

**Stock corporation's "Tosmare shipyard"
annual report of 2008**

Financial statement.
(not audited)

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Information about the Company

Name of the Company	Stock company "Tosmare shipyard"
Legal status of the Company	Stock company
Registration number, place and date	210302283, 3 January 2000, Company register, Liepaja. 42103022837, 12 May, 2004 Commercial register, Liepaja
Address	42/44G. Baloza Street, Liepaja, LV-3402
The main forms of Company's activities	Construction and repair of technological equipment, ships, yachts, catamarans, containers, roltrailers port services
Names, surnames and held positions of members of the board	
Ivica Galic	Chairman of the board, Id. No. 190463-14655
Igor Komarovs	Member of the board, Id. No. 040756-10902
Boris Galkovich	Member of the board, Id. No. 020774-12900
Names, surnames and held positions of members of the council	
Vasilijs Melniks	Chairman of the council, Id. No.310867-10726
Sergejs Golicin	Vice-chairman of the council Id. No.250154-10952
Anatolijs Ustinovs	Member of the council, Id. No.010146-10964
Larisa Artemenko	Member of the council, Id. No. 030349-12926
Aleksandrs Chernjavskis	Member of the council Id. No.230770-10656
Year of account	1 January 2008 - 31. December 2008
Name and address of the auditor	Natalija Zaiceva Certified auditor (LZRA certificate No.138) Company of certified auditors SIA " UHY Orients N" LZRA License No.28 A.Caka Street 83/85-12 Riga LV-1011

AS "Tosmare shipyard"
Management's report
for report of activities of year 2008

In 2008 Joint Stock Company (JSC) "Tosmares shipyard" continued the course of increasing the production volume.

The turnover in the company in 2008 made LVL 9 495 373 that for LVL is 11 786 574 or 23 % higher than the turnover level in 2007 .

In addition 96,7 % from the turnover of 2008 consists of incomes from ship repair orders. The number of repairable objects in 2008 made 54 units , that is for 17 % (or 8 units) more than in 2007.

The market of ship repair services in 2008 was wide - Russia (42,1 %), Malta (12,4 %), Cyprus (8,4 %), Belize (6,9%), Netherlands (3,9 %), Estonia (2,5 %) and other. Incomes from ship repair orders from Latvia made LVL 445 666 (or 4,7 %).

In 2008 the profit from basic activity made LVL 422 977 or 81,9 % from the production profit of 2007 year.

The net profit in 2008 year made LVL 83 618 or 0,9 % from the turnover.

The number of workers in the company in 2008 made 262 persons that for 9 persons more than in 2007 year.

The salary fund continued to increase in the company during the reporting year, the average monthly salary of the workers also increased for 25 % (of LVL 72) and makes LVL 364.

In 2008 year the management of AS "Tosmare shipyard" paid great attention not only to the main production, but also continued to develop the production basis. So the following was purchased:

- flame cutting machine and plasma cutting machine;
- hydraulic crane ;
- auto-lifter and other.

Resources were invested in the repair and renovation of equipment that is already operating (the floating dock , tugboat "Triks" , crane " Kirovecs" , caterpillar tractor etc.).

The reconstruction of the ventilation system was performed in the machine-shop, the capital repairs of the household rooms of the 5-th workshop with replacing of drain and watwr-pipe.

New gas - pipe was places in the territory of the company.

Totally in 2008 year almost 216 thousand lats were invested in the development of production basis.

The board of AS "Tosmare shipyard " believes that in 2009 they will manage to keep the turnover level that was reached in 2008

The financial standing of AS "Tosmare shipyard " in 2008 was stable

Chairman of the board
Member of board
Member of board

Ivica Galich
Igor Komarov
Boris Galcovich

27 February of 2009 year

Announcement for management's responsibility.

Company's management is responsible for finance preparation, basing on the initial accounting register for each accounting period, that truly reflects the company's financial standing at the end of the year 2008 account, as well as results of activities and cash flow for this period.

Management confirms that for compiling this report that ends at 31. December 2008, corresponding methods of accounting were used, their application was consequent, reasonable and cautious decisions were made. Management confirms that corresponding International Accounting standards were observed, and financial reports were compiled according to activity continuation principle.

Management is responsible for keeping of corresponding accounting registers, for company's means maintenance, as well as for prevention of deception and other unfair action.

Chairman of the board

/ Ivica Galich/

27 February of 2009 year

PROFIT OR LOSS STATEMENT

for years 2008 and 2007

	Appendix	LVL		EUR	
		2008	2007	2008	2007
Net turnover	(1)	9 495 373	7 708 799	13 510 699	10 968 633
Production costs of sold output	(2)	9 072 396	7 192 527	12 908 857	10 234 044
Gross profit or losses		422 977	516 272	601842	734 589
Selling costs	(3)	45 221	46 073	64 344	65 556
Administration costs	(4)	222 604	181 538	316 737	258 305
Other company's economic activity incomes	(5)	218 571	133 980	310 999	190 636
Other company's economic activity costs	(6)	170 779	115 764	242 996	164 717
Incomes from membership in holding company's branch and associated					
Incomes from securities and loans that have formed the long-term investments					
Other interest incomes and similar incomes	(7)	126	142	179	202
Long-term financial investments and write off of short-term securities values					
Interest payments and similar costs	(8)	59 891	50 937	85 217	72 477
Profit or loss before extraordinary items and taxes		143 179	256 082	203726	364 372
Extraordinary incomes					
Extraordinary costs					
Profit or loss before taxes		143 179	256 082	203726	364 372
Company's income tax for the year of account		36 635	4 201	52 127	5 977
Deferred tax		(1 336)	36 174	-1 901	51 471
Other taxes	(9)	24 262	45 144	34 522	64 234
Profit or loss of the year of account		83 618	170 563	118 978	242 689

Chairman of the board

/Ivica Galic/

Member of board

/Igor Komarov/

Member of board

/ Boris Galcovich /

27 February 2009 year

BALANCE on 31. December 2008 and 2007

	Appendix	LVL		EUR	
		2008	2007	2008	2007
ACTIVE					
Long-term investments					
I. Intangible investments					
Company's development costs					
Concessions, patents, licenses, trade marks and similar rights					
Other intangible investments		5 245	7 986	7 463	11 363
Intangible value of the company					
Advance payments for intangible investments					
Intangible investments total	(10)	5 245	7 986	7463	11 363
II. Fixed assets					
Lands, buildings, constructions, perennial plantations		1 752 698	1 729 212	2 493 865	2 460 447
Long-term investments in leased fixed assets					
Equipment and machines		1 054 111	1 146 862	1 499 865	1 631 838
Other fixed assets and inventory		54 731	58 588	77 875	83 363
Forming of fixed assets and costs of unfinished objects of construction		16 906	4 700	24 055	6 687
Advance payments for fixed assets					
Fixes assets total	(11)	2 878 446	2 939 362	4095660	4182335
III. Investment property					
IV. Biological actives					
V. Long-term financial investments					
Participation in capital of related companies					
Loans to related companies					
Participation in capital of affiliated companies					
Loans to affiliated companies					
Other securities and investments	(12)	10 566	8 654	15 034	12 314
Other loans and other long-term debtors					
Own stocks and shares					
Loans to shareholders or participants and management					
Long-term financial investments total		10 566	8 654	15034	12 314
Long-term investments total		2 894 257	2 956 002	4118157	4 206 012
Current assets					
I. Stocks					
Raw materials, direct materials and auxiliary materials	(13)	1 122 413	1 028 779	1 597 050	1 463 821
Unfinished products					
Complete products and goods for sale					
Unfinished orders					
Advance payments for goods	(14)	176	9 233	251	13 137
Stocks totally		1 122 589	1 038 012	1597301	1 476 958
II. For selling held long-term investments					
III. Debtors					
Debts of customers and clients	(15)	1 537 699	1 121 597	2 187 949	1 595 889
Accrued incomes		791 326	165 956	1 125 955	236 134
Debts of associated companies					
Other debtors	(16)	55 945	47 512	79 603	67 603
Undeposited shares in company's capital					
Short - term loans to joint owners and management					
Next periods costs	(17)	17 538	6 871	24 954	9 777
Debtors total		2 402 508	1 341 936	3418461	1 909 403
IV. Short-term financial investments					
Participation in capital of related companies					
Own stocks and shares					
Other securities and participation in capitals					
Derivative financial instruments					
Securities and participation in capitals total					
V. Cash assets	(18)	14 185	7 174	20 183	10 208
Current assets total		3 539 282	2 387 122	5035945	3 396 569
Actives total		6 433 539	5 343 124	9154102	7 602 581

Chairman of the board /Ivica Galic/
Member of board /Igor Komarov/
Member of board / Boris Galcovich /

27 February 2009 year

BALANCE on 31. December 2008 and 2007

	Appendix	LVL		EUR	
		2008	2007	2008	2007
PASSIVE					
I. Equity capital					
Stock or share capital (equity capital)	(19)	3203397	3 203 397	4558023	4 558 023
Stock issue extra charge					
Long - term investment reestimation reserve					
Financial instruments reestimation reserve					
Reserves:					
reserves prescribed by law					
reserves for own stocks and shares					
reserves prescribed by company's statutes					
other reserves					
Retained profit					
retained profit of previous years		478 171	307 608	680 376	437 687
retained profit of the year of accountant		83 618	170 563	118 978	242 689
retained profit, amount		561 789	478 171	799354	680 376
Equity capital total		3 765 186	3 681 568	5357377	5 238 399
II. Provisions					
Provision for pensions and similar obligations					
Provision for prospective taxes					
Other provisions					
Provisions total		0	0		
III. Creditors					
I. Long-term debts to creditors					
Borrowings from credit institutions					
Other borrowings					
Leasing liabilities					
From customers received borrowings					
Debts to suppliers and contractors					
Debts to related companies					
Debts to associated companies					
Tax and social security payments					
Other creditors					
Deferred income liabilities	(20)	205 985	207 321	293 090	294 991
Unpaid dividends		4	4	6	6
Next periods incomes					
Long-term debts to creditors total		205 989	207 325	293 096	294 997
II. Short-term debts to creditors					
Borrowings from credit institutions	(21)	1 377 280	757 839	1 959 693	1 078 308
Other borrowings					
Leasing liabilities					
From customers received borrowings		269 585	130	383585	185
Debts to suppliers and contractors		600 455	553 082	854 371	786 965
Debts to related companies					
Debts to associated companies					
Tax and social security payments	(22)	78 239	44 610	111 324	63 474
Other creditors	(23)	80 645	57 360	114 748	81 616
Next periods incomes					
Unpaid dividends					
Accrued liabilities	(24)	56 160	41 210	79 908	58 637
Derivative financial instruments					
Short-term debts to creditors total:		2 462 364	1 454 231	3 503 629	2 069 185
Creditors total:		2 668 353	1 661 556	3796725	2 364 182
Passives total		6 433 539	5 343 124	9154102	7 602 581

Chairman of the board
Member of board
Member of board

/Ivica Galic/
/Igor Komarovs/
/ Boris Galcovich/

27 February 2009 year

CASH FLOW STATEMENT

for years 2008 and 2007 (according to direct method)

	LVL		EUR	
	2008	2007	2008	2007
I. Cash flow of basic activity				
Incomes from selling the products and rendering of services	8 731 170	7 819 282	12 423 336	11 125 836
Payments to suppliers, employees, other basic activity expenses	9 131 428	7 432 793	12 992 850	10 575 912
Other company's basic activity incomes or expenses				
Gross cash flow of basic activity	(400 258)	386 489	(569 514)	549 924
Expenses for interest payments	59 328	43 060	84 416	61 269
Expenses for company's income tax payments	5 760		8196	
Cash flow before extraordinary items	(465 346)	343 429	(662 126)	488 655
Cash flow from extraordinary items				
Net cash flow of basic activity	(465 346)	343 429	(662 126)	488 655
II. Cash flow of investment activity				
Acquisition of stocks or shares of related or associated companies				
Incomes from detinue of stocks or shares of related or associated companies				
Acquisition of fixed assets and intangible investments	150 195	398 834	213 708	567 490
Incomes from selling fixed assets and intangible investments	3 111	5 130	4 426	7 299
Issued loans				
Incomes from repayment of loans				
Received interests				
Received dividends				
Net cash flow of investment action	(147 084)	(393 704)	(209 282)	(560 191)
III. Cash flow of financing action				
Incomes from shares and bonds or capital participation stock investments				
Received loans	619441		881385	
Received subsidies, grants, gifts or donations				
Expenses for repayment of loans		75 253		107 075
Expenses for ransom of leased fixed asset				
Paid dividends		64064		91 154
Net cash flow of financing action	619 441	(139 317)	881 385	(198 229)
IV. Result of foreign exchange rate fluctuations				
Net increase or decrease of cash and its equivalents	7 011	(189 592)	9 975	(269 765)
Cash and its equivalents residue at the beginning of the year of account	7 174	196 766	10208	279 973
Cash and its equivalents residue at the end of the year of account	14 185	7 174	20 183	10 208

Chairman of the board /Ivica Galich/
Member of board /Igor Komarov/
Member of board /Boris Galcovich/
27 February 2009 year

EQUITY CAPITAL CHANGE REPORT

for years 2008 and 2007

	Stock or share capital	Reserves prescribed by law	Reestimation reserve of long-term investments	Other reserves	Retained profits	Total
	LVL	LVL	LVL	LVL	LVL	LVL
Residue on 31.12.2006	3 203 397				371 675	3 575 072
Increase/decrease of stock or share capital						0
Increase of reestimation reserve						0
Decrease of reestimation reserve						
Calculated dividends for year 2006					64 067	64 067
Net profit or loss of accounting period					170 563	170 563
Residue on 31.12.2007	3 203 397	0	0	0	478 171	3 681 568
Increase/decrease of stock or share capital						0
Increase of reestimation reserve						0
Decrease of reestimation reserve						
Calculated dividends for year 2007						0
Net profit or loss of accounting period					83 618	83 618
Residue on 31.12.2008	3 203 397	0	0	0	561 789	3 765 186
	EUR	EUR	EUR	EUR	EUR	EUR
Residue on 31.12.2006	4 558 023				528 846	5 086 869
Increase/decrease of stock or share capital						0
Increase of reestimation reserve						0
Decrease of reestimation reserve						
Calculated dividends for year 2006					91 159	91 159
Net profit or loss of accounting period					242 689	242 689
Residue on 31.12.2007	4 558 023	0	0	0	680 376	5 238 399
Increase/decrease of stock or share capital						0
Increase of reestimation reserve						0
Decrease of reestimation reserve						
Calculated dividends for year 2007					0	0
Net profit or loss of accounting period					118 978	118 978
Residue on 31.12.2007	4 558 023	0	0	0	799 354	5 357 377

EPS on 31.12.2008. LVL (83618. : 3203397) = 0,0261 LVL or 0,0371 EUR;

EPS on 31.12.2007. LVL (170563 : 3203397) = 0,0532 LVL or 0,0774 EUR;

Chairman of the board /Ivica Galich/
Member of board /Igor Komarov/
Member of board /Boris Galcovich/

Appendix from 10. to 22 page is an itegral part of this annual report.

