

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

***“RIGA SHIPYARD” JSC  
2008 annual report***

***(not audited)  
(not consolidated)***

***Riga, 2009***

*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 enterprise	“Tosmare Shipyard” JSC	
Address	42/44 Generala Baloza Street, Liepaya	
Partnership	49,72%	
Associate enterprise	“Remars Granula” SIA	
Address	2 Gales street, Riga, LV-1015	
Partnership	49,80%	
Name, surnames and positions of members of the Board		
Vasilijs Melniks	Chairman of the Board,	p. ID 310867-10726
Igors Komarovs	Member of the Board,	p. ID 040756-10902
Larisa Artemenko	Member of the Board,	p. ID 030349-12926
Irina Rudzate	Member of the Board,	p. ID 091066-11012 (appointed on 20.03.2008)
Aivars Stolders	Member of the Board,	p. ID 060569-10634 (resigned on 31.12.2008)
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 67080868
Annual report	<b>1 January – 31 December 2008</b>	
Tax authority	SRS Riga regional institution Ziemeļu district division	
Name and address of an auditor	Natalija Zaiceva, p ID 140366-10722	
	Sworn auditors firm KSIA “ORIENTS N” LSAA certificate No 28	
Responsible person	Larisa Artemenko Member of the board t. 67353411, E-mail: larisa@riga-shipyard.com	

**“Riga Shipyard” JSC directorship statement to  
2008 annual report**

JSC's "Riga Shipyard" business in the year 2008 was persistent and continued the previous years set in the course of development.

In the past of year 2008 JSC's "Riga Shipyard" total net turnover made up 39998548 LVL, including shipbuilding - 12265261 LVL, ship repairing - 27390551 LVL (compared to the year 2007 – 35626927 LVL, including ship building – 17304159 LVL, ship repairing - 16938121 LVL).

The total brutto turnover of JSC “Riga Shipyard” made up 752662 LVL (1111481 LVL in the year 2007), clear turnover in 2008 made up 204414 LVL, relatively 169185 LVL in 2007. Despite of net turnover's increase, JSC's “Riga Shipyard” clear income has decreased due to inflation's high level, which led to service, energy resources and raw material cost price increase.

During the year 2008 "Riga Shipyard" JSC repaired 100 ships in total (relatively 81 ships in the year 2007), it has also produced and launched on water 11 hulls (in comparison to 9 hulls in the year 2007), as well as 2 newbuilt fully completed tug boats have been turned over for operation to the Free Port authorities.

JSC's "Riga shipyard" products and services, as well as raw material suppliers in the year 2008 has not dramatically changed and mostly remain the same, such as: Western Europe, Russia, Ukraine, Lithuania as well as Latvia. Traditionally, one of the main ship repair customers have been Western European, Russian, Lithuanian and Latvian ship owners, however shipbuilding customers have been mainly from the Scandinavian countries and from Latvia for the tug boats.

During the year 2008 "Riga Shipyard" JSC has invested approximately 1.5 million LVL into new technological equipment acquisition and reconstruction (compared to 0.8 million LVL in the year 2007).

In February 2008, a new reconstructed central boiler-house have been turned over for operation, the building of which had been started in 2007. As reconstruction's result, the central boiler-house utilized gas expenses have been reduced 3.5 times.

A brand new metal plasma-cutting machine SXE – P1 3500 has been purchased and turned over for operation as a result of which environment pollution during hull blocks production has dramatically reduced and, on the other hand, labour quality and effectiveness has increased. Floating dock Nr. 1 has been equipped with a modern CO2 fire-extinguishing system. Floating bridges reconstruction on the docks Nr 1 and 2 has been carried out. A brand new energy saving welding equipment has been also purchased, as well as pier's Nr 8, sea floating crane, bridge crane and pier KONE crane thorough repairs have been carried out.

The projects started in the 1st half of the year 2008 related to the sphere of energy resources reduction such as workshop's heating and ventilation systems reconstruction have been finished.

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

In the year 2009 the Company is planning to continue with the development of already running projects, as well as to go on with the investments into technological projects, equipment exchange and reconstructions that will allow to save on expensive expenditure of electric current.

The modernisation of hot zincification warehouse has been made. as well as modern technological projects at cast and steel smelting house have been inculcated on.

In the future, “Riga Shipyard” JSC will pay its most attention to the enterprise’s technical provision, especially to more available technological processes and equipment with lower energy power expenditure.

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.

**February 27th, 2009  
JSC “Riga Shipyard”  
Chairman 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 December 31th 2008, 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. MELNIKS***

February 27<sup>st</sup>, 2009  
“Riga Shipyard” JSC

**Profit & Loss calculation for 2008 and 2007**

	Remarks	2008 Ls	2007 Ls	2008 EUR	2007 EUR
1. Net turnover	(1)	39 998 548	35 626 927	56 912 806	50 692 550
2. Sold production operating costs	(2)	39 245 886	34 515 446	55 841 864	4 9111 055
<b>3. Gross profit or losses</b>		<b>752 662</b>	<b>1 111 481</b>	<b>1 070 942</b>	<b>1 581 495</b>
4. Selling costs	(3)	48 106	56 086	68 449	79 803
5. