

**Stock corporation's "Tosmare shipyard"  
annual report of 2010**

**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	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 2010 - 31. December 2010
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 2010**

The company's turnover comprised LVL 6 029 018 in 2010, which is for LVL 574 097 more than the turnover of 2009, and comprises 110,5 % from the previous year's level.

96,9 % of the turnover comprised ship repair services; the number of repaired vessels comprised 47 units, which is for 5 vessels more than in the previous year. In the reporting year one of the shipbuilding facilities was built - a catamaran. Three shipbuilding facilities by the end of the reporting year were in the stage of shipbuilding work.

Export volume comprised 97 % of the total turnover volume of the company in 2010, it is LVL 5 847 283.

It was managed to keep a wide market of repair services in 2010. These are countries such as Lithuania, Sant- Vincent, Russia, Cyprus, Panama, Malta, Germany, and others.

Operating profit in 2010 comprised LVL 291 261, which is 4,2 times higher than in 2009 and comprises 4,8 % of turnover.

The company's net profit in 2010 comprised LVL 15 234 or 0,3 % of turnover, but the previous year ended with a loss.

Positive dynamics was achieved in a number of economic indicators.

This includes reduction in company's number of employees, if in 2009 the average number of employees was 242 people, then in 2010 it was 221 and comprised 91,3 % from the previous year's level.

With turnover growth in 2010 by 10,5 % in comparison with the turnover of 2009, costs were increased only by 6,5 % from the previous year's costs.

Apart from manpower reductions, salary fund was also reduced by LVL 100 548. The reduction comprised 9,4 %.

In spite of difficulties with money flow at the enterprise, the financial position was stable in 2010.

Chairman of the board  
Member of board  
Member of board

Ivica Galich  
Igor Komarov  
Boris Galcovich

28 February of 2011 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 2010 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 2010, 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/

28 February of 2011 year

**PROFIT OR LOSS STATEMENT**

for years 2010 and 2009

	Appendix	LVL		EUR	
		2010	2009	2010	2009
Net turnover	(1)	6 029 018	5 454 921	8 578 520	7 761 653
Production costs of sold output	(2)	(5 737 757)	(5 386 079)	(8 164 093)	(7 663 700)
<b>Gross profit or losses</b>		<b>291 261</b>	<b>68 842</b>	<b>414 427</b>	<b>97 953</b>
Selling costs	(3)	(15 224)	(19 969)	(21 662)	(28 413)
Administration costs	(4)	(238 486)	(234 879)	(339 335)	(334 203)
Other company's economic activity incomes	(5)	256 826	184 550	365 430	262 591
Other company's economic activity costs	(6)	(177 365)	(115 088)	(252 368)	(163 755)
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)	4	10	6	14
Long-term financial investments and write off of short-term securities					
Interest payments and similar costs	(8)	(61 315)	(62 984)	(87 243)	(89 618)
<b>Profit or loss before extraordinary items and taxes</b>		<b>55 701</b>	<b>(179 518)</b>	<b>79 255</b>	<b>(255 431)</b>
Extraordinary incomes					
Extraordinary costs					
<b>Profit or loss before taxes</b>		<b>55 701</b>	<b>(179 518)</b>	<b>79 255</b>	<b>(255 431)</b>
Company's income tax for the year of account		(15 425)	(503)	(21 948)	(716)
Deferred tax		3 972	21 614	5 652	30 754
Other taxes	(9)	(29 014)	(29 255)	(41 283)	(41 626)
<b>Profit or loss of the year of account</b>		<b>15 234</b>	<b>(187 662)</b>	<b>21 676</b>	<b>(267 019)</b>