27 February 2009 year

APPENDIX

ACCOUNTING POLICY

(1) General principles

Annual report is prepared according to laws of the Republic of Latvia "About book-keeping", "About annual report" and by the Republic of Latvia Treasury Department Accounting council issued Latvia accounting standards that are to be applied in the year of account.

Profit or loss statement is composed according to turnover outlay scheme.

Cash flow statement is composed according to direct method.

Comparing with previous year of account, accounting and evaluation methods used by the Company has not been changed.

Annual report has been prepared on the base of activity continuation conception.

According to company's 01.10.2008.direction No.95 a stocktaking of items was carried out.

The supplemented financial statements have been compiled in national currency of Latvia - lats (LVL).

(2) Acknowledgement of incomes and net turnover

Net turnover includes the value of rendered services in the year of account (value of sold production), excepting value added taxes and with selling connected discounts.

Other incomes are acknowledged as following:

- incomes from rent – at the moment of their emergence;
- incomes from fines and delay payments – at the moment of receipt;
- dividends – at the moment when legal rights on them arise.

(3) Long-term contract.

Contract about formation an active and performed actions because of the character the beginning and ending date of contract fulfillment is in different accounting periods. Incomes from long-term contracts are acknowledged according to accomplishment level. Accomplishment level is defined having inspected the result of the work done and establishing the completion of physically definable part of work.

According to the standard the following sums are explained in the report:

	LVL	EUR
With contract connected incomes that are acknowledged as incomes.	791 327	1 125 957
Expenses connected with the contract.	764 009	1 087 087
Received advance payments.	0	0
Gross profit.	27 318	38 870

(4) Foreign currency's reestimation in lats

Company's accounting has been made in Latvian lats. All operations in foreign currencies are reestimated in lats according to official currency rate defined by the Bank of Latvia in the corresponding day of operation.

Monetary instruments, as well as debtors and creditors in foreign currencies at the end of year are recalculated in lats according to the official currency exchange rate defined by the bank of Latvia in the last day of accounting year.

The gained profit or loss from foreign currency exchange rate fluctuations are reflected in profit or loss statement of the of corresponding period in net value.

	<u>31.12.2008.</u>	<u>31.12.2007.</u>
	LVL	LVL
1 USD	0.495000	0.484000
1 EUR	0.702804	0.702804

(5) Intangible investments

Intangible investments are estimated according to their initial expense value, excepting the accrued depreciation. Depreciation is calculated according to linear method for 4 years.

(6) Fixed assets and low-grade inventory

Fixed assets are estimated according to their initial expense value or reestimated initial value, excluding accrued depreciation. Depreciation is calculated according to (linear) method, using the rates of fixed assets depreciation calculation, that are based on the evaluation of fixed assets useful service duration:

	<u>Years</u>	<u>%</u>
Buildings, constructions	33.3	3
Equipment and technical utilities	10	10
Furniture and office machines	10	10
Computers and facilities	4	25
Vehicles	10	10
Instruments and inventory	10	10

The depreciation of fixed assets is started to calculate with the first day of next month after its commissioning and is finished with the first day of next month after its exclusion from fixed assets.

Company capitalizes fixed assets whose value exceeds LVL 50 and the period of useful utilization exceeds 1 year.

Reestimating the fixed assets, their value increase is reflected as movement in long-term investment reestimation reserve. To incomes in profit or loss statement is applied to fixed assets liquidation.

For calculation of company's income tax the fixed assets calculation is calculated according to requirements and rates of LR law "About company's income tax" 13.paragraph.

Low-grade inventory is entered in purchase prices and in expenses written off for 100% after commissioning.

(7) Long-term investments in leased fixes assets

Expenses of leased fixed assets overhaul are written off according to linear method rate in time of the period.

(8) Rate with ransom (financial leasing)

In cases when fixed assets that are obtained in lease with ransom (financial leasing) in relation to what all risks and liabilities pass over to the company, that is characteristic to ownership, is considered as company's actives at such value as they could be acquired for spot cash. Leasing interest payments and similar payments are included in profit or loss statement of the period when they have arisen.

(9) Lease without rights of ransom (operative leasing)

In cases when fixed assets are leased on lease provisions without rights on ransom, lese payments and prepayments for lease are included in profit or loss statement according to linear method in the period of lease.

