the year 2009).

Company's operating results were influenced by the global economic crisis, which still is in effect. The number of orders, as it was before the crisis, for ship repair still has not been reached.

There were no significant changes in list of suppliers for products and services, as well as for raw material suppliers in the year 2010 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.

JSC „Riga Shipyard” is still looking for new ways of activities, which brings us restarting the stevedoring services by the end of year 2010. The sustainability of processes like: improvement of enterprises managerial structure, as well as production effectiveness is still taking place. In order to save energy it has been sustained the optimization for use of production areas and equipment.

During the year 2010 "Riga Shipyard" JSC has invested 1mln. 372 thousand LVL into purchase of and repairs of fixed assets (compared to 934, 5 thousand LVL in the year 2009). It was established the section of aluminum structures. Water transit to floating docks No. 1 and No.2, has been equipped. The modernization of Argon and CO2 gas mixing device has been performed. The enterprise has also purchased: climatic system MA 3000, the crane Essemko and self going – loader Fuchs 380, as well as new welding equipment. The overhauls of workshops, floating docks, portal crane, etc. are still going on.

JSC’s “Riga Shipyard” work and procedures are made according to the international quality management system standards – EN ISO 9001:2008. The quality assurance certificate has been received in 2001 already. Quality management system is continuously improved.

The measures are taken each year to reduce environment pollution.

It has been planed to proceed with the development, to invest in modernization of production equipment, as well as the process, which leads us to improve competitiveness of enterprise in its own market share.

In the period of time since the Report’s last day till the day of signing the report by the board, no any exceptional or significant circumstances affecting annual results or the Company’s financial statement happened.

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

V. Melniks

February 28th, 2011

Notification on liability of the board

The Board of JSC “Riga Shipyard” (The Company) endorses that, according to information available at the time of preparing this report, Financial statements give a true picture of the Company’s financial situation on 31st December, 2010 and its performance and cash flow in all significant aspects. The above mentioned financial statements are under the International Standards of Financial Statements approved by EU.

The board endorses that, preparing this report:

- there were used corresponding accounting methods, their application was consequent;
- there were made reasonable and prudent resolutions;
- it was guided by business continuation principle.

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.

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 28th, 2011

Consolidate income statement
For the years ending 31st of December 2010 and 31st of December 2009

	Remarks	2010.g. Ls	2009.g. Ls	2010.g. EUR	2009.g. EUR
Net turnover	1	31219130	21351135	44420820	30379928
Sold production operating costs	2	30414555	22036548	43276013	31355183
Gross profit or losses		804575	-685413	1144807	-975255
Selling costs	3	34509	40927	49102	58234
Administration costs	4	737522	759782	1049399	1081073
Other enterprise's business activity's income	5	1679134	1440407	2389192	2049515
Other enterprise's business activity's costs	6	1331224	814236	1894161	1158553
Profit & Losses of business activity's		380454	(859951)	541337	(1223600)
Income from other capital participation, securities and loans forming part of the fixed assets			89		127
Other percents and the like income	7	267272	903414	380294	1285442
Payment off percents and the like costs	8	361146	157914	513864	224691
Profit & Losses prior to extra ordinary items and taxes		286580	(114362)	407767	(162722)
Profit & loss prior to taxes		286580	(114362)	407767	(162722)
Income taxes of the enterprise		51767	0	73658	0
Deferred income	9(a)	(28500)	56512	(40552)	80409
Other taxes	10	104708	95673	148986	136131
Year of account profit & loss (net income)		158605	(266547)	225675	(379262)
Profit or loss per share		0.01LVL	-0.02LVL	0.01EUR	-0.03EUR

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

February 28th, 2011

Financial Status Report as at 31 December 2010

ASSETS	Remarks	31.12.2010 Ls	31.12.2009 Ls	31.12.2010 EUR	31.12.2009 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
Other intangible investments		5999	15951	8537	22697
Advance payments of intangible investments		167895	167895	238894	238894
Intangible investments in total	11	173894	183846	247431	261591
<i>II Fixed assets</i>					
Lands, buildings, constructions, perennial plants		4025639	3 993 652	5727968	5682455
Long-term investments into leased fixed assets		363	560	516	796
Equipment and machinery		14302319	13878783	20350365	19747728
Other fixed assets and stock		280598	341020	399255	485228
Up building of fixed assets and unfinished building objects costs		227462	174008	323648	247590
Advanced payments for fixed assets		3933		5595	
Fixed assets in total		18840314	18388023	26807347	26163797
<i>III Property deposit</i>					
Fixed assets and property deposit in total	12	19276593	18837077	27428117	26802743
<i>IV Long-term financial investments</i>					
Participation in capital of related companies	13	3008147	3008147	4280207	4280207
Participation in capital of associated companies					
Other equities and investments	14	165	165	235	235
Other loans and other long-term debtors	15	534528	543104	760562	772767
Loans to copartners of the enterprises and to the directorship	16	312284	322284	444340	458569
Long-term deposit	17	1447776	5727853	2060000	8150000
Long-term financial investments in total		5302900	9601553	7545344	13661778
Long-term investments in total		24753387	28622476	35220892	40726112
<i>Current assets</i>					
<i>I Reserves</i>					
Raw materials, direct materials and auxiliary materials	18	4310807	2771314	6133727	3943225
Unfinished production	19	632102	1204253	899400	1713498
Unfinished order	20	169269	324095	240849	461146
Advance payments for goods	21	4772421	6610164	6790544	9405416
Reserves in total		9884599	10909826	14064520	15523285
<i>II Debts of debtors</i>					
Debts of buyers and customers	22	3320718	4085877	4724956	5813679
Associated companies debts	23	327094	513627	465413	730825
Other debtors	24	561886	241709	799492	343921
Short-term loans to copartners of the enterprise's and to the directorship	25	10000	223429	14229	317911
Next period costs	26	37889	64913	53911	92364
Accrued proceeds	27	14177524	2816466	20172799	4007471
Debtors in total		18435111	7946021	26230800	11306171
<i>III Short-term financial investments</i>					
Short-term deposit		6700744		9534300	
Cash assets		1875405	7185966	2668461	10224708
Short-term deposit and cash assets in total	28	8576149	7185966	12202761	10224708
Current assets in total		36895859	26041813	52498081	37054164
Assets in total		61649246	54664289	87718973	77780276