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

28 February of 2011 year

**BALANCE on 31. December 2010 and 2009**

	Appendix	LVL		EUR	
		2010	2009	2010	2009
<b>ACTIVE</b>					
<b>Long-term investments</b>					
<b>I. Intangible investments</b>					
Company's development costs					
Concessions, patents, licenses, trade marks and similar rights					
Other intangible investments		118	2 505	168	3 564
Intangible value of the company					
Advance payments for intangible investments					
<b>Intangible investments total</b>	(10)	<b>118</b>	<b>2 505</b>	<b>168</b>	<b>3 564</b>
<b>II. Fixed assets</b>					
Lands, buildings, constructions, perennial plantations		1 698 990	1 770 753	2 417 445	2 519 555
Long-term investments in leased fixed assets					
Equipment and machines		672 242	847 544	956 514	1 205 946
Other fixed assets and inventory		38 570	44 242	54 880	62 951
Forming of fixed assets and costs of unfinished objects of construction		9 068	16 906	12 903	24 055
Advance payments for fixed assets					
<b>Fixes assets total</b>	(11)	<b>2 418 870</b>	<b>2 679 445</b>	<b>3 441 742</b>	<b>3 812 507</b>
<b>III. Investment property</b>					
<b>IV. Biological actives</b>					
<b>V. Long-term financial investments</b>					
Participation in capital of related companies					
Loans to related companies					
Participation in capital of affiliated companies					
Loans to affiliated companies					
Other securities and investments					
Other loans and other long-term debtors					
Own stocks and shares					
Loans to shareholders or participants and management					
<b>Long-term financial investments total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Long-term investments total</b>		<b>2 418 988</b>	<b>2 681 950</b>	<b>3 441 910</b>	<b>3 816 071</b>
<b>Current assets</b>					
<b>I. Stocks</b>					
Raw materials, direct materials and auxiliary materials	(12)	703 884	824 039	1 001 537	1 172 502
Unfinished products	(13)	355 888	586 218	506 383	834 113
Complete products and goods for sale					
Unfinished orders					
Advance payments for goods	(14)	47	576	67	820
<b>Stocks totally</b>		<b>1 059 819</b>	<b>1 410 833</b>	<b>1 507 987</b>	<b>2 007 435</b>
<b>II. For selling held long-term investments</b>					
<b>III. Debtors</b>					
Debts of customers and clients	(15)	2 308 096	2 385 266	3 284 125	3 393 928
Accrued incomes					
Debts of associated companies					
Other debtors	(16)	106 712	103 760	151 838	147 637
Undeposited shares in company's capital					
Short - term loans to joint owners and management					
Next periods costs	(17)	6 086	7 026	8 660	9 997
<b>Debtors total</b>		<b>2 420 894</b>	<b>2 496 052</b>	<b>3 444 622</b>	<b>3 551 562</b>
<b>IV. Short-term financial investments</b>					
Participation in capital of related companies					
Own stocks and shares					
Other securities and participation in capitals					
Derivative financial instruments					
<b>Securities and participation in capitals total</b>					
<b>V. Cash assets</b>	(18)	<b>12 465</b>	<b>2 240</b>	<b>17 736</b>	<b>3 187</b>
<b>Current assets total</b>		<b>3 493 178</b>	<b>3 909 125</b>	<b>4 970 345</b>	<b>5 562 184</b>
<b>Actives total</b>		<b>5 912 166</b>	<b>6 591 075</b>	<b>8 412 255</b>	<b>9 378 255</b>

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

28 February of 2011 year

**BALANCE on 31. December 2010 and 2009**

	Appendix	LVL		EUR	
		2010	2009	2010	2009
<b>PASSIVE</b>					
<b>I. Equity capital</b>					
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		381 997	569 659	543 533	810 552
retained profit of the year of accountant		15 234	(187 662)	21 676	(267 019)
retained profit, amount		397 231	381 997	565 209	543 533
<b>Equity capital total</b>		<b>3 600 628</b>	<b>3 585 394</b>	<b>5 123 232</b>	<b>5 101 556</b>
<b>II. Provisions</b>					
Provision for pensions and similar obligations					
Provision for prospective taxes					
Other provisions					
<b>Provisions total</b>					
<b>III. Creditors</b>					
<b>I. Long-term debts to creditors</b>					
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)	180 399	184 371	256 685	262 336
Unpaid dividends		4	4	6	6
Next periods incomes					
<b>Long-term debts to creditors total</b>		<b>180 403</b>	<b>184 375</b>	<b>256 691</b>	<b>262 342</b>
<b>II. Short-term debts to creditors</b>					
Borrowings from credit institutions	(21)	1 352 865	1 402 377	1 924 954	1 995 403
Other borrowings					
Leasing liabilities					
From customers received borrowings		38 774	144 222	55 170	205 209
Debts to suppliers and contractors	(22)	608 230	1 081 566	865 434	1 538 930
Debts to related companies	(23)	540	46 445	768	66 085
Debts to associated companies					
Tax and social security payments	(23)	33 894	44 011	48 227	62 622
Other creditors	(24)	56 505	57 625	80 399	81 993
Next periods incomes					
Unpaid dividends					
Accrued liabilities	(25)	40 327	45 060	57 380	64 115
Derivative financial instruments					
<b>Short-term debts to creditors total:</b>		<b>2 131 135</b>	<b>2 821 306</b>	<b>3 032 332</b>	<b>4 014 357</b>
<b>Creditors total:</b>		<b>2 311 538</b>	<b>3 005 681</b>	<b>3 289 023</b>	<b>4 276 699</b>
<b>Passives total</b>		<b>5 912 166</b>	<b>6 591 075</b>	<b>8 412 255</b>	<b>9 378 255</b>