(10) Stocks

Stocks are reflected at the lowest market or purchase value, using the FIFO (weighted average) method.

In case of necessity the value of obsolete, slow turnover or damaged stock is written off.

In prime costs of produces goods are included the costs of used raw materials and materials and other expenses that are directly connected with production of corresponding object.

(11) Debtors

Debtors are estimated observing the principle of caution showing in balance sheet only the actual debtors. The actual sums of debtors conform with the ones shown in contracts and other accounting original documents. A comparison of debtors has been made and hopeless debts are written off, provisions for suspicious debtors was formed as well (or provisions has not been formed), on the base of evaluation of separate client financial standing and economic activity, considering the repayment of debt according to the concluded agreement (or otherwise – explain).

(12) Accrued incomes.

Incomes from ship building orders according to the level of their accomplishment.

(13) Investments in sister or associated companies

Investments in sister or associated companies are listed according to prime cost method. According to this method the value of investments is formed from participation acquisition value and with acquisition connected expenses.

(14) Other investments

Long-term investments, excluding investments in holding company's sister or associated companies, are listed at acquisition value that is corrected in cases of their permanent value increase or decrease.

(15) Cash and cash equivalents

For cash flow statement purposes cash and cash equivalents consist of residues in cash-desk, current bank account residues and short-term deposits with term to 90 days.

(16) Provisions for not used holidays

Provisions for not used holidays are estimated multiplying the average daily earnings of a worker for the last six month of the year of account with accrued number of days of not used holidays at the end of the year of account.

(17) Company's income tax

Company's income tax is calculated according to the tax legislation of Republic of Latvia. The legislation in force in year 2007 and in future sets a tax rate of 15%.

(18) Deferred company's income tax

Deferred company's income tax is calculated according to liability method in relation to all interim differences between active and liability values in financial statements and their values for tax calculation purposes. In deferred tax calculations a tax rate is used that is prospective in periods, when interim difference equalizes. Interim differences mainly arise using different depreciation rates of fixed assets, as well as from tax losses that are to be posted on next taxation periods. In cases when the deferred tax calculation result should be reflected in balance active, it is included in financial statement only then when it is anticipated that a profit imposable with tax shall be available, to that it will be possible to relate the deductible interim

(19) Grants

For fixed assets formation received grants are regarded as next periods incomes, that gradually includes the in incomes received of for grants acquired fixed assets in useful utilization time of period. Other grants are related to results of the year of account in the period of grant receipt.

(20) Use of calculations

Preparing the financial statements, company's management has to make calculations and assumptions that influence the actives and passives shown in statements and off-balance for the day of statement preparation, as well as shown incomes and expenses of accounting period. The actual results can differ from these calculations.

Financial statement annexes

Annexes to profit or loss statement

(1) Net turnover	LVL		EUR	
	2007	2006	2007	2006
Incomes from ship building	277 123	384 316	394 311	546 833
Incomes from ship repair services	9 180 643	7 239 719	13 062 878	10 301 192
Other incomes	37 607	84 764	53 510	120 608
Total	9 495 373	7 708 799	13 510 699	10 968 633

Per geographic regions

Incomes from service selling in local market	445 666	745 134	634 126	1 060 230
Incomes from service selling to				
Russia	3 999 984	3 396 682	5 691 465	4 833 043
Norway	27 241	401 066	38 760	570 666
Malta	1 177 286	149 356	1 675 127	212 514
Estonia	239 440		340 692	
Saint Vincent	263 034	303 505	374 264	431 849
Great Britain		2 087		2 970
Cyprus	378 482	1 413 460	538 531	2 011 172
Lithuania	794 470	112 435	1 130 429	159 981
Netherlands	374 271	128 456	532 540	182 776
Belize	650 287	2 038	925 275	2 900
Liberija	188 000		267 500	
Antigua Burbuda	346 820		493 480	
Newzelande		27 437		39 039
Marshale Islande	180 372	42 182	256 646	60 020
Komoru sala:	117 397		167 041	
Sent.Kittes Nevs	74 291	63 253	105 707	90 001
Croatia	85 985	86 422	122 346	122 967
Faroe Islands	74 926	285 924	106 610	406 833
Panama	21 527	368 485	30 630	524 307
ASV	55 894		79 530	
Germany		125 686		178 835
Sweden		55 191		78 530
Total	9 495 373	7 708 799	13 510 699	10 968 633

(2) Production costs of sold goods

Material purchase costs	1 956 422	1 463 084	2 783 738	2 081 781
Employees salary	1 047 322	849 232	1 490 205	1 208 348
Social insurance costs	242 743	195 325	345 392	277 922
Electricity costs	276 578	204 540	393 535	291 034
Depreciation of fixed assets	290 572	272 555	413 447	387 811
Contagent's services	4 859 472	3 882 219	6 914 406	5 523 900
Running repairs of equipment	131 267	105 961	186 776	150 769
Running repairs of buildings	17 868	16 765	25 424	23 855
Security staff	59 539	41 810	84 716	59 490
Lease payment	35 226	27 830	50 122	39 599
Services from outside	152 387	129 858	216 827	184 771
Other costs	3 000	3 348	4 269	4 764
Total	9 072 396	7 192 527	12 908 857	10 234 044

