

*“Riga shipyard” JSC  
2007 annual report*

***“RIGA SHIPYARD” JSC  
2007 annual report  
(not audited)  
(not consolidated)***

***Riga, 2008***

***Content***

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**Information on the company**

Name of the company	<b>Joint stock company “Riga shipyard”</b>
Legal status	Joint stock company
Incorporation number, place and date	000304589, 5 December 1991, companies register, Riga 40003045892, 26 August 2004, commercial register, Riga
Registered office	2 Gales street, Riga, LV-1015
Stock capital of the enterprise	Ls 11 672 107
Core business of the enterprise	- building and repair of ships, yachts, catamarans, roll trailers and technological equipment -Port services -Wood processing, manufacturing of furniture designed for various functional purposes etc.
Associate company	“Tosmare Shipyard” JSC
Address	42/44 Generala Baloza Street, Liepaya
Partnership	49,72%
Associate company	SIA “Remars Granula”
Address	2 Gales street, Riga
Partnership	49,80%

Name, surnames and positions of members of the Board

Vasilijs Melniks	Chairman of the Board, p. ID 310867-10726
Aivars Stolders	Member of the Board, p. ID 060569-10634
Igors Komarovs	Member of the Board, p. ID 040756-10902
Larisa Artemenko	Member of the Board, p. ID 030349-12926

Name, surnames and positions of members of the Council

Sergejs Golicins	Chairman of the Council, p. ID 250154-10952
Anatolijs Ustinovs	Deputy Chairman of the Council, p. ID 010146-10964
Aleksandrs Cernavskis	Member of the Council, p. ID 230770-10102
Andris Kravalis	Member of the Council, p. ID 250977-11002
Juris Kaksitis	Member of the Council, p. ID 270443-10124

Chief accountant	Marina Pudova, phone 7080868
Annual report	1 January – 31 December 2007
Tax authority	SRS Riga regional institution Ziemeļu district division
Name and address of an auditor	Sworn auditors firm KSIA “ORIENTS N” LSAA certificate No 28
Responsible person	Larisa Artemenko Member of the Board phone 7353411 e-mail:larisa@riga-shipyard.com

**"Riga Shipyard" JSC directorship statement to  
2007 annual report**

"Riga Shipyard" JSC's business in the year 2007 was persistent, it continued the previous years set in the course of development.

In the past of 2007 "Riga Shipyard" JSC's total net turnover made up 35619218 LVL, including shipbuilding - 17296450 LVL, ship repairing - 16938121 LVL (compared to the year 2006 – 29881206 LVL, including ship building – 11361163 LVL, ship repairing - 18034067 LVL).

The total brutto turnover of "Riga Shipyard" JSC made up 1061696 LVL (1036777 LVL in the year 2006), clear turnover in 2007 made up 179395, relatively 473764 LVL in 2006.

During the year 2007 "Riga Shipyard" JSC repaired 81 ships in total (compared to 94 ships repaired in the year 2006), it also produced and launched on water 9 hulls (in comparison to 16 hulls in the year 2006).

Despite the net turnover's increase, "Riga Shipyard" JSC's clear income decreased due to the country's high level of inflation, which led to the increase of service, energy resources and raw material cost. The credit rate of interest had been increased and real estate tax applied to buildings had increased 3.6 times.

"Riga shipyard" JSC's products and services, as well as raw material's suppliers in the year 2007 did not change dramatically and remain the same, such as: Western Europe, Russia, Ukraine, Lithuania as well as Latvia. Traditionally, main customers for ships repair were Western European, Russian, Lithuanian and Latvian ship owners, however shipbuilding customers are mainly from the Scandinavian countries.

During the year 2007 JSC "Riga Shipyard" invested approximately 0.8 million LVL into new technological equipment acquisition and reconstructions (compared to 1.7 million LVL in the year 2006). In the last year welding equipment, turning and milling machines had been purchased as well as the repairs of three afloat docks and building slip Nr.2 had been carried out. Microboiler-house in block Nr 1 was handed in for exploitation, dismantlable cover for newbuilding vessels had been purchased and crane distance controlled system had been inculcated.

In February 2007, a reconstructed new central boiler-house have been handed in for exploitation, the building of which had been started in September 2007. As a result, the used gas expenses of the central boiler-house would decrease 3.5 times.

"Riga Shipyard" JSC's work and procedures are made according to the international certificate standards – EN ISO 9001 : 2000. The certificate had been already received in 2001, is controlled and prolonged all the time. The issues on how to decrease the environment pollution are also considered every year.

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In the end of the year 2007 the agreement for 5 SWATH type patrol vessels building for the Ministry of Defence had been concluded. The building of these vessels will provide the opportunity of the new and modern technologies development for enterprises. In order to fulfil the mentioned above project and to continue to work out the newbuilding orientation successfully, there is a necessity of building a new workshop accompanied with modern technologies (such as metal laser-cutting machinery, new programmed presses and so on). The estimated value of the project is around 3 – 4 millions LVL.

In the year 2008 is planned to receive a brand new metal plasma-cutting machine.

In the beginning of the year 2008 two newbuilt complete tug boats for the Riga Free Port authorities have been turned over for exploitation.

In the next year we are planning to continue the development of the already running projects, as well as to go on with the investments into the technological projects, equipment exchange and reconstruction that will allow to decrease the expensive expenditure of electric current.

In the course of time between the last day of the annual report’s date and the day when the annual statement had been signed, neither of the major conditions took place that could influence on the annual report results as well as enterprise’s financial state.

**29 of February 2008  
“Riga Shipyard” JSC**

**Chairmen of the Board**

**V. Melniks**

***Notification on liability of the board***

The board of the enterprise is liable for preparation of a financial report, grounding on initial accountancy per each accounting period, which correctly reflects financial situation of the enterprise as at the end of the year of account, as well as results and cash flow for this period.

The board endorses that, preparing this report for the period ended on 31 December 2007, there were used corresponding accounting methods, their application was consequent, there were made reasonable and prudent resolutions. The board endorses that corresponding International Accounting standards are observed and financial reports are prepared in compliance with principle of continuation of business.

The board is liable for administering of respective accounting reports, for perseverance of means of the enterprise, as well as for elimination of deceit and other dishonest acts.

Chairman of the Board \_\_\_\_\_ ***V. MEĻNIKS***

29 february 2008

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Profit & Loss calculation for 2007 and 2006

	Remarks	2007 Ls	2006 Ls	2007 EUR	2006 EUR
1. Net turnover	1	35 619 218	29 881 206	50 681 581	42 517 126
2. Sold production operating costs	2	34 557 522	28 844 429	49 170 924	41 041 925
<b>3. Gross profit or losses</b>		<b>1 061 696</b>	<b>1 036 777</b>	<b>1 510 657</b>	<b>1 475 201</b>
4. Selling costs	3	56 086	63 450	79 803	90 281
5. Administration costs	4	767 555	745 737	1 092 132	1 061 088
6. Other enterprise's business activity's income	5	1 137 340	1 163 762	1 618 289	1 655 884
7. Other enterprise's business activity's costs	6	853 784	722 986	1 214 825	1 028 717
<b>8. Profit &amp; Loss commercial activities</b>		<b>521 611</b>	<b>668 366</b>	<b>742 186</b>	<b>950 999</b>
9. Income from investments in capital of related and associated companies	7	31 360		44 621	
10. Other percents and the like income	8	133 115	80 801	189 406	114 969
11. Payment off percents and the like costs	9	329 608	151 218	468 990	215 164
<b>12. Profit &amp; Loss prior to extra ordinary items and taxes</b>		<b>356 478</b>	<b>597 949</b>	<b>507 223</b>	<b>850 804</b>
<b>13. Profit &amp; loss prior to taxes</b>		<b>356 478</b>	<b>597 949</b>	<b>507 223</b>	<b>850 804</b>
14. Income taxes of the enterprise for the year of account	9(a)	15 866	3 487	22 575	4 962
15. Deferred income		30 427	67 157	43 294	95 556
16. Other taxes	10	130 790	53 541	186 097	76 182
<b>17. Year of account profit &amp; loss (net income)</b>		<b>179 395</b>	<b>473 764</b>	<b>255 257</b>	<b>674 104</b>