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

“Riga shipyard” JSC
2010 annual report

LIABILITIES		Remarks	31.12.2010 Ls	31.12.2009 Ls	31.12.2010 EUR	31.12.2009 EUR
I	Equity capital					
	Stock or share capital (equity capital)	29	11672107	11672107	16607912	16607912
	Overrate reserved of financial fixed assets	30	8473198	8671089	12056271	12337846
	Retained earnings					
	a) previous years retained earnings		3019800	3286347	4296789	4676051
	b) year of account retained earnings		158605	(266547)	225675	(379262)
	<i>Retained earnings in total</i>		<i>3178405</i>	<i>3019800</i>	<i>4522464</i>	<i>4296789</i>
	Equity capital in total		23323710	23362996	33186647	33242547
II	Reserves					
	<i>Reserves in total</i>					
III	Creditors					
I	Long-term debts					
	Liability of Liability of leasing		114976	4139	163595	5889
	Deferred taxation reserves liabilities	9b	1982723	2046145	2821161	2911402
	Long-term debts in total		2097699	2050284	2984756	2917291
II	Short-term debts					
	Loans from credit institutions	31	3686396	4743208	5245269	6748977
	Liability of leasing	32	38448	2703	54706	3846
	Other credit	33	421682	0	600000	0
	Advance payments received from buyers	34	29948676	22195009	42613127	31580653
	Debts to suppliers and contractors	35	1323941	1401305	1883798	1993877
	Debts to associated companies	36	182	0	259	0
	Taxes and social insurance payments	37	7797	117330	11094	166946
	Other creditors	38	212488	189195	302344	269200
	Unpaid previous years dividends	39	24659	24789	35087	35272
	Next period income	40	2834	4833	4033	6877
	Accrued liabilities	41	560734	572637	797853	814790
	Short-term creditors in total		36227837	29251009	51547570	41620438
	Creditors in total		38325536	31301293	54532326	44537729
	Liabilities total		61649246	54664289	87718973	77780276

Chairman of the Board

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Member of the Board

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February 28th, 2011

Cash flow statement for 12 months of the year 2010 and 2009

	2010 Ls	2009 Ls	2010 EUR	2009 EUR
A Cash flow from primary activity				
Sales income	29526300	23835923	42012140	33915462
Cash to suppliers, personnel and others primary activity costs	31230840	25851854	44437482	36783874
Gross cash flow from primary activity	-1704540	-2015931	-2425342	-2868412
Interest paid	360647	156878	513154	223217
Corporate income tax		3747		5332
Primary activity before extraordinary items	-2065187	-2176556	-2938496	-3096961
Cash flow from extraordinary items	-2065187	-2176556	-2938496	-3096961
Net cash flow from primary activity	-2065187	-2176556	-2938496	-3096961
B Cash flow from investment activity				
Related and associated enterprises shares acquisition				
Selling out of shares	25000	25000	35572	35572
Paid for fixed assets acquisition	554206	590386	788564	840044
Received for the fixed assets sold	11306	3217	16087	4577
Loans granted	15033	7069	21390	10058
Deposit	2420668	1405608	3444300	2000000
Repayment of loans	33005	0	46962	0
Interest received	265112	894228	377220	1272372
Received dividend		89		127
Net cash flow from financial activity	-2655484	-1080529	-3778413	-1537454
C Cash flow from financial activities				
Loan received	1056812	1101245	1503708	1566930
Loan repaid	421682		600000	
Dividend paid	130	128	185	182
Net cash flow from financial activities	-635260	-1101373	-903893	-1567112
Result of currency exchange rates changing	45370	-90836	64555	-129248
Net cash flow and equivalent increase or decrease (A+B+C)	-5310561	-4449294	-7556247	-6330775
Cash and equivalent thereof at beginning of the period of accounts	7185966	11635260	10224708	16555483
Cash and equivalent thereof at the end of the period of account	1875405	7185966	2668461	10224708

Chairman of the Board

V. MELNIKS

Member of the Board

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February 28th, 2011

Changes in own capital report for 2010 and 2009

Types of changes	Stock or Share capital		Long-term asset reevaluation reserve		Retained earnings		Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Balance as at 31.12.2008	11672107	16607912	8868979	12619419	3286347	4676051	23827433	33903382
Reevaluation reserve			*(232813) ** 34923	(331264) 49691			(197890)	(281573)
Dividends								
Period of account net profit & loss					(266547)	(379262)	(266547)	(379262)
Balance as at 31.12.2009	11672107	16607912	8671089	12337846	3019800	4296789	23362996	33242547
Reevaluation reserve			*(232813) **34922	(331264) 49689			(197891)	(281575)
Dividends								
Period of account net profit & loss					158605	225675	158605	225675
Balance as at 31.12.2010	11672107	16607912	8473198	12056271	3178405	4522464	23323710	33186647

* 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 31.12.2010. *LVL 158605 :11672107 =0,01 LVL or 0,01 EUR ;*

EPS for 31.12.2009. *- 0,02 LVL or 0,03 EUR*

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Member of the Board

L.ARTEMENKO

February 28th, 2011

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.12.2010.

Notes mentioned on pages 12th - 37th are to be an integral part of this annual report.

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), approved by EU.

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. 100 dated 26 November 2010, 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) Segment Content

Operating Segment is identifiable public (consuming goods and services) section, which is characterized by the risks and benefits that differs from the risks and benefits of other part of public. **Geographical Segment** is identifiable public that sells good and provides services in the particular economic environment and which is characterized by the risks and benefits that differs from the other part of public acting in the other economic environment.

(5) 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:

	31.12.2010.	30.12.2009.
	Ls	Ls
1 USD	0,535	0,489
1 EUR	0,702804	0,702804
1 NOK	0,09	0,0844
1 GBP	0,824	0,783
1 RUB	0,0176	0,0164

(6) 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:

Depreciation % per annum

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 outputs, 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.

(7) Property deposits

Investment property is buildings, constructions and their parts that the Company owns (as owner or renter acc. to financial leasing) to get rent or to wait prices rising (appreciation), but not to use for production of goods, providing a services, for administrative purposes or to sell in course of economic activity. The Company after initial recognition evaluates its investment property according to International Accounting Standard No.16 "Fixed Assets".

(8) 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.

(9) Other long-term investments.

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

(10) 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.

(11) Long-term contract

Initial and final dates of execution of the contract about creation of an active are in the different accounting periods. Revenue and Costs associated with the Contract are recognized as Revenue and Costs taking into consideration Contract works performance level (percentage) on the Balance date. Expected loss of long-term Contract at once is acceptable as Expenses.

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.

(12) Debtors

Debtors' debts in the balance sheet have been shown at the net value, obtained deducting provisions for doubtful debts from the total amount of Debtor's debts. Debtors' actual sum complies with contracts and other accounting basic documents. Provisions for doubtful debts. are calculated by individual evaluation of every Debtor. Provisions for doubtful debts. reflect evaluation of estimated loss on the date of balance. Hopeless debts are to be written off when its recovery is admitted as impossible. Debtor's debt check has been executed on December 31st 2010.

(13) Accumulated income

Riga Shipyard's new building incomes are acknowledged respective to its executive degree.

(14) Cash and cash equivalents

In the report of cash flow consist of the money in cash-box, remnants of active bank cont and demand deposits in the credit institutions. The report of cash flow is prepared according to International Accounting Standard No.7.

(15) Revaluation reserve of Long-term investments

Revaluations of the real estates balance value. In the revaluation reserve of long-term investments they reduce the growth of values contained when a revaluated fixed asset are to be written off or eliminated. As well as it is revaluated during the asset’s usage gradually by writing off every reporting period the amount that I difference between the wear to be calculated according to asset’s revaluated value and the wear to be calculated according to asset’s acquisition value.

(16) Reserves for unused vocations

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

(17) Income tax of the enterprise

Enterprise income tax was calculated according to Latvia Republic tax laws. Starting of year 2010 and further on, the Tax law foresees the Income tax rate 15%. 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.

(18) Related parties

Related parties are the Company’s major shareholders, Board members and Council member, their close family members and the companies, that are controlled or affected by the above mentioned persons. Also related parties are the companies that are controlled or affected by the final controlling member. Related parties are as well the Company’s related and associated companies, whose financial and main activity is under the Company’s significant influence.

(19) Taxes

There has been made reconciliation of taxes liabilities by State Revenue Service data.

(20) Bookkeeping arrangement

The bookkeeping accountancy has been arranged with the help of computers using the software (Microsoft Business Solutions – NAVISION 4.0).

(21) 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.

(22) 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.

(23) 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.

(24) Percentage risk

Enterprise is subjected from credit interest rate changing risk.

(25) 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 ensures 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.

(26) Dividend

Dividend was reflex as fixed in announced period.