(3) Selling costs

Media advertising expenditures	31 109	26 174	44 264	37 242
Business trips	14 108	14 855	20 074	21 137
Other selling costs	4	5 044	6	7 177
Total	45 221	46 073	64 344	65 556

Appendixes to profit or loss statement (continuation)

(4) Administration costs	LVL		EUR	
	2008	2007	2008	2007
Communication costs	5 757	6 643	8 192	9 452
Annual report's costs	3 500	3 300	4 980	4 696
Administration's salaries		5 770		8 210
Reward for the board	63 780	39 266	90 751	55 871
Reward for the council	87 200	67 200	124 075	95 617
Social insurance costs	26 881	19 683	38 248	28 006
Office maintenance costs	3 082	2 695	4 385	3 835
Stock exchange costs	5 000	5 000	7 114	7 114
Lawyer's services	3 551	7 164	5 053	10 193
Transport costs, business trips	11 108	14 303	15 805	20 351
Bank services	5 908	4 095	8 406	5 827
Representation expenses	6 837	6 419	9 728	9 133
Total	222 604	181 538	316 737	258 305
(5) Other incomes from company's economic activity				
Incomes from realization of materials	13 158	11 072	18 722	15 754
Incomes from selling the fixed assets	3 111	523	4 427	744
Incomes from rent	92 655	61 978	131 836	88 187
Net incomes from exchange rate fluctuations	44 701		63 604	
Incomes from tugboat's services	53 983	51 027	76 811	72 605
Other incomes	10 963	9 380	15 599	13 346
Total	218 571	133 980	310 999	190 636
(6) Other expenses from company's economic activity				
Written off bad debtors	44 129	5 482	62 790	7 800
Accrued liabilities (holiday reserves)	14 850	5 150	21 130	7 328
Fixed assets exclusion expenses	1 059	5 448	1 507	7 752
Material purchase expenses	3 196	3 195	4 547	4 546
Personnel expenses (material assistance)	5 270	3 935	7 499	5 599
Costs for the tugboats	91 182		129 740	
Dotations	4 538	6 184	6 457	8 799
Gifts to employees	5 655	7 897	8 046	11 236
Net losses from exchange rate fluctuations		77 758		110 640
Maintenance expenses of leased fixed assets	900	715	1 280	1 017
Other expenses				
Total	170 779	115 764	242 996	164 717
(7) Other interest incomes and similar incomes				
Bank rates	126	142	179	202
Total	126	142	179	202
(8) Interest payments and similar expenses				
Paid interests	59 328	48 079	84 416	68 410
Paid fines	563	2 858	801	4 067
Other expenses				
Total	59 891	50 937	85 217	72 477

Appendixes to profit or loss statement (continuation)

Liability calculation of deferred tax:

Deferred tax liabilities:

Difference between fixed assets remained value in financial accounting and tax needs	1 427 643	1 421 698	2031353	2022894
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Deferred tax actives:

Accruals for holidays	54 410	39 560	77 419	56 289
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Accruals for provisions				
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Other interim differences				
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Accrued tax losses				
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Total interim differences

1 373 233	1 382 138	1 953 935	1 966 605
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Deferred tax liabilities/(active), rate 15%	205 985	207 321	293 090	294 991
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Unapproved active of deferred tax				
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Deferred tax liabilities

205 985	207 321	293 090	294 991
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(9) Other taxes

Immovable property tax for land	10 392	17 459	14 786	24 842
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Immovable property tax for buildings and constructions	13 870	27 685	19 736	39 392
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Total	24 262	45 144	34 522	64 234
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Appendixes to balance sheet on 31.12.2008.

(10)	Intangible investments					Advance payments for intangible investments	Total
	Concessions, patents, licenses, trade marks and similar rights	Research work and company's development expenses	Other intangible investments (computer pr.)	Company's intangible value			
	Ls	Ls	Ls		Ls	Ls	
Undepreciated value							
31.12.2007.			10 955				10 955
Purchased							0
Written off							0
Reestimated							0
31.12.2008.	0	0	10 955	0	0		10 955
Depreciation							
31.12.2007.			2 969				2 969
Calculated			2 741				2 741
Written off							0
31.12.2008.	0	0	5 710	0	0		5 710
Residual value							
31.12.2007	0	0	7 986	0	0		7 986
Residual value							
31.12.2008	0	0	5 245	0	0		5 245
	EUR	EUR	EUR		EUR	EUR	EUR
Undepreciated value							
31.12.2007.			15 588				15 588
Purchased							0
Written off							0
Reestimated							0
31.12.2008.	0	0	15 588	0	0		15 588
Depreciation							
31.12.2007.			4 225				4 225
Calculated			3 900				3 900
Written off							0
31.12.2008.	0	0	8 125	0	0		8 125
Residual value							
31.12.2007	0	0	11 363	0	0		11 363
Residual value							
31.12.2008	0	0	7 463	0	0		7 463