Chairman of the Board \_\_\_\_\_ **V. MELŅIKS**

Member of the Board \_\_\_\_\_ **L. ARTEMENKO**

29 february 2008

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**Balance as at 31 December 2007 and 2006**

<b>ASSETS</b>	Remarks	31.12.2007 Ls	31.12.2006 Ls	31.12.2007 EUR	31.12.2006 EUR
<b>Long-term investments</b>					
<b>I Intangible investments</b>					
1. Other intangible investments		40 734	52 690	57 959	74 971
2. Advance payments of intangible investments		180008	154 587	256 128	219 957
<b>Intangible investments in total</b>	11	<b>220 742</b>	<b>207 277</b>	<b>314 087</b>	<b>294 928</b>
<b>II Fixed assets</b>					
1. Lands, buildings, constructions, perennial plants		3 239 441	3 078 381	4 609 309	4 380 142
2. Long-term investments into leased fixed assets		3 304	9 484	4 701	13 495
3. Equipment and machinery		14 077 693	3 729 487	20 030 753	5 306 582
4. Other fixed assets and stock		464 087	431 376	660 336	613 793
5. Up building of fixed assets and unfinished building objects costs		384 081	107 894	546 498	153 519
6. Advanced payments for fixed assets		27 480	0	39 101	0
<b>Fixed assets in total</b>		<b>18 196 086</b>	<b>7 356 622</b>	<b>25 890 698</b>	<b>10 467 531</b>
<b>III Property deposit</b>		<b>448 401</b>	<b>441 689</b>	<b>638 017</b>	<b>628 467</b>
<b>Fixed assets and property deposit in total</b>	12	<b>18 644 487</b>	<b>7 798 311</b>	<b>26 528 715</b>	<b>11 095 998</b>
<b>IV Long-term financial investments</b>					
1. Partnership in the capital of related companies	13	3 008 147	2 164 782	4 280 207	3 080 207
2. Participation in the capital of associated companies	14	283 540		403 441	
3. Other equities and investments	15	165	165	235	235
4. Other loans and other long-term debtors	16	567 983	850 256	808 167	1 209 805
5. Loans to copartners of the enterprises and to the directorship	17	342 284	352 284	487 026	501 255
<b>Long-term financial investments in total</b>		<b>4 202 119</b>	<b>3 367 487</b>	<b>5 979 076</b>	<b>4 791 502</b>
<b>Long-term investments in total</b>		<b>23 067 348</b>	<b>11 373 075</b>	<b>32 821 878</b>	<b>16 182 428</b>
<b>Current assets</b>					
<b>I Reserves</b>					
1. Raw materials, direct materials and auxiliary materials	18	4 291 829	4 771 077	6 106 723	6 788 631
2. Unfinished production	19	25 351	0	36 071	0
3. Unfinished order	20	543 037	360 153	772 672	512 452
4. Advance payments for goods	21	622 793	846 912	886 155	1 205 047
<b>Reserves in total</b>		<b>5 483 010</b>	<b>5 978 142</b>	<b>7 801 621</b>	<b>8 506 130</b>
<b>II Debts of debtors</b>					
1. Debts of buyers and customers	22	3 813 044	2 680 091	5 425 473	3 813 426
2. Associated companies debts	23	86 016	49 999	122 390	71 142
3. Other debtors	24	1 463 842	1 434 263	2 082 860	2 040 772
4. Short-term loans to copartners of the enterprise's and to the directorship	25	222 676	1 045 370	316 839	1 487 428
5. Next period costs	26	80 941	79 727	115 169	113 441
6. Accrued proceeds	27	13 739 649	5 978 704	19 549 759	8 506 929
<b>Debtors in total</b>		<b>19 406 168</b>	<b>11 268 154</b>	<b>27 612 490</b>	<b>16 033 138</b>
<b>III Short-term financial investments</b>					
<b>Short-term financial investments in total</b>					
<b>Cash assets</b>	28	<b>9 235 073</b>	<b>28 443</b>	<b>13 140 325</b>	<b>40 471</b>
<b>Current assets in total</b>		<b>34 124 251</b>	<b>17 274 739</b>	<b>48 554 436</b>	<b>24 579 739</b>
<b>Assets in total</b>		<b>57 191 599</b>	<b>28 647 814</b>	<b>81 376 314</b>	<b>40 762 167</b>

Chairman of the Board \_\_\_\_\_ **V. MELNIKS**

Member of the Board \_\_\_\_\_ **L.ARTEMENKO**



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<b><u>LIABILITIES</u></b>	Remarks	31.12.2007 Ls	31.12.2006 Ls	31.12.2007 EUR	31.12.2006 EUR
<b>I Equity capital</b>					
1. Stock or share capital (equity capital)		11 672 107	11 672 107	16 607 912	16 607 912
2. Overrate reserved of financial fixed assets		10 666 906	0	15 177 640	0
3. Retained earnings					
a) previous years retained earnings		2 908 190	2 667 868	4 137 982	3 796 035
b) year of account retained earnings		179 395	473 764	255 257	674 105
<i>Retained earnings in total</i>		<i>3 087 585</i>	<i>3 141 632</i>	<i>4 393 239</i>	<i>4 470 140</i>
<b>Equity capital in total</b>	29	<b>25 426 598</b>	<b>14 813 739</b>	<b>36 178 791</b>	<b>21 078 052</b>
<b>II Reserves</b>					
<b>Reserves in total</b>					
<b>III Creditors</b>					
<b>I Long-term debts</b>					
1. Liability of leasing			2 954		4 203
2. Deferred taxation reserves liabilities	9(b)	417 218	386 791	593 648	550 354
<b>Long-term debts in total</b>		<b>417 218</b>	<b>389 745</b>	<b>593 648</b>	<b>554 557</b>
<b>II Short-term debts</b>					
1. Loans from credit institutions	30	7 341 235	1 936 489	10 445 636	2 755 376
2. Liability of leasing	31	2 954	5 706	4 203	8 119
3. Advance payments received from buyers	32	20 487 320	9 048 052	29 150 830	12 874 218
4. Debts to suppliers and contractors	33	2 557 608	1 669 622	3 639 148	2 375 657
5. Debts to associated companies			0		0
6. Taxes and social insurance payments	34	187 922	145 716	267 389	207 335
7. Other creditors	35	255 963	231 259	364 202	329 053
8. Unpaid previous years dividends	36	25 528	20 182	36 323	28 716
9. Accrued liabilities	37	489 253	387 304	696 144	551 084
<b>Short-term creditors in total</b>		<b>31 347 783</b>	<b>13 444 330</b>	<b>44 603 875</b>	<b>19 129 558</b>
<b>Creditors in total</b>		<b>31 765 001</b>	<b>13 834 075</b>	<b>45 197 523</b>	<b>19 684 115</b>
<b>Liabilities total</b>		<b>57 191 599</b>	<b>28 647 814</b>	<b>81 376 314</b>	<b>40 762 167</b>

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Cash flow statement for 12 months of the year 2007 and 2006

	2007	2006	2007	2006
	Ls	Ls	EUR	EUR
<b>A. Cash flow from primary activity</b>				
- Sales income	38 941 186	34 199 564	55 408 315	48 661 596
- Cash to suppliers, personnel and others primary activity costs	34 895 799	33 194 066	49 652 249	47 230 901
- <b>Gross cash flow from primary activity</b>	<b>4 045 387</b>	<b>1 005 498</b>	<b>5 756 066</b>	<b>1 430 695</b>
- Interest paid	323 961	134 294	460 955	191 083
- Corporate income tax	5 048	45 860	7 183	65 253
- <b>Primary activity before extraordinary items</b>	<b>3 716 378</b>	<b>825 344</b>	<b>5 287 928</b>	<b>1 174 359</b>
- Cash flow from extraordinary items	<b>3 716 378</b>	<b>825 344</b>	<b>5 287 928</b>	<b>1 174 359</b>
<b>Net cash flow from primary activity</b>	<b>3 716 378</b>	<b>825 344</b>	<b>5 287 928</b>	<b>1 174 359</b>
<b>B. Cash flow from investment activity</b>				
- Related and associated enterprises shares acquisition	85 457		121 594	
- Selling out of shares	25 000	25 000	35 572	35 572
- Paid for fixed assets acquisition	527 702	807 351	750 822	1 148 757
- Received for the fixed assets sold	18 693	8 434	26 598	12 001
- Loans granted	10 896	0	15 504	0
- Repayment of loans	751 976	10 023	1 069 965	14 261
- Interest received	93 871	4 793	133 566	6 820
- Received dividend	31 360		44 621	
<b>Net cash flow from investment activity</b>	<b>296 845</b>	<b>-759 101</b>	<b>422 372</b>	<b>-1 080 103</b>
<b>C. Cash flow from financial activities</b>				
- Loan received	5 404 746	124 655	7 690 261	177 368
- Loan repaid	3 072	0	4 371	0
- Dividend paid	228 096	223 832	324 551	318 484
<b>Net cash flow from financial activities</b>	<b>5 173 578</b>	<b>-99 177</b>	<b>7 361 339</b>	<b>-141 116</b>
<b>Result of currency exchange rates changing</b>	<b>19 829</b>	<b>47 332</b>	<b>28 215</b>	<b>67 347</b>
<b>Net cash flow and equivalent increase or decrease (A+B+C)</b>	<b>9 206 630</b>	<b>14 398</b>	<b>13 099 854</b>	<b>20 487</b>
<b>Cash and equivalent thereof at beginning of the period of accounts</b>	<b>28 443</b>	<b>14 045</b>	<b>40 471</b>	<b>19 984</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>9 235 073</b>	<b>28 443</b>	<b>13 140 325</b>	<b>40 471</b>

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Changes in own capital report for 2007 and 2006								
Types of changes	Stock or		Long-term		Retained		Total	
	Share		asset re-		earnings			
	capital		evaluation					
			reserve					
<b>Balance as at 31.12.2005</b>	<b>LVL</b>	<b>EUR</b>	<b>LVL</b>	<b>EUR</b>	<b>LVL</b>	<b>EUR</b>	<b>LVL</b>	<b>EUR</b>
	<b>11672107</b>	<b>16607912</b>	<b>0</b>	<b>0</b>	<b>2901310</b>	<b>4128193</b>	<b>14573417</b>	<b>20736105</b>
Dividends					(233442)	(332158)	(233442)	(332158)
Period of account net profit & loss					473764	674105	473764	674105
<b>Balance as at 31.12.2006.</b>	<b>11672107</b>	<b>16607912</b>	<b>0</b>	<b>0</b>	<b>3141632</b>	<b>4470140</b>	<b>14813739</b>	<b>21078052</b>
Re-evaluation reserve			10666906	15177640			10666906	15177640
Dividends					(233442)	(332158)	(233442)	(332158)
Period of account net profit & loss					179395	255257	179395	255257
<b>Balance as at 31.12.2007.</b>	<b>11672107</b>	<b>16607912</b>	<b>10666906</b>	<b>15177640</b>	<b>3087585</b>	<b>4393239</b>	<b>25426598</b>	<b>36188791</b>

EPS for 31.12.2007. LVL 179395:11672107=0,02 LVL or 0,03 EUR; EPS for 31.12.2006.- 0,04 LVL or 0,06 EUR

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29 february 2008

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.12.2007.

## **Notes to the financial statements**

### **Accounting policy**

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

The annual report has been prepared in compliance with “International accounting standard.

Profit & Loss calculation has been prepared as per turnover costs scheme.

Cash flow statement has been prepared as per third method.

Comparing to previous year of account methods of accountancy and evaluation applied in the Company haven't changed.

The annual report has been prepared basing on the conception of continuation of business.

Financial reports, which are applied to the given annual report, are made in the Latvian national currency - in an LVL and counted in EURO.

Pursuant to the company's order No. 122 dated 23 November 2007, there was conducted the balance items' inventory.

#### **(2) Agency continuation**

Present financial report has been prepared with reference to uninterrupted operation of company that an active realization and repayment liability is preceding in an ordinary way.

#### **(3) Net turnover**

Net turnover is a total sum of services rendered and sold within the year and services free from tax and granted trade discounts.

#### **(4) Revaluation of foreign currency in lats**

All the company accounting is carried out into lats.

All monetary assets in foreign currency were revaluated in lats in the end of the year of account pursuant to the currency exchange rate officially established by the Bank of Latvia on 31 December.

Cash, debtors and creditors in currency at the end of the year was converted in Ls in accordance to the Bank of Latvia currency rate at the last day of year of the account. Net income or losses at the result of exchange rate fluctuations was reflected in profit-loss statement.

Currency rate for financial statements at December 31:

	<b>31.12.2007</b>	<b>31.12.2006</b>
	<b>Ls</b>	<b>Ls</b>
1 USD	0,484	0,536
1 EUR	0,702804	0,702804
1 NOK	0,0876	0,0854
1 GBP	0,963	1,048
1 RUB	0,0197	0,0203

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

Fixed assets have been evaluated as per initial costs value, deducting accumulated depreciation. Depreciation has been calculated as per linear method, considering the rate established by the JSC order No.4 dated 8 January 2002. Calculation of depreciation of the fixed assets was commenced starting with the first date of the month next to commissioning and was finished on the first date of the month next to their exclusion from the fixed assets' number.

Company capitalizes permanent assets with value more Ls 50 and time of valid usage is more than 1 year. Increased value of revaluing permanent assets is reflected as moving towards long-term investments revaluation reserve. It is attributed to the dissolution of permanent assets in the calculation of profits, incomes losses. To calculate enterprise's income tax the depreciation of the fixed assets was estimated pursuant to rates and requirements under article 13 of LR law "On enterprises' income tax".

Low-grade stock booked at the purchase prices and costs was 100% written off after commissioning.

**(6) Property deposit**

There is some property that is hold in order to gain cost for the rent.