(27) Retraining

In comparative readings for year 2009 in necessary cases individual post classification is changed in order to meet post classification for year 2010.

Profit & Loss calculation supplement

Combined Income Statement supplement.

Information on segments.

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

- a) The 1st type – operating segment
- b) Additional format – geographical segment.

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

(1a) Net turnover

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
On aspects of business				
Shipbuilding	18775423	7942809	26715020	11301599
Ship repair	12365165	13142676	17594045	18700343
Mechanical engineering	75247	197062	107067	280394
Other works	3295	68588	4688	97592
Total	31219130	21351135	44420820	30379928

(1b)

Latvia	11908033	675219	16943604	960750
Russia	355182	363843	505378	517702
Great Britain	216530	359496	308094	511517
Norway	5438580	5230638	7738402	7442527
Cyprus	1007736	905804	1433879	1288843
Belize	87187	0	124056	0
Malta	921704	918755	1311467	1307271
Panama	1524806	1046603	2169603	1489182
Liberia	706272	2003436	1004935	2850633
Sweden	421681	322397	599998	458730
Finland	1523539	1682358	2167801	2393780
Iceland	353222	1537071	502590	2187055
Denmark	922481	1107864	1312572	1576348
Bahamas	420250	621823	597962	884774
The Netherlands	27490	0	39115	0
St Vincent	505846	295151	719754	419962
Cambodia	0	776967	0	1105524
Antigua and Barbuda	421826	731730	600204	1041158
Gibraltar	7212	403171	10262	573661
Portugal	0	268131	0	381516
Marshall Island	1572904	330563	2238041	470349
Estonia	482575	829832	686642	1180745
France	0	6427	0	9145
St.Kitts&Nevis	411790	460297	585926	654943
Italy	323290	0	460000	0
Barbados	0	280282	0	398805
Saudi Arabia	282429	193277	401860	275008
Singapore	211663	0	301169	0
USA	420356	0	598113	0
Belgium	231499	0	329393	0
Vanuatu	513047	0	730000	0
Total	31219130	21351135	44420820	30379928

Profit & Loss calculation supplement

(2) Sold products operating costs

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Material costs (raw materials and materials, value of goods, services from outside)	25114357	16082109	35734511	22882779
Salary	3219918	3 875132	4581531	5513816
Social tax	750282	900484	1067555	1281273
Depreciation of fixed assets	755618	753486	1075148	1072114
Accruals for vocations	20792	0	29584	0
Other costs	553588	425337	787684	605201
Total	30414555	22 036 548	43276013	31355183

(3) Selling costs

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Advertisement	34509	40927	49102	58234
Total	34509	40927	49102	58234

(4) Administration costs

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Liaison costs	15290	10921	21756	15539
Office maintenance costs	5803	4760	8257	6773
Annual report costs	8000	8000	11383	11383
Salary of administration	52847	70035	75193	99651
Remuneration of the board	215217	225840	306226	321341
Remuneration of the council	165248	184500	235127	262520
Social insurance costs	99618	111706	141744	158943
Depreciation of fixed assets	25911	24539	36868	34916
Transport costs, travel allowances	89081	66977	126751	95300
Legal services	334	1815	475	2583
Insurance	2989	6487	4253	9230
Representation costs	8245	15918	11732	22649
Representation costs of the car	48939	28284	69634	40245
Total	737522	759782	1049399	1081073

Profit & Loss calculation supplement

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

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Income generated by transport services rendering	9548	5088	13586	7240
Income generated by leased FA payments and public services	981169	900191	1396078	1280856
Tugboat services income	111743	106617	158996	151702
Selling out of raw materials and materials	445692	224877	634163	319971
Income generated by fluctuation of currency rate	120	187	171	266
Income generated by chemical analyses	1201	2356	1709	3352
Income generated by realization of fixed assets	11306	1510	16087	2149
Previous year income	10609	28437	15095	40462
Incomes from writing off accounts payable to limit expiration	16982	17086	24163	24311
Currency selling income	12795	12238	18206	17413
Currency selling revenue	41211	0	58638	0
Income from write-off provision for vocations	0	89397	0	127200
Loss consideration	23441	0	33354	0
Other income	13317	52423	18946	74593
Total	1679134	1440407	2389192	2049515

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

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Material purchase costs	400521	156448	569890	222605
Losses incurred by currency selling out	0	102094	0	145267
Social infrastructure objects costs (medical services)	7785	12158	11077	17299
Costs on tugboat services	44370	40243	63133	57261
The donations	5202	3400	7402	4838
Material benefits	14675	11580	20881	16477
Burial costs	2186	2440	3110	3472
Costs incurred by fixed assets’ exclusion	1726	476	2456	677
Representation costs	13043	11330	18559	16121
Costs on maintenance of leased FA	584805	439198	832103	624922
Special reserved sum provided for unsecured debts	200000	11572	284574	16464
Preceding year costs	43108	20746	61337	29519
Other costs	13803	2551	19639	3631
Total	1331224	814236	1894161	1158553

