

**Stock corporation's "Tosmare shipyard"
annual report of 2009**

Financial statement.
(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	Member of the council, Id. No.010146-10964
Larisa Artemenko	Member of the council, Id. No. 030349-12926
Irina Melnika	Member of the council Id. No.280567-10701
Year of account	1 January 2009 - 31. December 2009
Name and address of the auditor	Evald Figurnov Certified auditor (LZRA certificate No.38) Profesor, doctor of economics, p.c.250135-14053 Auditfirma " Sarguns " Malnavas, 13 Riga LV-1011 Latvia

AS "Tosmare shipyard"
Management's report
for report of activities of year 2009

The turnover of the enterprise was 5 454 921 lats in the year 2009, that was for 4 millions lats less than the turnover in 2008. This occurred because of the influence of the world financial crisis.

With this the turnover of the enterprise was on 94.5 % composed of ship repair service. 42 ships were repaired in 2009, that was for 12 units less than in 2008.

Besides, 1 ship (catamaran) was built, another shipbuilding unit (yacht) is at the stage of work completion.

Despite the difficult economical situation in the world, the enterprise managed to keep the all months steady load with orders. It was managed to keep a wide distribution area of ship repair service. These are such countries as Malta, Russia, Netherlands, Lithuania, Germany, Cyprus, and others.

The profit from the main production activity was 68 842 lats or 1.3 % from the turnover.

But the final result of the enterprise activity in the year 2009 was loss in the sum of 187 662 lats.

The average amount of the employees at the enterprise was reduced for 20 workers, compared to the average amount of 2008 and comprised of 242 workers.

With the aim to reduce running costs the salaries of specialists and tariff rates of workers were reduced for 10 %.

The reduction of orders amount, the reduction of the employees amount and the reduction of salaries and tariff rates allowed to reduce the wages fund and the social payments of the employer for 214 534 lats.

In spite of difficulties with money flow at the enterprise because of the world financial crisis, the financial position was stable in 2009.

In the period of time between the last day of annual report and when the board examines the annual report, there hasn't been any significant or extraordinary circumstances that would influence the annual results and company's financial standing.

The Company plans to cover the losses of the year of account with the retained earnings of the previous year and to continue the economic activity also in the next year

Chairman of the board
Member of board
Member of board

Ivica Galich
Igor Komarov
Boris Galcovich

21 April of 2010 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 2009, 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/

21 April of 2010 year

PROFIT OR LOSS STATEMENT

for years 2009 and 2008

	Appendix	LVL		EUR	
		2009	2008	2009	2008
Net turnover	(1)	5 454 921	9 495 373	7 761 653	13 510 699
Production costs of sold output	(2)	(5 386 079)	(9 072 396)	(7 663 700)	(12 908 857)
Gross profit or losses		68 842	422 977	97 953	601 842
Selling costs	(3)	(19 969)	(45 221)	(28 413)	(64 344)
Administration costs	(4)	(234 879)	(222 604)	(334 203)	(316 737)
Other company's economic activity incomes	(5)	184 550	218 571	262 591	310 999
Other company's economic activity costs	(6)	(115 088)	(170 779)	(163 755)	(242 996)
Incomes from membership in holding company's branch and associated					
Incomes from securities and loans that have formed the long-term					
Other interest incomes and similar incomes	(7)	10	126	14	179
Long-term financial investments and write off of short-term securities					
Interest payments and similar costs	(8)	(62 984)	(59 891)	(89 618)	(85 217)
Profit or loss before extraordinary items and taxes		(179 518)	143 179	(255 431)	203 726
Extraordinary incomes					
Extraordinary costs					
Profit or loss before taxes		(179 518)	143 179	(255 431)	203 726
Company's income tax for the year of account		(503)	(28 765)	(716)	(40 929)
Deferred tax		21 614	1 336	30 754	1 901
Other taxes	(9)	(29 255)	(24 262)	(41 626)	(34 522)
Profit or loss of the year of account		(187 662)	91 488	(267 019)	130 176