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

28 February of 2011 year



**CASH FLOW STATEMENT**

for years 2010 and 2009 (according to direct method)

	LVL		EUR	
	2010	2009	2010	2009
<b>I. Cash flow of basic activity</b>				
Incomes from selling the products and rendering of services	5 983 234	5 373 064	8 513 375	7 645 181
Payments to suppliers, employees, other basic activity expenses	(5 803 050)	(5 192 675)	(8 256 996)	(7 388 511)
Other company's basic activity incomes or expenses				
<b>Gross cash flow of basic activity</b>	<b>180 184</b>	<b>180 389</b>	<b>256 379</b>	<b>256 670</b>
Expenses for interest payments	(59 905)	(48 947)	(85 237)	(69 645)
Expenses for company's income tax payments	(11 428)	(31 352)	(16 261)	(44 610)
<b>Cash flow before extraordinary items</b>	<b>108 851</b>	<b>100 090</b>	<b>154 881</b>	<b>142 415</b>
Cash flow from extraordinary items				
<b>Net cash flow of basic activity</b>	<b>108 851</b>	<b>100 090</b>	<b>154 881</b>	<b>142 415</b>
<b>II. Cash flow of investment activity</b>				
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	(53 614)	(144 070)	(76 286)	(204 993)
Incomes from selling fixed assets and intangible investments	4 500	6 939	6 403	9 873
Issued loans				
Incomes from repayment of loans				
Received interests				
Received dividends				
<b>Net cash flow of investment action</b>	<b>(49 114)</b>	<b>(137 131)</b>	<b>(69 883)</b>	<b>(195 120)</b>
<b>III. Cash flow of financing action</b>				
Incomes from shares and bonds or capital participation stock investments				
Received loans		25 096		35 708
Received subsidies, grants, gifts or donations				
Expenses for repayment of loans	(49 512)		(70 449)	
Expenses for ransom of leased fixed asset				
Paid dividends				
<b>Net cash flow of financing action</b>	<b>(49 512)</b>	<b>25 096</b>	<b>(70 449)</b>	<b>35 708</b>
<b>IV. Result of foreign exchange rate fluctuations</b>				
<b>Net increase or decrease of cash and its equivalents</b>	<b>10 225</b>	<b>(11 945)</b>	<b>14 549</b>	<b>(16 996)</b>
<b>Cash and its equivalents residue at the beginning of the year of account</b>	<b>2 240</b>	<b>14 185</b>	<b>3 187</b>	<b>20 183</b>
<b>Cash and its equivalents residue at the end of the year of account</b>	<b>12 465</b>	<b>2 240</b>	<b>17 736</b>	<b>3 187</b>

Chairman of the board /Ivica Galich/  
Member of board /Igor Komarov/  
Member of board /Boris Galcovich/  
28 February of 2011 year

**EQUITY CAPITAL CHANGE REPORT**

for years 2010 and 2009

	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
<b>Residue on 31.12.2008</b>	<b>3 203 397</b>				<b>569 659</b>	<b>3 773 056</b>
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)
<b>Residue on 31.12.2009</b>	<b>3 203 397</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>381 997</b>	<b>3 585 394</b>
Increase/decrease of stock or share capital						0
Increase of reestimation reserve						0
Decrease of reestimation reserve						
Calculated dividends for year 2009						0
Net profit or loss of accounting period					15 234	15 234
<b>Residue on 31.12.2010</b>	<b>3 203 397</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>397 231</b>	<b>3 600 628</b>
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Residue on 31.12.2008</b>	<b>4 558 023</b>				<b>810 552</b>	<b>5 368 575</b>
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					(267 019)	(267 019)
<b>Residue on 31.12.2009</b>	<b>4 558 023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>543 533</b>	<b>5 101 556</b>
Increase/decrease of stock or share capital						0
Increase of reestimation reserve						0
Decrease of reestimation reserve						
Calculated dividends for year 2009					0	0
Net profit or loss of accounting period					21 676	21 676
<b>Residue on 31.12.2010</b>	<b>4 558 023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>565 209</b>	<b>5 123 232</b>

EPS on 31.12.2010. LVL (15 234 : 3203397) = 0,0048 LVL or 0,0068 EUR;

EPS on 31.12.2009. LVL (-187662 : 3203397) = - 0,0586 LVL or - 0,0834 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.  
28 February of 2011 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 01.10.2010. direction N 65 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>31.12.2010.</u>	<u>31.12.2009.</u>
	LVL	LVL
1 USD	0.535000	0.489000
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	
	2010	2009	2010	2009
Incomes from ship building	74 762	219 486	106 377	312 300
Incomes from ship repair services	5 839 266	5 153 403	8 308 527	7 332 632
Other incomes	114 990	82 032	163 616	116 721
<b>Total</b>	<b>6 029 018</b>	<b>5 454 921</b>	<b>8 578 520</b>	<b>7 761 653</b>

### Per geographic regions

Incomes from service selling in local market	181 735	266 487	258 586	379 177
Incomes from service selling to				
Russia	1 183 634	981 085	1 684 159	1 395 958
Norway	52 817	4 147	75 152	5 901
Malta	279 724	492 281	398 011	700 453
Saint Vincen	883 320	580 549	1 256 851	826 047
Cyprus	577 851	540 172	822 208	768 596
Lithuania	1 328 055	1 472 571	1 889 652	2 095 280
Netherlands	19 845	131 949	28 237	187 747
Belize	288 553	233 327	410 574	331 994
Belgia	450		640	
Antigua Burbuda	117 748	174 358	167 540	248 089
England	5 622		7 999	
Sent.Kittes Nevs	13 503		19 213	
Faroe Islands	74 761		106 375	
Panama	405 434		576 881	
ASV	45 823		65 200	
Germany	570 143	518 327	811 240	737 513
Islande		59 668		84 900
<b>Total</b>	<b>6 029 018</b>	<b>5 454 921</b>	<b>8 578 520</b>	<b>7 761 653</b>

### (2) Production costs of sold goods

Material purchase costs	1 243 669	1 307 071	1 769 582	1 859 794
Employees salary	808 537	757 579	1 150 445	1 077 938
Social insurance costs	188 580	176 384	268 325	250 972
Electricity costs	315 875	257 831	449 449	366 860
Depreciation of fixed assets	329 156	279 477	468 347	397 660
Contagent's services	2 481 783	2 339 177	3 531 259	3 328 349
Running repairs of equipment	99 631	52 778	141 762	75 096
Running repairs of buildings	56 127	16 197	79 862	23 046
Security staff	62 517	51 375	88 954	73 100
Lease payment	37 733	32 923	53 689	46 845
Services from outside	109 090	111 852	155 221	159 151
Other costs	5 059	3 435	7 198	4 888
<b>Total</b>	<b>5 737 757</b>	<b>5 386 079</b>	<b>8 164 093</b>	<b>7 663 700</b>

### (3) Selling costs

Media advertising expenditures	7 299	7 033	10 386	10 007
Business trips	7 725	8 687	10 992	12 360
Other selling costs	200	4 249	285	6 046
<b>Total</b>	<b>15 224</b>	<b>19 969</b>	<b>21 662</b>	<b>28 413</b>

Appendixes to profit or loss statement (continuation)