Profit & Loss calculation supplement

(7) Other percents and the like income

	2010 year	2009 year	2010 year	2009 year
	Ls	Ls	EUR	EUR
Depositing percentage	257472	875346	366350	1245505
Bank interests	258	18882	367	26867
Interests income for loans	9249	9186	13160	13070
Received penalty payments	293	0	417	0
Total	267272	903414	380294	1285442

(8) Payment off percents and the like costs

	2010 year	2009 year	2010 year	2009 year
	Ls	Ls	EUR	EUR
Paid off penalty	195867	1695	278694	2411
Paid off interests	112405	100373	159938	142818
Guarantee maintenance	52874	55846	75232	79462
Total	361146	157914	513864	224691

(9a) Income taxes of the enterprise

	2010 year	2009 year	2010 year	2009 year
	Ls	Ls	EUR	EUR
Income tax	51767	0	73658	0
Increase of deferred taxation	(28500)	56512	(40552)	80409
Total	23267	56512	33106	80409

Deferred taxation calculation

	2010 year	2009 year	2010 year	2009 year
	Ls	Ls	EUR	EUR
Deferred taxation liabilities:				
Spread between capital assets residual value in financial	13412540	13814561	19084325	19656349
accountancy and for tax collections				
Deferred taxation assed:				
Reserves for vacations	194387	173595	276588	247003
Provisional distinctions total	13218153	13640966	18807737	19409346
Deferred taxation liabilities/(assets), rate 15%	1982723	2046145	2821161	2911402
Deferred taxation liabilities	1982723	2046145	2821161	2911402

Profit & Loss calculation supplement

9(b) Deferred taxation liability changes

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Rest at the beginning of year of account	2046145	2024555	2911402	2880682
Deferred taxation increase	(28500)	56512	(40552)	80409
Increase reevaluation reserve	(34922)	(34922)	(49689)	(49689)
Deferred EIT income tax liabilities at the end of taxation year	1982723	2046145	2821161	2911402

(10) Other taxes

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Real estate tax	104708	95673	148986	136131
Total	104708	95 673	148986	136 131

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						
01.01.2009			70409	0	0	238110
Bought			3963		1694	5657
Relocated						
Written off					1500	1500
31.12.2009	0	0	74372	0	0	242267
Depreciation						
01.01.2009			43756	0	0	43756
Estimated			14665			14665
Written off						
31.12.2009	0	0	58421	0	0	58421
Balance value 01.01.2009	0	0	26653	0	167701	194354
Balance value 31.12.2009	0	0	15951	0	167895	183846

(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						
01.01.2009			100183	0	238618	338801
Bought			5639		2410	8049
Written off						
Relocated					2134	2134
Revaluated			105822	0	238894	344716
31.12.2009	0	0				
Depreciation						
01.01.2009			62259	0	0	62259
Estimated			20866			20866
Written off						
31.12.2009	0	0	83125	0	0	83125
Balance value 01.01.2009	0	0	37924	0	238618	276542
Balance value 31.12.2009	0	0	22697	0	238894	261591

(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						
01.01.2010			74372		167895	242267
Bought						
Relocated						
Written off						
31.12.2010	0	0	74372		167895	242267
Depreciation						
01.01.2010			58421			58421
Estimated			9952			9952
Written off						
31.12.2010	0	0	68373			68373
Balance value 01.01.2010	0	0	15951		167895	183846
Balance value 31.12.2010	0	0	5999		167895	173894

(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						
01.01.2010			105822		238894	344716
Bought						
Written off						
Relocated						
Revaluated						
31.12.2010			105822		238894	344716
Depreciation						
01.01.2010			83125			83125
Estimated			14160			14160
Written off						
31.12.2010	0	0	97285			97285
Balance value 01.01.2010	0	0	22697		238894	261591
Balance value 31.12.2010	0	0	8537		238894	247431

(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								
01.01.2009	5825261	531039	28615	18495598	960479	128891	5835	25975718
Bought	316068	13000		589819	11659	979626	59575	1969747
Written off	140		28055	99044	1919	934509	65410	1129077
Relocated								
31.12.2009	6141189	544039	560	18986373	970219	174008	0	26816388
Depreciation								
01.01.2009	1964620	89279		4490582	546962			7091443
Estimated	183057	5706		480670	84053			753486
Written off	140			96474	1816			98430
Relocated				232812				232812
31.12.2009	2147537	94985	0	5107590	629199	0	0	7979311
Balance value 01.01.2009	3860641	441760	28615	14005016	413517	128891	5835	1884275
Balance value 31.12.2009	3993652	449054	560	13878783	341020	174008	0	18837077

Real Estate (buildings) cadastral value at 31.12.2009. 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
Initial value								
01.01.2009	8288600	755600	40715	26316865	1366639	183395	8302	36960116
Bought	449724	18497		839237	16589	1393882	84768	2802697
Written off	199		39919	140927	2730	1329687	93070	1606532
Relocated								
31.12.2009	8738125	774097	796	27015175	1380498	247590	0	38156281
Depreciation								
01.01.2009	2795402	127032		6389523	778257			10090214
Estimated	260467	8119		683932	119597			1072115
Written off	199			137270	2584			140053
Relocated				331262				331262
31.12.2009	3055670	135151	0	7267447	895270	0	0	11353538
Balance value 01.01.2009	5493197	628568	40715	19927342	588382	183395	8302	26869901
Balance value 31.12.2009	5682455	638946	796	19747728	485228	247590	0	26802743