(11) Fixed assets

	Land, buildings, construction	Equipment and machines	Long-term investments in leased fixed assets	Other fixed assets and inventory	Formation of fixed assets	Advance payments for fixed assets	Unfinished construction works	Total
	Ls	Ls	Ls	Ls	Ls	Ls	Ls	Ls
Undepreciated value								
31.12.2007.	2 133 488	2 057 939		96 582	4 700			4 292 709
Purchased	91 383	116 326		8 060	144 871			360 640
Written off		3 437		1 475	132 665			137 577
Reestimated								
31.12.2008.	2 224 871	2 170 828	0	103 167	16 906	0	0	4 515 772
Depreciation								
31.12.2007.	404 276	911 077		37 994				1 353 347
Calculated	67 897	208 037		11 898				287 832
Written off		2 397		1 456				3 853
31.12.2008.	472 173	1 116 717	0	48 436	0	0	0	1 637 326
Residual value								
31.12.2007	1 729 212	1 146 862	0	58 588	4 700	0	0	2 939 362
Residual value								
31.12.2008	1 752 698	1 054 111	0	54 731	16 906	0	0	2 878 446
EUR								
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Undepreciated value								
31.12.2007.	3 035 680	2 928 183		137 424	6 687			6 107 974
Purchased	130 026	165 517		11 468	206 133			513 144
Written off		4 890		2 099	188 765			195 754
Reestimated								
31.12.2008.	3 165 706	3 088 810	0	146 793	24 055	0	0	6 425 364
Depreciation								
31.12.2007.	575 233	1 296 345		54 061				1 925 639
Calculated	96 609	296 010		16 929				409 548
Written off		3 411		2 072				5 483
31.12.2008.	671 842	1 588 944	0	68 918	0	0	0	2 329 704
Residual value								
31.12.2007	2 460 447	1 631 838	0	83 363	6 687	0	0	4 182 335
Residual value								
31.12.2008	2 493 865	1 499 865	0	77 875	24 055	0	0	4 095 660

Appendixes to balance sheet (continuation)

(12) Other expenses and other long-term debtors

LVL

	31.12.2007.	Issued loan in year 2008	Repaid loan in year 2008	Posted loan to short-term in year 2008	Formed accruals in year 2008	31.12.2008.	Date of the contract	Term of payment
A.Sergeev	4 327	98				4 425	08.08.2002.	2022.
K.Mališenko	4 327	98				4 425	08.08.2002.	2022.
Others.		1716				1 716	differents.	2 010
Total	8654	1912	0	0	0	10 566		

EUR

	31.12.2007.	Issued loan in year 2008	Repaid loan in year 2008	Posted loan to short-term in year 2008	Formed accruals in year 2008	31.12.2008.	Date of the contract	Term of payment
A.Sergeev	6 157	139				6 296	08.08.2002.	2022.
K.Mališenko	6 157	139				6 296	08.08.2002.	2022.
Others.		2 442				2 442	differents.	
Total	12314	2 721	0	0	0	15 034		

(13) Raw materials, direct materials and auxiliary materials

	LVL		EUR	
	2008	2007	2008	2007
1. Metal	708 955	700 885	1 008 752	997 270
2. Abrasive	38 367	7 964	54 591	11 332
3. Pipes	147 216	121 615	209 470	173 043
4. Non-ferrous metals	56 216	48 829	79 988	69 477
5. Products of technical rubber	42 145	38 638	59 967	54 977
6. Other expenses	129 514	110 848	184 282	157 722
Total	1 122 413	1 028 779	1 597 050	1 463 821

(14) Advance payments for goods

	LVL		EUR	
	2008	2007	2008	2007
Materials	176	9 233	251	13137
Total	176	9 233	251	13 137

(15) Names of purchasers and customers

	LVL		EUR	
	2008	2007	2008	2007
Total				
Accounting value of purchaser's and clients' debts	1 537 699	1 121 597	2 187 949	1 595 889
Accruals for doubtful debts of purchasers and clients				
Net debts of purchasers and clients	1 537 699	1 121 597	2 187 949	1 595 889

(16) Other debtors

	LVL		EUR	
	2008	2007	2008	2007
VAT accepted	16 318	9 808	23 218	13 956
In budget overpaid taxes or tax advance payments	30 190	25 862	42 956	36 798
Advance payment persons debts	5 413	2 276	7 702	3 238
Advance payments for services	4 024	9 566	5 726	13 611
Claims according to rulings of the Court				
Other debtors				
Total	55 945	47 512	79 603	67 603

(17) Expenses of next periods

	LVL		EUR	
	2008	2007	2008	2007
Property insurance	7 165	1 416	10 195	2 015
Subscription to press	724	511	1 030	727
Employees insurance	5 344	4 944	7 604	7 035
Other expenses of next periods(participation in exhibition)	4 305		6 125	
Total	17 538	6 871	24 954	9 777

(18) Cash

	LVL		EUR	
	2008	2007	2008	2007
Money in cash-desk	5 317	684	7 565	973
Money in current accounts	8 868	6 490	12 618	9 235
Deposit on request				
Money on the way				
Total	14 185	7 174	20 183	10 208

(19) Information about company's own shares and total stock

The issued and totally paid Company's equity capital consists of 3 203 397 stocks with nominal value LVL 1 for one stock.