	LVL		EUR	
	2010	2009	2010	2009
<b>(4) Administration costs</b>				
Communication costs	3 382	4 187	4 812	5 958
Annual report's costs	2 500	2 500	3 557	3 557
Reward for the board	66 216	66 547	94 217	94 688
Reward for the council	91 875	101 620	130 726	144 592
Social insurance costs	37 205	28 881	52 938	41 094
Office maintenance costs	3 048	2 405	4 337	3 422
Stock exchange costs	4 375	5 000	6 225	7 114
Lawyer's services	11 164	4 193	15 885	5 966
Transport costs, business trips	7 719	7 973	10 983	11 345
Bank services	6 566	7 605	9 343	10 821
Representation expenses	4 436	3 968	6 312	5 646
<b>Total</b>	<b>238 486</b>	<b>234 879</b>	<b>339 335</b>	<b>334 203</b>
<b>(5) Other incomes from company's economic activity</b>				
Incomes from realization of materials	113 380	76 674	161 325	109 097
Incomes from selling the fixed assets	3 719	13 839	5 292	19 691
Incomes from rent	54 227	48 995	77 158	69 714
Net incomes from exchange rate fluctuations	22 747	7 048	32 366	10 028
Incomes from tugboat's services	42 772	28 354	60 859	40 344
Other incomes	19 981	9 640	28 430	13 716
<b>Total</b>	<b>256 826</b>	<b>184 550</b>	<b>365 430</b>	<b>262 591</b>
<b>(6) Other expenses from company's economic activity</b>				
Written off bad debtors	35 927	44 303	51 120	63 037
Accrued liabilities (holiday reserves)	(2 233)	(11 850)	(3 177)	(16 861)
Fixed assets exclusion expenses	5 602	13 354	7 971	19 001
Material purchase expenses	89 174	4 559	126 883	6 487
Personnel expenses (material assistance)	430	1 470	612	2 092
Costs for the tugboats	46 577	59 790	66 273	85 074
Dotations	558	2 008	794	2 857
Gifts to employees	265	140	377	199
Maintenance expenses of leased fixed assets	1 065	1 314	1 515	1 870
<b>Total</b>	<b>177 365</b>	<b>115 088</b>	<b>252 368</b>	<b>163 755</b>
<b>(7) Other interest incomes and similar incomes</b>				
Bank rates	4	10	6	14
<b>Total</b>	<b>4</b>	<b>10</b>	<b>6</b>	<b>14</b>
<b>(8) Interest payments and similar expenses</b>				
Paid interests	59 905	48 947	85 237	69 645
Paid fines	1 410	14 037	2 006	19 973
<b>Total</b>	<b>61 315</b>	<b>62 984</b>	<b>87 243</b>	<b>89 618</b>
<b>Liability calculation of deferred tax:</b>				
<b>Deferred tax liabilities:</b>				
Difference between fixed assets remained value in financial accounting and tax needs	1 242 988	1 342 723	1 768 613	1 910 523
<b>Deferred tax actives:</b>				
Accruals for holidays	(40 327)	(42 560)	(57 380)	(60 557)
Accruals for provisions				
Other interim differences				
Accrued tax losses		(71 021)		(101 054)
<b>Total interim differences</b>	<b>1 202 661</b>	<b>1 229 142</b>	<b>1 711 232</b>	<b>1 748 912</b>
Deferred tax liabilities/(active), rate 15%	180 399	184 371	256 685	262 337
Unapproved active of deferred tax				
<b>Deferred tax liabilities</b>	<b>180 399</b>	<b>184 371</b>	<b>256 685</b>	<b>262 337</b>
Appendixes to profit or loss statement (continuation)				
<b>(9) Other taxes</b>				
Immovable property tax for land	12 587	12 989	17 910	18 482
Immovable property tax for buildings and constructions	16 427	16 266	23 374	23 144
<b>Total</b>	<b>29 014</b>	<b>29 255</b>	<b>41 283</b>	<b>41 626</b>

Appendixes to balance sheet on 31.12.2010.