Immovable property (building) cadastral value at 31.12.2009. is 8314869 EUR

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								
01.01.2010	6141189	544039	560	18986373	970219	174008	0	26816388
Bought	226537	12923		1116253	16589	1425756	50550	2848608
Written off	8258	1126	197	187456	21758	1372302	46618	1637715
Relocated								
31.12.2010	6359468	555836	363	19915170	965050	227462	3932	28027281
Depreciation								
01.01.2010	2147537	94985	0	5107590	629199	0	0	7979311
Estimated	193677	25697		459233	77011			755618
Written off	7385	1126		186784	21758			217053
Relocated				232812				232812
31.12.2010	2333829	119556	0	5612851	684452	0	0	8750688
Balance value 01.01.2010	3993652	449054	560	13878783	341020	174008	0	18837077
Balance value 31.12.2010	4025639	436280	363	14302319	280598	227462	3932	19276593

Immovable property (building) cadastral value at 31.12.2010. is 3778627 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
Initial value								
01.01.2010	8738125	774097	796	27015175	1380498	247590		38156281
Bought	322333	18388		1588285	23604	2028668	71926	4053204
Written off	11750	1602	280	266726	30959	1952610	66331	2330258
Relocated								
31.12.2010	9048708	790883	516	28336734	1373143	323648	5595	39879227
Depreciation								
01.01.2010	3055670	135151	0	7267447	895270	0	0	11353538
Estimated	275578	36564		653430	109577			1075149
Written off	10508	1602		265770	30959			308839
Relocated				331262				331262
31.12.2010	3320740	170113	0	7986369	973888	0	0	12451110
Balance value 01.01.2010	5682455	638946	796	19747728	485228	247590	0	26802743
Balance value 31.12.2010	5727968	620770	516	20350365	399255	323648	5595	27428117

Real Estates (building) cadastral value at 31.12.2010. is 5376502 EUR

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

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Initial value	218598	101104	311037	143858
Accumulated depreciation	217052	98430	308837	140053
Balance value	1546	2674	2200	3805
Permanent assets liquidation loss	1546	2674	2200	3805

Supplements to the balance sheet

(13) Partnership in capital of associated companies

	<u>31.12.2010.</u> Ls	Share capital (%)	<u>31.12.2009.</u> Ls	Share capital (%)	<u>31.12.2010.</u> EUR	<u>31.12.2009.</u> EUR
Branch enterprise "Tosmare shipyard" JSC investment value	2164782	49,72	2164782	49,72	3080207	3080207
SIA "Remars Granula"	843365	49,80	843365	49,80	1200000	1200000
Investments	<u>3008147</u>		<u>3008147</u>		<u>4280207</u>	<u>4280207</u>

(14) Other equities and investments

Name enterprise	Parts or shares value		31.12.2010			31.12.2009		
	2010	2009	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	31.12.2009	Loans granted in 2010	Loans granted in 2010	Difference in currency rate	Reallocation at a short	31.12.2010	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	59643	3659	2478	5243		66067	2012-2029	-
Shares loan payout	483461				15000	468461	2012-2015	-
Total	543104	3659	2478	5243	15000	534528		

Amount to be pay back after 5 years – 56662 Ls.

Supplements to the balance sheet

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

Name enterprise	31.12.2009	Loans granted in 2010	Loans granted in 2010	Difference in currency rate	Reallocation at a short	31.12.2010	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	84864	5206	3528	7460		94002	2012-2029	-
Shares loan payout	687903				21343	666560	2012-2015	-
Total	772767	5206	3528	7460	21343	760562		

Amount to be pay back after 5 years – 80623 EUR

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

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Long-term loans	312284	322284	444340	458569
Total	312284	322284	444340	458569

	Ls	Euro
Copartners and directorship		
Including: Long-term	312284	444340
Short-term	10000	14229
31.12.2010	322284	458569

There is a management of JSC "Tosmare shipyard" shares in this position.

Supplement to the balance sheet

(17) Long-term deposit

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
	1447776	5727853	2060000	8150000
Total	1447776	5727853	2060000	8150000

The enterprise had made investments at JSC "UniCredit Bank" which are in force until February 24th 2012 that serves as a loan (financial guarantee) to signed guarantee agreement dated November 02nd 2009 concluded between JSC "Riga Shipyard" and JSC "UniCredit Bank" referring guarantee delivery based on agreement concluded in May 30 2008 between "JSC "Riga Shipyard" and "Abeking & Rasmussen Schiffs- und Yachtwerft Aktiengesellschaft" about 5 SWATH vessels building and delivery to the Latvian Ministry of Defense.