**(7) Affiliated undertaking deposits.**

Affiliated undertaking deposits are shown taking into account SGS Nr.27, 28, 36 as well as SFPS Nr.3 requirements. Though since year 2004 goodwill amortization and 36 SGS requirements were suspended.

**(8) Other long-term investments.**

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

**(9) Reserves**

Raw materials, materials and goods subject to sale were booked at the purchase price, including costs related to purchase, and were accounted as per FIFO methods. Sum of Illiquid assets', stored in the enterprise's warehouses, in comparison to total commodity stock was not essential.

Balance of reserves has been shown at the lowest costs.

Unfinished production has been reflected at the prime cost, excluding administration costs.

**(10) Long-term contract**

Initial and final dates of execution of the contract about creation of an active are in the different accounting periods.

Incomes of long-term contracts admit according to a degree of their readiness. The degree of readiness is determined surveying results of work personally and physically ascertaining the termination of a part of works of the named contracts.

**(11) Debtors**

Debtors' debts in the balance sheet have been shown at the net value. Debtors' actual sum complies with contracts and other accounting basic documents. There has been made reconciliation of debtors' debts as at 31 December 2007.

**(12) Accumulated income**

The incomes from Riga Shipyard's customers are acknowledged respective to its executive degree.

**(13) Cash and cash equivalents**

In the report of cash flow consist of the money in cash-box and remnants of active bank cont.

**(14) Reserves for unused vocations**

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

**(15) Income tax of the enterprise**

Enterprise income tax was calculated according to Latvia Republic tax laws. Tax laws in 2007 and further fix 15% tax rate.

Deferred taxation was referable to all short-term distinctions, which appear as a result of making accountancy of earnings and expenses according to tax laws. Deferred taxation is liability, which was calculated using tax rates. The main short-term distinctions appear from distinctions of fixed assets and nonmaterial wealth depreciation norms in taxes and financial bookkeeping calculation.

Deferred taxation assets item was included in financial reports only when regain of assets is real.

**(16) Taxes**

There has been made reconciliation of taxes liabilities by data of SRS Ziemeļu division.

**(17) Bookkeeping arrangement**

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

**(18) Use of estimation**

In financial reports enterprise management must make estimations, assumptions which influence presented assets and liabilities at the date of annual report processing. Real results can differ from estimations.

**(19) Financial risks**

In ordinary work enterprise was subjected to credit risk and currency risk.

**(20) Credit risk**

Financial plants potentially dangerous for enterprise are rest of money and its equivalents, account receivable, deposit.

**(21) Percentage risk**

Enterprise is subjected from credit interest rate changing risk.

**(22) Currency risk**

Enterprise is subjected from currency changing risk in marketing and purchases operations, borrowings in different currency. Financial risk is possible in relation of Ls to USD.

**(23) Dividend**

Dividend was reflex as fixed in announced period.

**(24) Retraining**

In comparative readings for year 2006 in necessary cases individual post classification is changed in order to not meet post classification for year 2007.

**Profit & Loss calculation supplement**

**(1) Net turnover**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
On aspects of business				
- Shipbuilding	17 296 450	11 361 163	24 610 631	16 165 479
- Ship repair	16 938 121	18 034 067	24 100 775	25 660 166
- Mechanical engineering	216 238	378 019	307 679	537 873
- Other works	1 168 409	107 957	1 662 496	153 608
<b>Total</b>	<b><u>35 619 218</u></b>	<b><u>29 881 206</u></b>	<b><u>50 681 581</u></b>	<b><u>42 517 126</u></b>

**(1a) Including net turnover allocation per geographical markets**

- Latvia	6 594 292	2 394 351	9 382 832	3 406 855
- Russia	3 241 871	1 721 084	4 612 767	2 448 882
- Great Britain	182 906	0	260 252	0
- Norway	9 796 633	6 099 946	13 939 353	8 679 441
- Cyprus	1 052 331	1 689 068	1 497 332	2 403 327
- Belize	0	702 635	0	999 760
- Malta	3 599 613	1 883 246	5 121 788	2 679 618
- Panama	802 688	2 330 615	1 142 122	3 316 166
- Liberia	1 454 345	2 600 693	2 069 347	3 700 453
- Sweden	754 126	273 982	1 073 025	389 841
- Finland	0	1 201 683	0	1 709 841
- Iceland	1 699 897	741 550	2 418 736	1 055 131
- Denmark	1 840 106	3 604 754	2 618 234	5 129 103
- Bahamas	1 811 756	210 840	2 577 897	299 998
- The Netherlands	400 274	0	569 539	0
- St Vincent	0	1 107 187	0	1 575 385
- Portugal	0	246 016	0	350 049
- Cambodia	576 963	9 007	820 944	12 816
- Antigua and Barbuda	162 403	200 286	231 079	284 981
- Gibraltar	245 981	9 456	349 999	13 455
- Lithuania	508 297	591 493	723 241	841 619
- Ukraine	0	42 484	0	60 449
- Marshall Island	186 803	0	265 797	0
- Comoros union	0	431 486	0	613 949
- Spain	0	135 762	0	193 172
- Belgium	700 918	693 931	997 316	987 375
- Vanuatu	0	913 564	0	1 299 884
- Slovakia	0	30 762	0	43 770
- Dominica	0	15 325	0	21 806
- Thailand	7 015	0	9 981	0
<b>Total</b>	<b><u>35 619 218</u></b>	<b><u>29 881 206</u></b>	<b><u>50 681 581</u></b>	<b><u>42 517 126</u></b>

**Profit & Loss calculation supplement**

**(2) Sold products operating costs**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Material costs (raw materials and materials, value of goods, services from outside)	28 097 212	22 556 562	39 978 731	32 095 096
Salary	4 064 883	3 994 152	5 783 807	5 683 166
Social tax	928 013	920 108	1 320 444	1 309 196
Depreciation of fixed assets	861 099	801 602	1 225 233	1 140 577
Accruals for vocations	22 870	0	32 541	0
Other costs	583 445	572 005	830 168	813 890
<b>Total</b>	<b><u>34 557 522</u></b>	<b><u>28 844 429</u></b>	<b><u>49 170 924</u></b>	<b><u>41 041 925</u></b>

**(3) Selling costs**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Advertisement	56 086	63 450	79 803	90 281
<b>Total</b>	<b><u>56 086</u></b>	<b><u>63 450</u></b>	<b><u>79 803</u></b>	<b><u>90 281</u></b>

**(4) Administration costs**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Liaison costs	22 202	12 300	31 591	17 501
Office maintenance costs	9 751	5 365	13 874	7 634
Annual report costs	9 000	8 500	12 806	12 094
Salary of administration	42 127	55 924	59 941	79 573
Accrual for vocation	0	0	0	0
Remuneration of the board	252 018	228 258	358 589	324 782
Remuneration of the council	210 000	201 750	298 803	287 064
Social insurance costs	60 022	61 458	85 404	87 447
Depreciation of fixed assets	40 748	40 971	57 979	58 296
Transport costs, travel allowances	80 791	81 665	114 955	116 199
Legal services	10 328	9 117	14 695	12 972
Assurance	7 771	11 542	11 057	16 424
Representation costs	22 797	28 887	32 438	41 102
<b>Total</b>	<b><u>767 555</u></b>	<b><u>745 737</u></b>	<b><u>1 092 132</u></b>	<b><u>1 061 088</u></b>