(10) Intangible investments	Concessions, patents, licenses, trade marks and similar rights		Research work and company's development expenses	Other intangible investments (computer pr.)	Company's intangible value	Advance payments for intangible investments	Total
	Ls	Ls	Ls	Ls	Ls	Ls	Ls
<b>Undepreciated value</b>							
31.12.2009.			10 955				10 955
Purchased							0
Written off							0
Reestimated							0
31.12.2010.	0	0	10 955	0		0	10 955
<b>Depreciation</b>							
31.12.2009.			8 450				8 450
Calculated			2 387				2 387
Written off							0
31.12.2010.	0	0	10 837	0		0	10 837
<b>Residual value</b>							
31.12.2009	0	0	2 505	0		0	2 505
31.12.2010	0	0	118	0		0	118
<b>EUR</b>							
<b>Undepreciated value</b>							
31.12.2009.			15 588				15 588
Purchased							0
Written off							0
Reestimated							0
31.12.2010.	0	0	15 588	0		0	15 588
<b>Depreciation</b>							
31.12.2009.			12 024				12 024
Calculated			3 396				3 396
Written off							0
31.12.2010.	0	0	15 420	0		0	15 420
<b>Residual value</b>							
31.12.2009	0	0	3 564	0		0	3 564
31.12.2010	0	0	168	0		0	168



(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
<b>Undepreciated value</b>								
<b>31.12.2009.</b>	<b>2 316 643</b>	<b>2 158 478</b>		<b>102 508</b>	<b>16 906</b>			<b>4 594 535</b>
Purchased	3 219	56 207		4 553	16 794			80 773
Written off		18 826		2 902	24 632			46 360
Reestimated								
<b>31.12.2010.</b>	<b>2 319 862</b>	<b>2 195 859</b>	<b>0</b>	<b>104 159</b>	<b>9 068</b>	<b>0</b>	<b>0</b>	<b>4 628 948</b>
<b>Depreciation</b>								
<b>31.12.2009.</b>	<b>545 890</b>	<b>1 310 934</b>		<b>58 266</b>				<b>1 915 090</b>
Calculated	74 982	225 940		10 192				311 114
Written off		13 257		2 869				16 126
<b>31.12.2010.</b>	<b>620 872</b>	<b>1 523 617</b>	<b>0</b>	<b>65 589</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 210 078</b>
<b>Residual value</b>								
<b>31.12.2009</b>	<b>1 770 753</b>	<b>847 544</b>	<b>0</b>	<b>44 242</b>	<b>16 906</b>	<b>0</b>	<b>0</b>	<b>2 679 445</b>
<b>Residual value</b>								
<b>31.12.2010</b>	<b>1 698 990</b>	<b>672 242</b>	<b>0</b>	<b>38 570</b>	<b>9 068</b>	<b>0</b>	<b>0</b>	<b>2 418 870</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Undepreciated value</b>								
<b>31.12.2009.</b>	<b>3 296 286</b>	<b>3 071 238</b>		<b>145 856</b>	<b>24 055</b>			<b>6 537 434</b>
Purchased	4 580	79 975		6 478	23 896			114 930
Written off		26 787		4 129	35 048			65 964
Reestimated								
<b>31.12.2010.</b>	<b>3 300 866</b>	<b>3 124 426</b>	<b>0</b>	<b>148 205</b>	<b>12 903</b>	<b>0</b>	<b>0</b>	<b>6 586 400</b>
<b>Depreciation</b>								
<b>31.12.2009.</b>	<b>776 731</b>	<b>1 865 291</b>		<b>82 905</b>				<b>2 724 927</b>
Calculated	106 690	321 484		14 502				442 675
Written off		18 863		4 082				22 945
<b>31.12.2010.</b>	<b>883 421</b>	<b>2 167 912</b>	<b>0</b>	<b>93 325</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3 144 658</b>
<b>Residual value</b>								
<b>31.12.2009</b>	<b>2 519 555</b>	<b>1 205 946</b>	<b>0</b>	<b>62 951</b>	<b>24 055</b>	<b>0</b>	<b>0</b>	<b>3 812 507</b>
<b>Residual value</b>								
<b>31.12.2010</b>	<b>2 417 445</b>	<b>956 514</b>	<b>0</b>	<b>54 880</b>	<b>12 903</b>	<b>0</b>	<b>0</b>	<b>3 441 742</b>

Appendixes to balance sheet (continuation)

(12) Raw materials, direct materials and auxiliary materials

	LVL		EUR	
	2010	2009	2010	2009
1. Metal	364 664	441 960	518 870	628 852
2. Abrasive	41 983	20 619	59 736	29 338
3. Pipes	130 396	168 554	185 537	239 831
4. Non-ferrous metals	36 462	54 954	51 881	78 192
5. Products of technical rubber	35 115	40 250	49 964	57 271
6. Other expenses	95 264	97 702	135 548	139 017
<b>Total</b>	<b>703 884</b>	<b>824 039</b>	<b>1 001 537</b>	<b>1 172 502</b>