(20) Deferred tax liabilities

Deferred tax liabilities at the beginning of year	207 321	171 147	294 991	243 520
Deferred tax liability increase in the year of account	1 336	36 174	1 901	51 471
Total	205 985	207 321	293 090	294 991

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

Total	1 377 280	757 839	1 959 693	1 078 308
	1 377 280	757 839	1 959 693	1 078 308

	Short-term part (LVL)	Short-term part (EUR)	Currency	Terms	Annual % rate
	1 377 280	1 959 693	EUR	05.06.2009	
Total	1377280	1959693			

Appendixes to balance sheet (continuation)

(22) Movement of tax liabilities in 2008

	01.01.2008.	Calculated in 2008	Calculated fine and delay payment	(Paid)/ repaid	Posted to/ (from) other taxes	31.12.2008.
	LVL	LVL	LVL	LVL	LVL	LVL
Value added tax	(25 862)	(335 971)			(331 643)	(30 190)
Population income tax	15 362	236 891	65	208 278	22 986	20 989
State social insurance compulsory payments	24 707	389 040		79 930	307 881	25 936
Company's income tax	4 201	36 635		9 961		30 875
Immovable property tax (land)		10 392	14	10 392		0
Immovable property tax (buildings)		13 870	34	13 870		0
Tax of natural resources	279	1 346		1 252		373
Risk duty of business	61	781			776	66
Total	18 748	352 984	113	323 683	0	48 049

incl.:

Debt to budget	44 610	78 239
Overpayment	(25 862)	(30 190)

	01.01.2008.	Calculated in 2008	Calculated fine and delay payment	(Paid)/ repaid	Posted to/ (from) other taxes	31.12.2008.
	EUR	EUR	EUR	EUR	EUR	EUR
Value added tax	(36 798)	(478 044)			(471 886)	(42 956)
Population income tax	21 859	337 066	92	296 353	32 706	29 866
State social insurance compulsory payments	35 155	553 554		113 730	438 076	36 903
Company's income tax	5 977	52 127		14 173		43 931
Immovable property tax (land)		14 786	20	14 786		0
Immovable property tax (buildings)		19 735	48	19 735		0
Tax of natural resources	397	1 915		1 781		531
Risk duty of business	86	1 111			1 104	93
Total	26 676	502 251	161	460 559	0	68 368

incl.:

Debt to budget	63 474	111 324
Overpayment	(36 798)	(42 956)

(23) Other creditors

	LVL		EUR	
	2008	2007	2008	2007
Salary	76 207	53 656	108 433	76 346
Deductions from salary	1 356	788	1 930	1 121
Other creditors	3 082	2 916	4 385	4 149
Total	80 645	57 360	114 748	81 616

(24) Accrued liabilities

	LVL		EUR	
	2008	2007	2008	2007
Accruals for holiday grants	54 410	39 560	77 418	56 289
Other accruals	1 750	1 650	2 490	2 348
Total	56 160	41 210	79 908	58 637

General remarks

(1)	The annual average number of employed ones	Ls		EUR	
		2008	2007	2008	2007
	The average number of persons employed by the company in the year of account	262	253		
(2)	Personnel expenses total	1 530 738	1 193 769	2 178 044	1 698 580
	- salary	1 249 956	971 180	1 778 527	1 381 865
	- social tax	280 782	222 589	399 517	316 715
	- including:				
	Salary of persons engaged in production (basic activity)				
	- salary	1 098 975	858 944	1 563 701	1 222 167
	- social tax	262 785	195 566	373 909	278 265
	- total	1 361 760	1 054 510	1 937 610	1 500 432
	Administration's salary				
	- salary		5 770		8 210
	- social tax		1 376		1 958
	- total		7 146		10 168
	Reward to the board				
	- reward	63 781	39 266	90 752	55 870
	- social tax	4 969	9 459	7 070	13 459
	- total	68 750	48 725	97 822	69 329
	Reward to the council				
	- reward	87200	67 200	124074	95 617
	- social tax	13028	16 188	18537	23 033
	- total	100228	83 388	142612	118 650

We confirm the annual report of the year 2008 from 1 to 21 page:

Chairman of the board /Ivica Galich/
Member of board /Igor Komarov/
Member of board /Boris Galcovich/

27 February 2009 year