**Profit & Loss calculation supplement**

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

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Income generated by transport services rendering	23 506	11 430	33 446	16 263
Income generated by leased FA payments and public services	655 235	539 519	932 315	767 666
Tugboat services income	113 444	110 636	161 416	157 421
Selling out of raw materials and materials	289 657	255 477	412 145	363 511
Income generated by fluctuation of currency rate	1 373	1 448	1 954	2 060
Income generated by chemical analyses	4 477	3 383	6 370	4 814
Income generated by realization of fixed assets	9 142	82 347	13 008	117 169
Income generated by difference between face value of certificates and costs on their acquisition		0		0
Increase of reserves due to inventory		0		0
Previous year income	17 180	27 460	24 445	39 072
Reimbursement of losses	17 392	0	24 747	0
Education expenses recovery	2 723	3 143	3 874	4 472
Incomes from writing off accounts payable to limit expiration.	389	28 200	553	40 125
Currency selling income	0	56 408	0	80 261
Compensation instrument lost	354	166	504	236
Other income	2 468	44 145	3 512	62 814
<b>Total</b>	<b><u>1 137 340</u></b>	<b><u>1 163 762</u></b>	<b><u>1 618 289</u></b>	<b><u>1 655 884</u></b>

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

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Material purchase costs	266 020	215 059	378 512	306 001
Losses due to currency rate fluctuation	35 020	0	49 829	0
Losses incurred by currency selling out	50 056	108 901	71 223	154 952
Social infrastructure objects costs (medical services)	11 108	8 967	15 805	12 759
Costs on tugboat services	41 933	50 081	59 665	71 259
The donations	8 596	5 400	12 231	7 684
Material benefits	12 110	9 910	17 231	14 101
Burial costs	2 457	5 596	3 496	7 962
Costs incurred by fixed assets’ exclusion	919	30 008	1 308	42 698
Representation costs	16 645	20 388	23 684	29 010
Costs on maintenance of leased FA	328 184	233 722	466 964	332 556
Special reserved sum provided for unsecured debts	23 544	33 346	33 500	47 447
Preceding year costs	55 803	0	79 400	0
Other costs	1 389	1 608	1 977	2 288
<b>Total</b>	<b><u>853 784</u></b>	<b><u>722 986</u></b>	<b><u>1 214 825</u></b>	<b><u>1 028 717</u></b>

**Profit & Loss calculation supplement**

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

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Depositing percentage	236	2 519	336	3 584
Bank interests	71	57	101	81
Interests income for loans	50 490	52 879	71 841	75 240
Received penalty payments	82 318	25 346	117 128	36 064
<b>Total</b>	<b>133 115</b>	<b>80 801</b>	<b>189 406</b>	<b>114 969</b>

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

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Paid off penalty	5 647	192	8 035	273
Paid off interests	239 773	84 626	341 166	120 412
Guarantee maintenance	84 188	66 400	119 789	94 479
<b>Total</b>	<b>329 608</b>	<b>151 218</b>	<b>468 990</b>	<b>215 164</b>

**(9) Income taxes of the enterprise for the year of account**

	<b>2007 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>EUR</b>
Pursuant to LR law “On enterprises’ income tax” declaration’s line 0.3 – “Costs unrelated to economical activities” there have been reflected:		
Presents to employees	80 619	114 710
The donations	8 596	12 231
Material benefits	11 840	16 847
Burial costs	3 332	4 741
Other costs	371	528
<b>Total</b>	<b>104 758</b>	<b>149 057</b>

**(9)a Income tax important component parts**

Profit & Loss statement

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Income tax	15 866	3 487	22 575	4 962
Increase of deferred taxation	30 427	67 157	43 294	95 556
<b>Total</b>	<b>46 293</b>	<b>70 644</b>	<b>65 869</b>	<b>100 518</b>

**Profit & Loss calculation supplement**

<b>(9) Deferred taxation calculation</b>	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
Deferred taxation liabilities:	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Spread between capital assets residual value in financial accountancy and for tax collections	3 025 797	2 800 081	4 305 321	3 984 156
Deferred taxation assest:				
Reserves for vacations	244 344	221 474	347 670	315 129
Provisional distinctions total	<b>2 781 453</b>	<b>2 578 607</b>	<b>3 957 651</b>	<b>3 669 027</b>
<b>Deferred taxation liabilities/(assets), rate 15%</b>	417 218	386 791	593 648	550 354
<b>Deferred taxation liabilities</b>	<b>417 218</b>	<b>386 791</b>	<b>593 648</b>	<b>550 354</b>

<b>Deferred taxation liability changes</b>	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Rest at the beginning of year of account	386 791	319 634	550 354	454 798
Deferred taxation increase	30 427	67 157	43 294	95 556
<b>Deferred EIT income tax liabilities at the end of taxation year</b>	<b>417 218</b>	<b>386 791</b>	<b>593 648</b>	<b>550 354</b>

**(10) Other taxes**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Buildings and constructions real estate tax	106 900	29 650	152 105	42 188
Real estate tax	23 890	23 891	33 992	33 994
<b>Total</b>	<b>130 790</b>	<b>53 541</b>	<b>186 097</b>	<b>76 182</b>

**Supplement to the balance sheet**

**(11) Other intangible investments (Ls)**

	Concession s, patents, licenses, trade- marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
<b>Initial value</b>						
01.01.2007			68 377		154587	<b>222964</b>
Bought			2032		25676	<b>27708</b>
Written off					255	<b>255</b>
31.12.2007	0	0	70409		180008	<b>250417</b>
<b>Depreciation</b>						
01.01.2007			15687			<b>15687</b>
Estimated			13988			<b>13988</b>
Written off						
31.12.2007			29675			<b>29675</b>
<b>Balance value</b>						
<b>01.01.2007</b>			<b>52690</b>		<b>154587</b>	<b>207277</b>
<b>Balance value</b>						
<b>31.12.2007</b>			<b>40734</b>		<b>180008</b>	<b>220742</b>

**(11) Other intangible investments (EUR)**

	Concession s, patents, licenses, trade- marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
<b>Initial value</b>						
01.01.2007			97292		219957	<b>317249</b>
Bought			2891		36534	<b>39425</b>
Written off					363	<b>363</b>
31.12.2007	0	0	100183		256128	<b>356311</b>
<b>Depreciation</b>						
01.01.2007			22321			<b>22321</b>
Estimated			19903			<b>19903</b>
Written off						
31.12.2007			42224			<b>42224</b>
<b>Balance value</b>						
<b>01.01.2007</b>			<b>74971</b>		<b>219957</b>	<b>294929</b>
<b>Balance value</b>						
<b>31.12.2007</b>			<b>57959</b>		<b>256128</b>	<b>314087</b>