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

21 April of 2010 year

BALANCE on 31. December 2009 and 2008

Appendix	LVL		EUR	
	2009	2008	2009	2008
ACTIVE				
Long-term investments				
I. Intangible investments				
Company's development costs				
Concessions, patents, licenses, trade marks and similar rights				
Other intangible investments	2 505	5 245	3 564	7 463
Intangible value of the company				
Advance payments for intangible investments				
Intangible investments total	(10)	2 505	5 245	3 564
II. Fixed assets				
Lands, buildings, constructions, perennial plantations		1 770 753	1 752 698	2 519 555
Long-term investments in leased fixed assets				2 493 865
Equipment and machines		847 545	1 054 111	1 205 948
Other fixed assets and inventory		44 241	54 731	62 949
Forming of fixed assets and costs of unfinished objects of construction		16 906	16 906	77 875
Advance payments for fixed assets				24 055
Fixes assets total	(11)	2 679 445	2 878 446	3 812 507
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	15 034
Other loans and other long-term debtors				
Own stocks and shares				
Loans to shareholders or participants and management				
Long-term financial investments total		0	10 566	0
Long-term investments total		2 681 950	2 894 257	3 816 071
Current assets				
I. Stocks				
Raw materials, direct materials and auxiliary materials	(13)	824 039	1 122 413	1 172 502
Unfinished products		586 218		834 113
Complete products and goods for sale				
Unfinished orders				
Advance payments for goods	(14)	576	176	820
Stocks totally		1 410 833	1 122 589	2 007 435
II. For selling held long-term investments				
III. Debtors				
Debts of customers and clients	(15)	2 385 266	1 537 699	3 393 928
Accrued incomes			791 326	1 125 955
Debts of associated companies				
Other debtors	(16)	103 760	55 945	147 637
Undeposited shares in company's capital				
Short - term loans to joint owners and management				
Next periods costs	(17)	7 026	17 538	9 997
Debtors total		2 496 052	2 402 508	3 551 562
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)	2 240	14 185	3 187
Current assets total		3 909 125	3 539 282	5 562 184
Actives total		6 591 075	6 433 539	9 378 255

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

21 April of 2010 year

BALANCE on 31. December 2009 and 2008

	Appendix	LVL		EUR	
		2009	2008	2009	2008
PASSIVE					
I. Equity capital					
Stock or share capital (equity capital)	(19)	3 203 397	3 203 397	4 558 023	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		569 659	478 171	810 552	680 376
retained profit of the year of accountant		(187 662)	91 488	(267 019)	130 176
retained profit, amount		381 997	569 659	543 533	810 552
Equity capital total		3 585 394	3 773 056	5 101 556	5 368 575
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)	184 371	205 985	262 336	293 090
Unpaid dividends		4	4	6	6
Next periods incomes					
Long-term debts to creditors total		184 375	205 989	262 342	293 096
II. Short-term debts to creditors					
Borrowings from credit institutions	(21)	1 402 377	1 377 280	1 995 403	1 959 693
Other borrowings					
Leasing liabilities					
From customers received borrowings		144 222	269 585	205 209	383 585
Debts to suppliers and contractors		1 128 011	600 455	1 605 015	854 371
Debts to related companies					
Debts to associated companies					
Tax and social security payments	(22)	44 011	70 369	62 622	100 126
Other creditors	(23)	57 625	80 645	81 993	114 748
Next periods incomes					
Unpaid dividends					
Accrued liabilities	(24)	45 060	56 160	64 115	79 908
Derivative financial instruments					
Short-term debts to creditors total:		2 821 306	2 454 494	4 014 357	3 492 431
Creditors total:		3 005 681	2 660 483	4 276 699	3 785 527
Passives total		6 591 075	6 433 539	9 378 255	9 154 102

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

21 April of 2010 year

CASH FLOW STATEMENT

for years 2009 and 2008 (according to direct method)