(18) Raw materials, direct materials and auxiliary materials

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
1. Metal ware	58978	66868	83918	95145
2. Timbering	2603	3414	3704	4858
3. Metal, non-ferrous metals, pipes	1916207	1860780	2726517	2647651
4. Wire cables	5108	5582	7268	7942
5. Fuel	5430	3569	7726	5078
6. Coveralls	4965	4739	7065	6743
7. Equipment	325100	7203	462576	10249
8. Cables	76054	26987	108215	38399
9. Varnish and paint	45964	90559	65401	128854
10. Household goods	315	665	448	946
11. Technical rubber ware	13152	11468	18714	16317
12. Other	1915909	689480	2642175	981043
Total	4310807	2771314	6133727	3943225

(19) Unfinished production

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Shipbuilding orders	632102	1204253	899400	1713498
Total	632102	1204253	899400	1713498

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

Supplement to the balance sheet

(20) Unfinished orders

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
1) Ship repair orders	156881	317050	223222	451122
Including:				
m/v "Gerakl"	14783			
m/v " Global Carrier"	86533			
The others	55565			
2) Mechanical engineering orders	6791	2367	9663	3368
3) Various	5597	4678	7964	6656
Total	169269	324095	240849	461146

(21) Advance payments for goods

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
For goods	4772421	6610164	6790544	9405416
Total	4772421	6610164	6790544	9405416

(22) Debts of buyers and customers

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Buyers and customers accounting value	3651977	4325665	5196293	6154865
Generated reserves	-331259	-239788	-471337	-341186
Balance net value	3320718	4085877	4724956	5813679

Changes in provisions (Ls)

	Debts of buyers and customers	Other debtors	Total
Savings 31.12.2009	239 788	141 479	381 267
Increase of savings	108529	134000	242529
Decrease of savings	200000		200000
Savings 31.12.2010	331259	7479	338738

Supplement to the balance sheet

Changes in provisions (EUR)

	Debts of buyers and customers	Other debtors	Total
Savings 31.12.2009	341 186	201 306	542 492
Increase of savings	154423	190665	345088
Decrease of savings	284574		284574
Savings 31.12.2010	471337	10641	481978

(23) Associated companies debts

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
“Tosmare shipyard” JSC debt for service	540	187007	768	266087
SIA “Remars Granula” debt for service	12638	21890	17982	31146
SIA “Remars Granula” debt for credit	313916	304730	446663	433592
Total	327094	513627	465413	730825

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

(24) Other debtors

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Accounting value	569365	383188	810133	545227
Generated reserves	-7479	-141479	-10641	-201306
Balance net value	561886	241709	799492	343921

Other debtors debts are as following:

Accounted VAT	2816	522	4007	743
Overpaid taxes				
Value added tax	151274	80841	215243	115026
Enterprise income tax	53325	49110	75874	69877
Social insurance payments	152622		217162	
Payments personal debts	248	1129	353	1606
Payment of salary	794	422	1130	600
Short-term loans for “Tosmare Shipyard” JSC’S shares	14942	14942	21261	21261
Advance payment of service	168206	91086	239336	129604
Account with other debtors	17659	3657	25126	5204

Total	561886	241709	799492	343921
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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"		
leaders debt for shares	10000	14229
31.12.2010	10000	14229

(26) Next period costs

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Enterprise's property insurance premium sum	13002	10228	18500	14553
Subscription to the press	531	476	756	677
Inviting of specialists	0	1819	0	2588
Insurance of health	8145	6818	11589	9701
Check of floating means	2620	9886	3728	14067
Expenses for repair of the rented basic means	197	28055	280	39919
Advertisements	350	124	498	176
Others	13044	7507	18560	10683
Total	37889	64913	53911	92364

(27) Accrued proceeds

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Shipbuilding	14177524	2816466	20172799	4007471
Total	14177524	2816466	20172799	4007471

(28) Cash assets

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Short-term deposit	6700744	0	9534300	0
Money at a cash department	8729	2416	12420	3437
Money on current accounts	11203	50090	15941	71271

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Deposit	1855473	7133460	2640100	10150000
Total	8576149	7185966	12202761	10224708

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 31.12.2010

	31.12.2010 Ls	%	31.12.2009 Ls	%	2010 year EUR	2009 year EUR
“Remars-Riga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	2258286	19.35	3335061	28.57	3213251	4745364
Private personae	3594627	30.79	2517852	21.57	5114694	3582581
Total	11672107	100	11672107	100	16607912	16607912

(30) Long term investments reevaluation reserves

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
	8473198	8671089	12056275	12337846
Total	8473198	8671089	12056275	12337846

Reevaluation reserve is reduced by the amount that is difference between the wear to be calculated according to asset’s revaluated value and the wear to be calculated according to asset’s acquisition value.