**Supplement to the balance sheet**

**(12) Report on long-term investments movement (Ls)**

	Land, buildings, constructions Ls	Investments assets	Long-term investments into leased FA Ls	Equipment and machinery Ls	Other fixed assets Ls	Unfinished construction Ls	Advance Payment for FA Ls	Total Ls
<b>Initial value</b>								
<b>01.01.2007</b>	4655983	565055	9484	10000997	872116	107894	0	<b>16211529</b>
Bought	309625	31308		332572	121336	1073060	99965	<b>1967866</b>
Written off	958		6180	168241	51776	796873	72485	<b>1096513</b>
Relocated				8088405				<b>8088405</b>
<b>31.12.2007</b>	<b>4964650</b>	<b>596363</b>	<b>3304</b>	<b>18253733</b>	<b>941676</b>	<b>384081</b>	<b>27480</b>	<b>25171287</b>
<b>Depreciation</b>								
<b>01.01.2007</b>	1577602	123366		6271510	440740			<b>8413218</b>
Estimated	148502	24596		643980	88361			<b>905439</b>
Written off	895			160949	51512			<b>213356</b>
Relocated				-2578501				<b>-2578501</b>
<b>31.12.2007</b>	<b>1725209</b>	<b>147962</b>	<b>0</b>	<b>4176040</b>	<b>477589</b>	<b>0</b>	<b>0</b>	<b>6526800</b>
<b>Balance value</b>								
<b>01.01.2007</b>	<b>3078381</b>	<b>441689</b>	<b>9484</b>	<b>3729487</b>	<b>431376</b>	<b>107894</b>	<b>0</b>	<b>7798311</b>
<b>Balance value</b>								
<b>31.12.2007</b>	<b>3239441</b>	<b>448401</b>	<b>3304</b>	<b>14077693</b>	<b>464087</b>	<b>384081</b>	<b>27480</b>	<b>18644487</b>

**(12) Report on long-term investments movement (EUR)**

	Land, buildings, constructions Euro	Investments assets Euro	Long-term investments into leased FA Euro	Equipment and machinery Euro	Other fixed assets Euro	Unfinished construction Euro	Advance Payment for FA Euro	Total Euro
<b>Initial value</b>								
<b>01.01.2007</b>	6624867	804001	13495	14230137	1240909	153519	0	<b>23066928</b>
Bought	440557	44547	0	473207	172646	1526827	142237	<b>2800021</b>
Written off	1363	0	8793	239385	73671	1133848	103137	<b>1560197</b>
Relocated				11508763				<b>11508763</b>
<b>31.12.2007</b>	<b>7064061</b>	<b>848548</b>	<b>4701</b>	<b>25972722</b>	<b>1339884</b>	<b>546498</b>	<b>39101</b>	<b>35815515</b>
<b>Depreciation</b>								
<b>01.01.2007</b>	2244725	175534	0	8923555	627117	0	0	<b>11970931</b>
Estimated	211299	34997		916301	125726			<b>1288323</b>
Written off	1273			229010	73295			<b>303578</b>
Relocated				-3668876				<b>-3668876</b>
<b>31.12.2007</b>	<b>2454751</b>	<b>210531</b>		<b>5941970</b>	<b>679548</b>			<b>9286800</b>
<b>Balance value</b>								
<b>01.01.2007</b>	<b>4380142</b>	<b>628467</b>	<b>13495</b>	<b>5306582</b>	<b>613793</b>	<b>153519</b>	<b>0</b>	<b>11095998</b>
<b>Balance value</b>								
<b>31.12.2007</b>	<b>4609309</b>	<b>638017</b>	<b>4701</b>	<b>20030753</b>	<b>660336</b>	<b>546498</b>	<b>39101</b>	<b>26528715</b>

**Supplement to the balance sheet**

**Profit & Loss calculation supplement**

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

	2007 year Ls	2006 year Ls	2007 year EUR	2006 year EUR
Initial value	220 975	174 716	314 419	248 598
Accumulated depreciation	213 356	144 708	303 578	205 901
Balance value	7 619	30 008	10 841	42 698
Permanent assets liquidation loss	<u>7 619</u>	<u>30 008</u>	<u>10 841</u>	<u>42 698</u>

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

	2007 year Ls	Share capital (%)	2006 year Ls	Share capital (%)	2007 year EUR	2006 year EUR
Branch enterprise “Tosmare shipyard” JSC investment value	<b>2 164 782</b>	49,72	<b>2 164 782</b>	49,72	<b>3 080 207</b>	<b>3 080 207</b>
SIA “Remars Granula”	<b>843 365</b>	49,80	<b>0</b>		<b>1 200 000</b>	
<b>Investments</b>	<u><b>3 008 147</b></u>		<u><b>2 164 782</b></u>		<u><b>4 280 207</b></u>	<u><b>3 080 207</b></u>

**(14) Participation in the capital of associated companies**

31.12.2006	SIA “Remars Granula” Ls	SIA “Remars Granula” Eur
Issued credit	11 730	16 690
Transeferred from other credits	271 810	386 751
<b>31.12.2007</b>	<b>283 540</b>	<b>403 441</b>

**(15) Other equities and investments**

Name enterprise	Parts or shares	Parts or shares value		31.12.2007			31.12.2006		
		2007	2006	Quantity	Ls	EUR	Quantity	Ls	EUR
“Baltic International Bank” JSC		5	5	33	165	235	33	165	235
<b>Total</b>		<b>5</b>	<b>5</b>	<b>33</b>	<b>165</b>	<b>235</b>	<b>33</b>	<b>165</b>	<b>235</b>

**Supplement to the balance sheet**

**(16) Other loans and other long-term debtors ( Ls )**

Name enterprise	31.12.2006	Loans granted in 2007	Repaid debts 2007	Difference in currency rate	Reallocation at a short	31.12.2007	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	50 020	10 896	1 383	-4 998	0	54 535	2018-2024	-
Shares loan payout	528 426	0	0	0	14 978	513 448	2011-2012	-
Long-term loan	271 810	0	0	0	271 810	0	2009	-
<b>Total</b>	<b>850 256</b>	<b>10 896</b>	<b>1 383</b>	<b>-4 998</b>	<b>286 788</b>	<b>567 983</b>		

Amount to be pay back after 5 years – 503 185 Ls.

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

Name enterprise	31.12.2006	Loans granted in 2007	Repaid debts 2007	Difference in currency rate	Reallocation at a short	31.12.2007	Term of payment	Percent correlation
	Eur	Eur	Eur	Eur		Eur		
Student loan payout	71 172	15 504	1 968	-7 111	0	77 597	2018-2024	-
Shares loan payout	751 882	0	0	0	21 312	730 570	2011-2012	-
Long-term loan	386 751	0	0	0	386 751	0	2009	-
<b>Total</b>	<b>1 209 805</b>	<b>15 504</b>	<b>1 968</b>	<b>-7 111</b>	<b>408 063</b>	<b>808 167</b>		

Amount to be pay back after 5 years – 715 968 EUR

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

	2007 year Ls	2006 year Ls	2007 year EUR	2006 year EUR
Long-term loans	342 284	352 284	487 026	501 255
<b>Total</b>	<b>342 284</b>	<b>352 284</b>	<b>487 026</b>	<b>501 255</b>

**Supplement to the balance sheet**

	Ls	Euro
Copartners and directorship		
Including: Long-term	342 284	487 026
Short-term	10 000	14 229
<b>31.12.2007</b>	<b>352 284</b>	<b>501 255</b>

There is a management of JSC “Tosmare shipyard” shares in this position. The sum, which should be paid in 5 years- 302 284 Ls or 430 111 EUR.