	LVL		EUR	
	2009	2008	2009	2008
I. Cash flow of basic activity				
Incomes from selling the products and rendering of services	5 373 064	8 731 170	7 645 181	12 423 336
Payments to suppliers, employees, other basic activity expenses	(5 192 675)	(9 131 428)	(7 388 511)	(12 992 850)
Other company's basic activity incomes or expenses				
Gross cash flow of basic activity	180 389	(400 258)	256 670	(569 514)
Expenses for interest payments	(48 947)	(59 328)	(69 645)	(84 416)
Expenses for company's income tax payments	(31 352)	(5 760)	(44 610)	(8 196)
Cash flow before extraordinary items	100 090	(465 346)	142 415	(662 126)
Cash flow from extraordinary items				
Net cash flow of basic activity	100 090	(465 346)	142 415	(662 126)
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	(144 070)	(150 195)	(204 993)	(213 708)
Incomes from selling fixed assets and intangible investments	6 939	3 111	9 873	4 426
Issued loans				
Incomes from repayment of loans				
Received interests				
Received dividends				
Net cash flow of investment action	(137 131)	(147 084)	(195 120)	(209 282)
III. Cash flow of financing action				
Incomes from shares and bonds or capital participation stock investments				
Received loans	25 096	619 441	35 708	881 385
Received subsidies, grants, gifts or donations				
Expenses for repayment of loans				
Expenses for ransom of leased fixed asset				
Paid dividends				
Net cash flow of financing action	25 096	619 441	35 708	881 385
IV. Result of foreign exchange rate fluctuations				
Net increase or decrease of cash and its equivalents	(11 945)	7 011	(16 996)	9 975
Cash and its equivalents residue at the beginning of the year of account	14 185	7 174	20 183	10 208
Cash and its equivalents residue at the end of the year of account	2 240	14 185	3 187	20 183

Chairman of the board /Ivica Galich/
Member of board /Igor Komarov/
Member of board /Boris Galcovich/
21 April of 2010 year

EQUITY CAPITAL CHANGE REPORT

for years 2009 and 2008

	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 31.12.2007	3 203 397				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					91 488	91 488
Residue on 31.12.2008	3 203 397	0	0	0	569 659	3 773 056
Increase/decrease of stock or share capital						0
Increase of reestimation reserve						0
Decrease of reestimation reserve						
Calculated dividends for year 2008						0
Net profit or loss of accounting period					(187 662)	(187 662)
Residue on 31.12.2009	3 203 397	0	0	0	381 997	3 585 394
	EUR	EUR	EUR	EUR	EUR	EUR
Residue on 31.12.2007	4 558 023				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
Net profit or loss of accounting period					130 176	130 176
Residue on 31.12.2008	4 558 023	0	0	0	810 552	5 368 575
Increase/decrease of stock or share capital						0
Increase of reestimation reserve						0
Decrease of reestimation reserve						
Calculated dividends for year 2008					0	0
Net profit or loss of accounting period					(267 019)	(267 019)
Residue on 31.12.2009	4 558 023	0	0	0	543 533	5 101 556

EPS on 31.12.2009. LVL (-187 662 : 3203397) = - 0,0586 LVL or - 0,0834 EUR;

EPS on 31.12.2008. LVL (91488 : 3203397) = 0,0286 LVL or 0,0407 EUR;

Chairman of the board /Ivica Galich/
Member of board /Igor Komarov/
Member of board /Boris Galcovich/
Appendix from 10. to 20 page is an itegral part of this annual report.
21 April of 2010 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 01.10.2009.direction No.93 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.

(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 corresponding period in net value.

	<u>31.12.2009.</u>	<u>31.12.2008.</u>
	LVL	LVL
1 USD	0.489000	0.495000
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	5	20
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 contacts 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 2009 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

(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	
	2009	2008	2009	2008
Incomes from ship building	219 486	277 123	312 300	394 311
Incomes from ship repair services	5 153 403	9 180 643	7 332 632	13 062 878
Other incomes	82 032	37 607	116 721	53 510
Total	5 454 921	9 495 373	7 761 653	13 510 699

Per geographic regions

Incomes from service selling in local market	266 487	445 666	379 177	634 126
Incomes from service selling to				
Russia	981 085	3 999 984	1 395 958	5 691 465
Norway	4 147	27 241	5 900	38 760
Malta	492 281	1 177 286	700 453	1 675 127
Estonia		239 440		340 692
Saint Vincent	580 549	263 034	826 047	374 264
Cyprus	540 172	378 482	768 595	538 531
Lithuania	1 472 571	794 470	2 095 280	1 130 429
Netherlands	131 949	374 271	187 747	532 540
Belize	233 327	650 287	331 994	925 275
Liberija		188 000		267 500
Antigua Burbuda	174 358	346 820	248 089	493 480
Marshale Islande		180 372		256 646
Komoru sala:		117 397		167 041
Sent.Kittes Nevs		74 291		105 707
Croatia		85 985		122 346
Faroe Islands		74 926		106 610
Panama		21 527		30 630
ASV		55 894		79 530
Germany	518 327		737 513	
Islande	59 668		84 900	
Total	5 454 921	9 495 373	7 761 653	13 510 699