(13) Unfinished products

	LVL		EUR	
	2010	2009	2010	2009
1 Ship building	126 377	37 386	179 818	53 195
2 Ship repair services	229 511	548 832	326 565	780 918
<b>Total</b>	<b>355 888</b>	<b>586 218</b>	<b>506 383</b>	<b>834 113</b>

(14) Advance payments for goods

	LVL		EUR	
	2010	2009	2010	2009
Materials	47	576	67	820
<b>Total</b>	<b>47</b>	<b>576</b>	<b>67</b>	<b>820</b>

(15) Names of purchasers and customers

	LVL		EUR	
	2010	2009	2010	2009
<b>Total</b>				
Accounting value of purchaser's and clients' debts	2 308 096	2 385 266	3 284 125	3 393 928
<b>Net debts of purchasers and clients</b>	<b>2 308 096</b>	<b>2 385 266</b>	<b>3 284 125</b>	<b>3 393 928</b>

(16) Other debtors

	LVL		EUR	
	2010	2009	2010	2009
VAT accepted	26 244	32 176	37 342	45 782
In budget overpaid taxes or tax advance payments	63 730	46 290	90 680	65 865
Advance payment persons debts		2 433		3 462
Advance payments for services	16 738	22 861	23 816	32 528
<b>Total</b>	<b>106 712</b>	<b>103 760</b>	<b>151 838</b>	<b>147 637</b>

(17) Expenses of next periods

	LVL		EUR	
	2010	2009	2010	2009
Property insurance	3 853	2 963	5 482	4 216
Subscription to press	549	90	781	128
Employees insurance	1 684	3 973	2 396	5 653
<b>Total</b>	<b>6 086</b>	<b>7 026</b>	<b>8 660</b>	<b>9 997</b>

(18) Cash

	LVL		EUR	
	2010	2009	2010	2009
Money in cash-desk	1 161	1 512	1 652	2 151
Money in current accounts	11 304	728	16 084	1 036
<b>Total</b>	<b>12 465</b>	<b>2 240</b>	<b>17 736</b>	<b>3 187</b>

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

AS "Tosmares kugubuvetava" was founded in 2000 year with equity capital of LVL 1 603 397, that consists 1 603 397 ordinary shares, nominal value of one share is LVL 1.

The joint-stock company is public and the shares there of count among the stock market. All shares give equal right to the receipt, of dividends, receipt of liquidation quota.

Modification in Statutes :

1. Increase of company's equity capital to LVL 2 603 397 in 2001 year.
2. Increase of company's equity capital to LVL 3 203 397 in 2002 year.

	LVL		EUR	
	2010	2009	2010	2009
(20) <b>Deferred tax liabilities</b>				
Deferred tax liabilities at the beginning of year	184 371	205 985	262 336	293 090
Deferred tax liability increase in the year of account	(3 972)	(21 614)	(5 652)	(30 754)
<b>Total</b>	<b>180 399</b>	<b>184 371</b>	<b>256 685</b>	<b>262 336</b>

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

	LVL		EUR	
JSC "SEB banka"	1 352 865	1 402 377	1 924 953	1 995 403
<b>Total</b>	<b>1 352 865</b>	<b>1 402 377</b>	<b>1 924 953</b>	<b>1 995 403</b>

Tehnological equipment, floating dock and two dry docks owned by the company are pledged guarantee the liabilities.

	LVL		EUR	
	2010	2009	2010	2009
(22) <b>Debts to suppliers and contractors</b>				
Raw materials, direct materials and auxiliary materials	185 398	291 726	263 798	415 089
Services	123 559	182 472	175 809	259 634
Contractor's services	287 338	601 419	408 845	855 742
Capital assets	11 935	5 949	16 982	8 465
<b>Total</b>	<b>608 230</b>	<b>1 081 566</b>	<b>865 433</b>	<b>1 538 930</b>

(23) Debts to related companies

	LVL		EUR	
	2010	2009	2010	2009
JSC "Rigas shipyard"	540	46 445	768	66 085
<b>Total</b>	<b>540</b>	<b>46 445</b>	<b>768</b>	<b>66 085</b>