**(18) Raw materials, direct materials and auxiliary materials**

	2007 year Ls	2006 year Ls	2007 year EUR	2006 year EUR
1. Metal ware	73 548	54 639	104 649	77 744
2. Timbering	12 889	12 016	18 339	17 097
3. Metal, non-ferrous metals, pipes	2 550 770	2 903 240	3 629 419	4 130 938
4. Wire cables	68 298	6 015	97 179	8 559
5. Fuel	33 283	8 703	47 357	12 383
6. Coveralls	9 159	13 355	13 032	19 002
7. Equipment	784 462	908 391	1 116 189	1 292 524
8. Cables	51 814	29 816	73 767	42 424
9. Varnish and paint	95 844	110 181	136 374	156 773
10. Tools	20 922	27 948	29 769	39 768
11. Household goods	206	2 636	293	3 751
12. Technical rubber ware	13 385	14 321	19 045	20 377
13. Other	577 219	679 816	821 311	967 291
<b>Total</b>	<b>4 291 829</b>	<b>4 771 077</b>	<b>6 106 723</b>	<b>6 788 631</b>

**(19) Unfinished production**

	2007 year Ls	2006 year Ls	2007 year EUR	2006 year EUR
Unfinished production is shown in the balance sheet at production cost, excluding administration costs.				
Shipbuilding orders	25 351	0	36 071	0
<b>Total</b>	<b>25 351</b>	<b>0</b>	<b>36 071</b>	<b>0</b>

**(20) Unfinished orders**

	2007 year Ls	2006 year Ls	2007 year EUR	2006 year EUR
1) Ship repair orders	524 290	325 086	745 997	462 556
Including:				
-m/v “Ahtela”	283 079		402 785	
-m/v “Gerakl”	14 389		20 474	
-m/v “Anna Jonanne”	135 373		192 618	
-m/v “Konti express”	9 708		13 813	
The others	81 741		116 307	
2) Mechanical engineering orders	16 254	34 627	23 127	49 270
3) Various	2 493	440	3 548	626
<b>Total</b>	<b>543 037</b>	<b>360 153</b>	<b>772 672</b>	<b>512 452</b>



**Supplement to the balance sheet**  
**(21) Advance payments for goods**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
For materials	622 793	846 912	886 155	1 205 047
<b>Total</b>	<b>622 793</b>	<b>846 912</b>	<b>886 155</b>	<b>1 205 047</b>

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

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Buyers and customers accounting value	4 037 672	2 881 175	5745090	4 099 543
Generated reserves	-224 628	-201 084	-319 617	-286 117
<b>Balance net value</b>	<b>3 813 044</b>	<b>2 680 091</b>	<b>5 425 473</b>	<b>3 813 426</b>

**Changes in provisions (Ls)**

	<b>Debts of buyers and customers</b>	<b>Other debtors</b>	<b>Total</b>
<b>Savings 31.12.2006</b>	<b>201 084</b>	<b>151 392</b>	<b>352 476</b>
Increase of savings	0	17 392	17 392
Decrease of savings	23 544	0	23 544
<b>Savings 31.12.2007</b>	<b>224 628</b>	<b>134 000</b>	<b>358 628</b>

**Changes in provisions (EUR)**

	<b>Debts of buyers and customers</b>	<b>Other debtors</b>	<b>Total</b>
<b>Savings 31.12.2006</b>	<b>286 117</b>	<b>215 411</b>	<b>501 528</b>
Increase of savings	0	24 747	24 747
Decrease of savings	33 500	0	33 500
<b>Savings 31.12.2007</b>	<b>319 617</b>	<b>190 664</b>	<b>510 281</b>

**(23) Associated companies debts**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
“Tosmare shipyard” JSC	559	49 999	795	71 142
SIA “Remars Granula”	85 457		121 595	
<b>Total</b>	<b>86 016</b>	<b>49 999</b>	<b>122 390</b>	<b>71 142</b>

Dept for services

**Supplement to the balance sheet  
(24) Other debtors**

	2007 year Ls	2006 year Ls	2007 year EUR	2006 year EUR
Accounting value	1 599 520	1 585 655	2 275 911	2 256 183
Generated reserves	-134 000	-151 392	-190 664	-215 411
<b>Balance net value</b>	<b>1 465 520</b>	<b>1 434 263</b>	<b>2 085 247</b>	<b>2 040 772</b>
Other debtors debts are as following:				
Accounted VAT	963 183	747 830	1 370 486	1 064 066
Overpaid taxes				
- Value added tax	260 941	369 535	371 286	525 801
- Enterprise income tax	52 100	121 860	74 132	173 391
- Real estate tax	36 772	0	52 322	
Payments personal debts	268	513	381	730
Payment of salary	278	106	396	151
Short-term loans for "Tosmare Shipyard" JSC'S shares	14 955	15 000	21 279	21 343
Short-term loans	0	0	0	0
Advance payment of service	126 028	154 135	179 322	219 314
Account with other debtors	9 317	25 284	13 256	35 976
<b>Total</b>	<b>1 463 842</b>	<b>1 434 263</b>	<b>2 082 860</b>	<b>2 040 772</b>

**(25) Short-term loans to the enterprise's copartners and directorship**

	Directorship, copartners Ls	Directorship, copartners EUR
	Loan JSC "Remars Riga" leaders debt for shares 31.12.2007	212 676
	10 000	14 228
	<b>222 676</b>	<b>316 839</b>

**(26) Next period costs**

	2007 year Ls	2006 year Ls	2007 year EUR	2006 year EUR
Enterprise's property insurance premium sum	26 426	35 555	37 601	50 590
Subscription to the press	268	671	381	955
Inviting of specialists	16 375	15 207	23 300	21 638
Insurance of health	4 998	4 807	7 112	6 840
Check of floating means	16 185	6 287	23 029	8 946
Expenses for repair of the rented basic means	12 166	13 695	17 311	19 485
Advertisements	1 279	614	1 820	874
Others	3 244	2 891	4 615	4 113
<b>Total</b>	<b>80 941</b>	<b>79 727</b>	<b>115 169</b>	<b>113 441</b>

**Supplement to the balance sheet**

**(27) Accrued proceeds**

	<b>2007 year</b> <b>Ls</b>	<b>2006 year</b> <b>Ls</b>	<b>2007 year</b> <b>EUR</b>	<b>2006 year</b> <b>EUR</b>
Shipbuilding	13 739 649	5 978 704	19 549 759	8 506 929
<b>Total</b>	<b>13 739 649</b>	<b>5 978 704</b>	<b>19 549 759</b>	<b>8 506 929</b>

**(28) Cash assets**

	<b>2007 year</b> <b>Ls</b>	<b>2006 year</b> <b>Ls</b>	<b>2007 year</b> <b>EUR</b>	<b>2006 year</b> <b>EUR</b>
Money at a cash department	2 810	1 990	3 998	2 832
Money on current accounts	8 263	26 453	11 757	37 639
Deposit	9 224 000	0	13 124 570	0
<b>Total</b>	<b>9 235 073</b>	<b>28 443</b>	<b>13 140 325</b>	<b>40 471</b>

**(29) Stock or share capital (equity capital)**

“Riga shipyard” JSC was founded in 1995 with the equity capital of Ls 10 000 000, which was comprised of 10 000 000 shares, face value of one share made up Ls 1.

The joint stock company is public and its shares are quoted on Securities Exchange.

Amendments to the Acts:

1. Growth of the equity capital up to Ls 11 000 000 on 31 December 1998.
2. Growth of the equity capital up to Ls 11 672 107 on 30 December 1999.