(2) Production costs of sold goods

Material purchase costs	1 307 071	1 956 422	1 859 795	2 783 738
Employees salary	757 579	1 047 322	1 077 938	1 490 205
Social insurance costs	176 384	242 743	250 972	345 392
Electricity costs	257 831	276 578	366 860	393 535
Depreciation of fixed assets	279 477	290 572	397 660	413 447
Contagent's services	2 339 177	4 859 472	3 328 349	6 914 406
Running repairs of equipment	52 778	131 267	75 096	186 776
Running repairs of buildings	16 197	17 868	23 046	25 424
Security staff	51 375	59 539	73 100	84 716
Lease payment	32 923	35 226	46 845	50 122
Services from outside	111 852	152 387	159 151	216 827
Other costs	3 435	3 000	4 888	4 269
Total	5 386 079	9 072 396	7 663 700	12 908 857

(3) Selling costs

Media advertising expenditures	7 033	31 109	10 007	44 264
Business trips	8 687	14 108	12 360	20 074
Other selling costs	4 249	4	6 046	6
Total	19 969	45 221	28 413	64 344

Appendixes to profit or loss statement (continuation)

	LVL		EUR	
	2009	2008	2009	2008
(4) Administration costs				
Communication costs	4 187	5 757	5 958	8 192
Annual report's costs	2 500	3 500	3 557	4 980
Reward for the board	66 547	63 780	94 688	90 751
Reward for the council	101 620	87 200	144 592	124 075
Social insurance costs	28 881	26 881	41 094	38 248
Office maintenance costs	2 405	3 082	3 422	4 385
Stock exchange costs	5 000	5 000	7 114	7 114
Lawyer's services	4 193	3 551	5 966	5 053
Transport costs, business trips	7 973	11 108	11 345	15 805
Bank services	7 605	5 908	10 821	8 406
Representation expenses	3 968	6 837	5 646	9 728
Total	234 879	222 604	334 203	316 737
(5) Other incomes from company's economic activity				
Incomes from realization of materials	76 674	13 158	109 097	18 722
Incomes from selling the fixed assets	13 839	3 111	19 691	4 427
Incomes from rent	48 995	92 655	69 714	131 836
Net incomes from exchange rate fluctuations	7 048	44 701	10 028	63 604
Incomes from tugboat's services	28 354	53 983	40 344	76 811
Other incomes	9 640	10 963	13 717	15 599
Total	184 550	218 571	262 591	310 999
(6) Other expenses from company's economic activity				
Written off bad debtors	44 303	44 129	63 037	62 790
Accrued liabilities (holiday reserves)	-11 850	14 850	-16 861	21 130
Fixed assets exclusion expenses	13 354	1 059	19 001	1 507
Material purchase expenses	4 559	3 196	6 487	4 547
Personnel expenses (material assistance)	1 470	5 270	2 092	7 499
Costs for the tugboats	59 790	91 182	85 073	129 740
Dotations	2 008	4 538	2 857	6 457
Gifts to employees	140	5 655	199	8 046
Maintenance expenses of leased fixed assets	1 314	900	1 870	1280
Other expenses				
Total	115 088	170 779	163 755	242 996
(7) Other interest incomes and similar incomes				
Bank rates	10	126	14	179
Total	10	126	14	179
(8) Interest payments and similar expenses				
Paid interests	48 947	59 328	69 645	84 416
Paid fines	14 037	563	19 973	801
Total	62 984	59 891	89 618	85 217
Liability calculation of deferred tax:				
Deferred tax liabilities:				
Difference between fixed assets remained value in financial accounting and tax needs	1 342 723	1 427 643	1 910 523	2 031 353
Deferred tax actives:				
Accruals for holidays	(42 560)	(54 410)	(60 557)	(77 419)
Accruals for provisions				
Other interim differences				
Accrued tax losses	(71 021)		(101 054)	
Total interim differences	1 229 142	1 373 233	1 748 912	1 953 934
Deferred tax liabilities/(active), rate 15%	184 371	205 985	262 336	293 090
Unapproved active of deferred tax				
Deferred tax liabilities	184 371	205 985	262 336	293 090
Appendixes to profit or loss statement (continuation)				
(9) Other taxes				
Immovable property tax for land	12 989	10 392	18 482	14 786
Immovable property tax for buildings and constructions	16 266	13 870	23 144	19 736
Total	29 255	24 262	41 626	34 522