**Appendixes to balance sheet (continuation)**  
**(24) Movement of tax liabilities in 2010**

	01.01.2010.	Calculated in 2010	Calculated fine and delay payment	(Paid)/repaid	Posted to/(from) other taxes	31.12.2010.
	LVL	LVL	LVL	LVL	LVL	LVL
Value added tax	(15 559)	(272 333)		(1 104)	255 707	(33 289)
Population income tax	15 181	199 691	292	(109 637)	(72 926)	32 601
State social insurance compulsory payments	28 423	308 705	410	(158 616)	(182 726)	(3 804)
Company's income tax	(30 723)	15 425	89	(11 428)		(26 637)
Immovable property tax (land)	(3)	12 586	91	(12 674)		
Immovable property tax (buildings)	(4)	16 426	118	(16 540)		
Tax of natural resources	358	3 963	9	(3 091)		1 239
Risk duty of business	49	646		(586)	(55)	54
<b>Total</b>	<b>(2 278)</b>	<b>285 109</b>	<b>1 009</b>	<b>(313 676)</b>	<b>0</b>	<b>(29 836)</b>

incl.:

<b>Debt to budget</b>	<b>44 011</b>					<b>33 894</b>
<b>Overpayment</b>	<b>(46 289)</b>					<b>(63 730)</b>

	01.01.2010.	Calculated in 2010	Calculated fine and delay payment	(Paid)/repaid	Posted to/(from) other taxes	31.12.2010.
	EUR	EUR	EUR	EUR	EUR	EUR
Value added tax	(22 138)	(387 495)		(1 571)	363 838	(47 366)
Population income tax	21 601	284 135	415	(155 999)	(103 764)	46 387
State social insurance compulsory payments	40 442	439 248	583	(225 690)	(259 996)	(5 413)
Company's income tax	(43 715)	21 948	127	(16 261)		(37 901)
Immovable property tax (land)	(4)	17 908	129	(18 033)		
Immovable property tax (buildings)	(6)	23 372	168	(23 534)		
Tax of natural resources	509	5 639	13	(4 398)		1 763
Risk duty of business	70	919		(834)	(78)	77
<b>Total</b>	<b>(3 241)</b>	<b>405 674</b>	<b>1 436</b>	<b>(446 321)</b>	<b>(0)</b>	<b>(42 453)</b>

incl.:

<b>Debt to budget</b>	<b>62 622</b>					<b>48 227</b>
<b>Overpayment</b>	<b>(65 863)</b>					<b>(90 680)</b>

**(25) Other creditors**

	LVL		EUR	
	2010	2009	2010	2009
Salary	52 239	54 467	74 329	77 500
Deductions from salary	832	1 102	1 184	1 568
Other creditors	3 434	2 056	4 886	2 925
<b>Total</b>	<b>56 505</b>	<b>57 625</b>	<b>80 399</b>	<b>81 993</b>

**(26) Accrued liabilities**

	LVL		EUR	
	2010	2009	2010	2009
Accruals for holiday grants	40 327	42 560	57 380	60 557
<b>Total</b>	<b>40 327</b>	<b>42 560</b>	<b>57 380</b>	<b>60 557</b>

**General remarks**

(1)	The annual average number of employed ones	Ls		EUR	
		2010	2009	2010	2009
	The average number of persons employed by the company in the year of account	221	242		
(2)	<b>Personnel expenses total</b>	<b>1 191 877</b>	<b>1 316 204</b>	<b>1 695 888</b>	<b>1 872 790</b>
	- salary	967 143	1 067 691	1 376 121	1 519 187
	- social tax	224 734	248 513	319 768	353 602
	- including:				
	Salary of persons engaged in production (basic activity)				
	- salary	809 052	899 525	1 151 177	1 279 909
	- social tax	187 529	208 659	266 830	296 895
	- total	996 581	1 108 184	1 418 007	1 576 804
	Reward to the board				
	- reward	66 216	66 546	94 217	94 686
	- social tax	15 952	16 030	22 698	22 809
	- total	82 168	82 576	116 915	117 495
	Reward to the council				
	- reward	91 875	101 620	130 726	144 592
	- social tax	21 253	23 824	30 240	33 898
	- total	113 128	125 444	160 967	178 491

**(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 2010 from 1 to 20 page:

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

28 February of 2011 year