	<b>31.12.2007</b> <b>Ls</b>	<b>%</b>	<b>31.12.2006</b> <b>Ls</b>	<b>%</b>	<b>2007 year</b> <b>EUR</b>	<b>2006 year</b> <b>EUR</b>
“Remars-Riga” JSC	5 819 194	49.86	5 819 194	49.86	8 279 967	8 279 967
Other limited companies	3 335 061	28.57	2 428 228	20.80	4 745 364	3 455 057
Private personae	2 517 852	21.57	3 424 685	29.34	3 582 581	4 872 888
<b>Total</b>	<b>11 672 107</b>	<b>100</b>	<b>11 672 107</b>	<b>100</b>	<b>16 607 912</b>	<b>16 607 912</b>

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

	<b>2007 year</b> <b>Ls</b>	<b>2006 year</b> <b>Ls</b>	<b>2007 year</b> <b>EUR</b>	<b>2006 year</b> <b>EUR</b>
<b>Total</b>	<b>7 341 235</b>	<b>1 936 489</b>	<b>10 445 636</b>	<b>2 755 376</b>

**Supplement to the balance sheet**

**(31) Liability of leasing**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Liability of leasing short stake	2 954	5 706	4 203	8 119
Liability of leasing long stake	0	2 954	0	4 203
<b>Total</b>	<b>2 954</b>	<b>8 660</b>	<b>4 203</b>	<b>12 322</b>

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

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
For shipbuilding	20 292 480	8 902 721	28 873 598	12 667 431
For ship repair	186 758	139 704	265 733	198 781
Others	8 082	5 627	11 499	8 006
<b>Total</b>	<b>20 487 320</b>	<b>9 048 052</b>	<b>29 150 830</b>	<b>12 874 218</b>

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

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Debts for services	59 992	54 623	85 361	77 722
Debts for materials	829 257	832 503	1 179 926	1 184 544
Debts subcontractors	1 668 359	782 496	2 373 861	1 113 391
<b>Total</b>	<b>2 557 608</b>	<b>1 669 622</b>	<b>3 639 148</b>	<b>2 375 657</b>

**Supplement to the balance sheet**

**(34) Movement of tax liabilities in 2007 (Ls)**

	Balance as at 01.01.2007 Ls	Calculated In 2007 Ls	Paid off In 2007 Ls	Deflected to other taxes Ls	Balance as at 31.12.2007 Ls
Social insurance payments	80 485	1 389 034	1 362 389		107 130
Residents income tax	57 880	927 453	907 819		77 514
VAT	-369 535	-2 112 682	-35 000	-2 186 276	-260 941
Real estate tax	1 017	130 790	168 579		-36 772
Enterprise income tax	-116 812	17 961	37 280	-84 031	-52 100
Risk tax	225	2 497	2 526		196
Customs duty on import	0	1 045	1 045		0
Natural resources tax	1 061	12 014	9 993		3 082
<b>Total</b>	<b>-345 679</b>	<b>368 112</b>	<b>2 454 631</b>	<b>-2 270 307</b>	<b>-161 891</b>
<b>Ink. Overpay tax</b>					<b>-349 813</b>
<b>Debt tax</b>					<b>187 922</b>

**Movement of tax liabilities in 2007 (EUR)**

	Balance as at 01.01.2007 EUR	Calculated In 2007 EUR	Paid off In 2007 EUR	Deflected to other taxes EUR	Balance as at 31.12.2007 EUR
Social insurance payments	114 520	1 976 418	1 938 505		152 433
Residents income tax	82 356	1 319 647	1 291 710		110 293
VAT	-525 801	-3 006 076	-49 801	-3 110 790	-371 286
Real estate tax	1 447	186 097	239 866	0	-52 322
Enterprise income tax	-166 208	25 556	53 045	-119 565	-74 132
Risk tax	320	3 553	3 594		279
Customs duty on import	0	1 487	1 487		0
Natural resources tax	1 509	17 094	14 219		4 384
<b>Total</b>	<b>-491 857</b>	<b>523 776</b>	<b>3 492 625</b>	<b>-3 230 355</b>	<b>-230 351</b>
<b>Ink. Overpay tax</b>					<b>-497 739</b>
<b>Debt tax</b>					<b>267 389</b>

**Supplement to the balance sheet**

**(35) Other creditors**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Salary	226 134	205 557	321 760	292 481
Payments for deductions from salary	2 034	1 110	2 894	1 580
Payments by return to personae	2 095	1 279	2 981	1 820
Payments for credit cards	2 295	3 913	3 265	5 568
Payments for debts to other enterprises	23 405	19 400	33 302	27 604
<b>Total</b>	<b>255 963</b>	<b>231 259</b>	<b>364 202</b>	<b>329 053</b>

**(36) Unpaid previous years dividends**

	<b>2007 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>EUR</b>
<b>31.12.2006</b>	20 182	28 716
Calculated	233 442	332 158
Paid off	228 096	324 551
<b>31.12.2007</b>	<b>25 528</b>	<b>36 323</b>

**(37) Accrued liabilities**

	<b>2007 year</b>	<b>2006 year</b>	<b>2007 year</b>	<b>2006 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
For services	244 909	165 830	348 474	235 954
Accruals for vocations	244 344	221 474	347 670	315 130
<b>Total</b>	<b>489 253</b>	<b>387 304</b>	<b>696 144</b>	<b>551 084</b>

**General remarks**

<b>(1) Year average number of employees</b>	<b>2007 year Ls</b>	<b>2006 year Ls</b>	<b>2007 year EUR</b>	<b>2006 year EUR</b>
Average number of employees	809	949		
<b>(2) Personnel payments</b>	<b>5 616 808</b>	<b>5 538 906</b>	<b>7 991 998</b>	<b>8 410 775</b>
- Salary	4 618 027	4 542 558	6 570 859	6 463 478
- Social tax	998 781	996 348	1 421 139	1 947 297
Total:				
Including:				
Salary of employees working in production (core business)				
- Salary	4 106 028	4 050 003	5 842 351	5 762 635
- Social tax	937 450	933 358	1 333 872	1 857 670
Total:	<b><u>5 043 478</u></b>	<b><u>4 983 361</u></b>	<b><u>7 176 223</u></b>	<b><u>7 620 305</u></b>
Payment for work of Administration				
- Salary	42 127	55 924	59 941	79 573
- Social tax	9 374	12 779	13 338	18 183
Total	<b><u>51 501</u></b>	<b><u>68 703</u></b>	<b><u>73 279</u></b>	<b><u>97 756</u></b>
Remuneration of the board				
- Remuneration	252 018	228 258	358 589	324 782
- Social tax	22 934	22 937	32 632	32 636
Total	<b><u>274 952</u></b>	<b><u>251 195</u></b>	<b><u>391 221</u></b>	<b><u>357 418</u></b>
Remuneration of the council				
- Remuneration	210 000	201 750	298 803	287 064
- Social tax	27 715	25 742	39 435	36 628
Total	<b><u>237 715</u></b>	<b><u>227 492</u></b>	<b><u>338 238</u></b>	<b><u>323 692</u></b>
Salary of employees, which are not involved into commercial activity				
- Salary	7 854	6 623	11 175	9 424
- Social tax	1 308	1 532	1 862	2 180
Total	<b><u>9 162</u></b>	<b><u>8 155</u></b>	<b><u>13 037</u></b>	<b><u>11 604</u></b>

Chairman of the Board

***V. MELNIKS***

Member of the Board

***I.KOMAROVS***

Member of the Board

***A.STOLDERS***

Member of the Board

***L.ARTEMENKO***

29 february 2008