Appendixes to balance sheet on 31.12.2009.

(10) Intangible investments	Concessions, patents, licenses, trade marks and similar rights	Research work and company's development expenses	Other intangible investments (computer pr.)	Compan y's intangib le value	Advance payments for intangible investments	Total
	Ls	Ls	Ls		Ls	Ls
Undepreciated value						
31.12.2008.			10 955			10 955
Purchased						0
Written off						0
Reestimated						0
31.12.2009.	0	0	10 955	0	0	10 955
Depreciation						
31.12.2008.			5 710			5 710
Calculated			2 740			2 740
Written off						0
31.12.2009.	0	0	8 450	0	0	8 450
Residual value						
31.12.2008	0	0	5 245	0	0	5 245
Residual value						
31.12.2009	0	0	2 505	0	0	2 505
	EUR	EUR	EUR		EUR	EUR
Undepreciated value						
31.12.2008.			15 588			15 588
Purchased						0
Written off						0
Reestimated						0
31.12.2009.	0	0	15 588	0	0	15 588
Depreciation						
31.12.2008.			8 125			8 125
Calculated			3 899			3 899
Written off						0
31.12.2009.	0	0	12 024	0	0	12 024
Residual value						
31.12.2008	0	0	7 463	0	0	7 463
Residual value						
31.12.2009	0	0	3 564	0	0	3 564

(11) Fixed assets

	Land, buildings, construction s	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								
31.12.2008.	2 224 871	2 170 827		103 167	16 906			4 515 771
Purchased	91 772	40 777		1 445	123 847			257 841
Written off		53 126		2 104	123 847			179 077
Reestimated								
31.12.2009.	2 316 643	2 158 478	0	102 508	16 906	0	0	4 594 535
Depreciation								
31.12.2008.	472 173	1 116 716		48 436				1 637 325
Calculated	73 717	234 174		11 749				319 640
Written off		39 957		1 918				41 875
31.12.2009.	545 890	1 310 933	0	58 267	0	0	0	1 915 090
Residual value								
31.12.2008	1 752 698	1 054 111	0	54 731	16 906	0	0	2 878 446
Residual value								
31.12.2009	1 770 753	847 545	0	44 241	16 906	0	0	2 679 445
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Undepreciated value								
31.12.2008.	3 165 706	3 088 809		146 793	24 055			6 425 363
Purchased	130 580	58 020		2 056	176 218			366 874
Written off		75 591		2 994	176 218			254 803
Reestimated								
31.12.2009.	3 296 286	3 071 238	0	145 855	24 055	0	0	6 537 434
Depreciation								
31.12.2008.	671 841	1 588 944		68 918				2 329 703
Calculated	104 890	333 200		16 717				454 807
Written off		56 854		2 729				59 583
31.12.2009.	776 731	1 865 290	0	82 906	0	0	0	2 724 927
Residual value								
31.12.2008	2 493 865	1 499 865	0	77 875	24 055	0	0	4 095 660
Residual value								
31.12.2009	2 519 555	1 205 948	0	62 949	24 055	0	0	3 812 507

Appendixes to balance sheet (continuation)

(12) Other expenses and other long-term debtors

LVL

	31.12.2008.	Issued loan in year 2009	Repaid loan in year 2009	Posted loan to short-term in year 2009	Formed accruals in year 2009	31.12.2009.	Date of the contract	Term of payment
A.Sergeev	4 425		4425				08.08.2002.	2 009
K.Mališenko	4 425		4425				08.08.2002.	2 009
Others.	1 716		294	1422				2 010
Total	10 566	0	9144	1422	0	0		