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

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
	3686396	4743208	5245269	6748977
Total	3686396	4743208	5245269	6748977

The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA with JSC “Nordea Bank Finland Plc.” On December 31st 2010 2 floating docks, 3 running new building project, 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) Liability of leasing

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Long-term	114976	4139	163595	5889
Short-term	38448	2703	54706	3846
Total	153424	6842	218301	9735

(33) Other credit

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
	421682	0	600000	0
Total	421682	0	600000	0

(34) Advance payments received from buyers

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
For shipbuilding	29935783	22089184	42594782	31430077
For ship repair	10937	102302	15562	145563
Others	1956	3523	2783	5013
Total	29948676	22195009	42613127	31580653

(35) Debts to suppliers and contractors

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Debts for services	164213	157347	233654	223885
Debts for materials	333907	327131	475107	465465
Debts subcontractors	825821	916827	1175037	1304527
Total	1323941	1401305	1883798	1993877

(36) Debts to associated companies

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	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
“Tosmare Shipyard” JSC	182	0	259	0
Total	182	0	259	0

Supplement to the balance sheet

(37) Movement of tax liabilities in 2010 (Ls)

	Balance as at 01.01.2010 Ls	Calculated In 2010 Ls	Paid off In 2010 Ls	Deflected to other taxes Ls	Balance as at 31.12.2010 Ls
Social insurance payments	77550	1167449	267826	1129795	-152622
Residents income tax	38685	776165	194582	673593	-53325
VAT	-80841	-1873821		-1803388	-151274
Real estate tax		104708	104451		257
Enterprise income tax	-49110	54509			5399
Risk tax	160	1958	1953		165
Customs duty on import		116	116		
Natural resources tax	935	18471	17430		1976
Total	-12621	249555	586358	0	-349424
Ink.					
Overpay tax	129951				357221
Debt tax	117330				7797

Movement of tax liabilities in 2010 (EUR)

	Balance as at 01.01.2010 EUR	Calculated In 2010 EUR	Paid off In 2010 EUR	Deflected to other taxes EUR	Balance as at 31.12.2010 EUR
Social insurance payments	110344	1661130	381082	1607554	-217162
Residents income tax	55044	1104383	276865	958436	-75874
VAT	-115026	-2666207		-2565990	-215243
Real estate tax		148986	148620		366
Enterprise income tax	-69877	77559			7682
Risk tax	228	2786	2779		235
Customs duty on import		165	165		
Natural resources tax	1330	26282	24801		2811

Total	-17957	355084	834312	0	-497185
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Ink.					
Overpay tax	184903				508279
Debt tax	166946				11094

Supplement to the balance sheet

(38) Other creditors

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
Salary	169351	168211	240965	239343
Payments for deductions from salary	1007	706	1433	1005
Payments by return to personae	5532	508	7871	723
Payments for credit cards	3171	2343	4512	3335
Payments for debts to other enterprises	33427	17427	47563	24794
Total	212488	189195	302344	269200

(39) Unpaid previous years dividends

	Ls	EUR
31.12.2009.	24789	35272
Calculated	0	0
Paid off	130	185
31.12.2010.	24659	35087

(40) Next period income

	2010 year Ls	2009 year Ls	2010 year EUR	2009 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.	2834	4833	4033	6877
Total	2834	4833	4033	6877

(41) Accrued liabilities

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
For services	366347	399042	521266	567786
Accruals for vocations	194387	173595	276587	247004
Total	560734	572637	797853	814790

Supplement to the balance sheet

(42) Transactions with associated parties.

Associated Company or Associated Person	Type of relation	Sold Goods or Provided Services	Acquired Goods or Received Services	Other transactions
		Ls	Ls	Ls
JSC „Remars –Rīga”		472060	1669664	
JSC „Tosmares Kuģu Būvetava”	Assoc.Comp.	255916	589942	
„Remars-Granula” Ltd.	Assoc.Comp.	385		9186
„Relits” Ltd.		50899	51759	
Total		779260	2311365	9186

Associated Company or Associated Person	Type of relation	Sold Goods or Provided Services	Acquired Goods or Received Services	Other transactions
		EUR	EUR	EUR
JSC „Remars –Rīga”		671681	2375718	
JSC „Tosmares Kuģu Būvetava”	Assoc.Comp.	364136	839412	
„Remars-Granula” Ltd.	Assoc.Comp.	548		13071
„Relits” Ltd.		72423	73646	
Total		1108788	3288776	13071

(43) 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 Banka” 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 Banka” 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

	2010 year Ls	2009 year Ls	2010 year EUR	2009 year EUR
(1) Year average number of employees				
Average number of employees	618	718		
(2) Personnel payments	4503129	5239228	6407375	7454749
- Salary	3653229	4250083	5198076	6047323
- Social tax	849900	989145	1209299	1407426
Total:				
Including:				
Salary of employees working in production (core business)				
- Salary	3219918	3769708	4581531	5363811
- Social tax	750282	876325	1067555	1246898
Total:	3970200	4646033	5649086	6610709
Payment for work of Administration				
- Salary	52846	70035	75193	99651
- Social tax	12671	16342	18029	23253
Total:	65517	86377	93222	122904
Remuneration of the board				
- Remuneration	215217	225840	306226	321341
- Social tax	51846	54405	73770	77411
Total:	267063	280245	379996	398752
Remuneration of the council				
- Remuneration	165248	184500	235127	262520
- Social tax	35101	42073	49944	59864
Total:	200349	226573	285071	322384

The annual report of year 2010, pages 1 to 37 we approve:

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 28th, 2011