EUR

	31.12.2008.	Issued loan in year 2009	Repaid loan in year 2009	Posted loan to short-term in year 2009	Formed accruals in year 2009	31.12.2009.	Date of the contract	Term of payment
A.Sergeev	6 296		6 296				08.08.2002.	2 009
K.Mališenko	6 296		6 296				08.08.2002.	2 009
Others.	2 442		418	2 024				2 010
Total	15 034		13 010	2 024	0			

(13) Raw materials, direct materials and auxiliary materials

	LVL		EUR	
	2009	2008	2009	2008
1. Metal	441 960	708 955	628 852	1 008 752
2. Abrasive	20 619	38 367	29 338	54 591
3. Pipes	168 554	147 216	239 831	209 470
4. Non-ferrous metals	54 954	56 216	78 193	79 988
5. Products of technical rubber	40 250	42 145	57 271	59 967
6. Other expenses	97 702	129 514	139 017	184 282
Total	824 039	1 122 413	1 172 502	1 597 050

(14) Advance payments for goods

	LVL		EUR	
	2009	2008	2009	2008
Materials	576	176	820	251
Total	576	176	820	251

(15) Names of purchasers and customers

	LVL		EUR	
	2009	2008	2009	2008
Total				
Accounting value of purchaser's and clients' debts	2 385 266	1 537 699	3 393 928	2 187 949
Accruals for doubtful debts of purchasers and clients				
Net debts of purchasers and clients	2 385 266	1 537 699	3 393 928	2 187 949

(16) Other debtors

	LVL		EUR	
	2009	2008	2009	2008
VAT accepted	32 177	16 318	45 784	23 218
In budget overpaid taxes or tax advance payments	46 289	30 190	65 863	42 957
Advance payment persons debts	2 433	5 413	3 462	7 702
Advance payments for services	22 861	4 024	32 528	5 726
Claims according to rulings of the Court				
Other debtors				
Total	103 760	55 945	147 637	79 603

(17) Expenses of next periods

	LVL		EUR	
	2009	2008	2009	2008
Property insurance	2 963	7 165	4 216	10 195
Subscription to press	90	724	128	1 030
Employees insurance	3 973	5 344	5 653	7 604
Other expenses of next periods(participation in exhibition)		4 305		6 125
Total	7 026	17 538	9 997	24 954

(18) Cash

	LVL		EUR	
	2009	2008	2009	2008
Money in cash-desk	1 512	5 317	2 151	7 565
Money in current accounts	728	8 868	1 036	12 618
Total	2 240	14 185	3 187	20 183

(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

	2009	2008	2009	2008
Deferred tax liabilities at the beginning of year	205 985	207 321	293 090	294 991
Deferred tax liability increase in the year of account	(21 614)	(1 336)	(30 754)	(1 901)
Total	184 371	205 985	262 336	293 090

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

	2009	2008	2009	2008
JSC " SEB banka"	1 402 377	1 377 280	1 995 403	1 959 693
Total	1 402 377	1 377 280	1 995 403	1 959 693

	Short-term part (LVL)	Short-term part (EUR)	Currency	Terms
JSC " SEB banka"	1 402 377	1 995 403	EUR	2010.06.06.
Total	1402377	1995403		

Appendixes to balance sheet (continuation)
(22) Movement of tax liabilities in 2009

	01.01.2009.	Calculated in 2009	Calculated fine and delay payment	(Paid)/ repaid	Posted to/ (from) other taxes	31.12.2009.
	LVL	LVL	LVL	LVL	LVL	LVL
Value added tax	(30 190)	(236 103)	455		250 279	(15 559)
Population income tax	20 990	185 400	5 344	(179 700)	(16 853)	15 181
State social insurance compulsory payments	25 936	330 392	5 179	(102 929)	(230 155)	28 423
Company's income tax	23 005	503	2 097	(53 319)	(3 009)	(30 723)
Immovable property tax (land)		12 990	417	(13 410)		(3)
Immovable property tax (buildings)		16 266	524	(16 794)		(4)
Tax of natural resources	373	1 350	11	(1 376)		358
Risk duty of business	66	722	10	(487)	(262)	49
Total	40 180	311 520	14 037	(368 015)	0	(2 278)

incl.:

Debt to budget	70 370	44 011
Overpayment	(30 190)	(46 289)

	01.01.2009.	Calculated in 2009	Calculated fine and delay payment	(Paid)/ repaid	Posted to/ (from) other taxes	31.12.2009.
	EUR	EUR	EUR	EUR	EUR	EUR
Value added tax	(42 956)	(335 944)	647		356 115	(22 138)
Population income tax	29 866	263 800	7 604	(255 690)	(23 980)	21 601
State social insurance compulsory payments	36 904	470 105	7 369	(146 455)	(327 481)	40 442
Company's income tax	32 733	716	2 984	(75 866)	(4 281)	(43 715)
Immovable property tax (land)		18 483	593	(19 081)		(4)
Immovable property tax (buildings)		23 144	746	(23 896)		(6)
Tax of natural resources	531	1 921	16	(1 958)		509
Risk duty of business	94	1 027	14	(693)	(373)	70
Total	57 171	443 253	19 973	(523 638)	0	(3 241)

incl.:

Debt to budget	100 127	62 622
Overpayment	(42 956)	(65 863)

(23) Other creditors

	LVL		EUR	
	2009	2008	2009	2008
Salary	54 467	76 207	77 500	108 433
Deductions from salary	1 102	1 356	1 568	1 930
Other creditors	2 056	3 082	2 925	4 385
Total	57 625	80 645	81 993	114 748

(24) Accrued liabilities

	LVL		EUR	
	2009	2008	2009	2008
Accruals for holiday grants	42 560	54 410	60 558	77 418
Other accruals	2 500	1 750	3 557	2 490
Total	45 060	56 160	64 115	79 908

General remarks

(1)	The annual average number of employed ones	Ls		EUR	
		2009	2008	2009	2008
	The average number of persons employed by the company in the year of account	242	262		
(2)	Personnel expenses total	1 316 204	1 530 738	1 872 789	2 178 044
	- salary	1 067 691	1 249 956	1 519 187	1 778 527
	- social tax	248 513	280 782	353 602	399 517
	- including:				
	Salary of persons engaged in production (basic activity)				
	- salary	899 525	1 098 975	1 279 909	1 563 701
	- social tax	208 659	262 785	296 895	373 909
	- total	1 108 184	1 361 760	1 576 804	1 937 610
	Reward to the board				
	- reward	66 546	63 781	94 686	90 752
	- social tax	16 030	4 969	22 809	7 070
	- total	82 576	68 750	117 495	97 822
	Reward to the council				
	- reward	101 620	87 200	144 592	124 074
	- social tax	23 824	13 028	33 898	18 537
	- total	125 444	100 228	178 491	142 611

(3) Pledged assets, guaranties , off-balance liabilities.

Assets are pledged to ensure the credit.

No guaranties are issued. There are no off-balance liabilities.

We confirm the annual report of the year 2009 from 1 to 20 page:

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

21 April of 2010 year

SIA AUDITORFIRMA "SARGUNS"

Reģ. Nr. 41503013991, zvērinātu revidentu komercsabiedrības licence Nr. 18,
Malnavas iela, 13, Rīga, LV-1057

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF A/S "TOSMARES KUĢUBŪVĒTAVA"

Report on the Financial Statements

We have audited the accompanying financial statements on pages 6 to 20 of A/S "TOSMARES KUĢUBŪVĒTAVA" ("the Company") which comprise the balance sheet as at December 31, 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

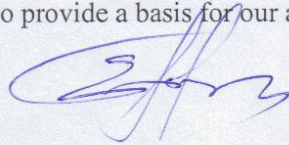
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing as adopted by the Latvian Association of certified auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion the financial statements give a true and fair view of the financial position of A/S "TOSMARES KUĢUBŪVĒTAVA" as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia.

Report on the Management Report

We have read the Management Report set out on pages 3 and 4 and did not identify material inconsistencies between the financial information contained in the Management Report and the contained in the financial statements for 2009.

Certified auditor's company SIA "SARGUNS"

Audit company license No. 18

Evalds Figurnovs,

Certified auditor,

Certificate No. 38

Chairmen of the Board

Riga, Latvia,

April 21, 2010

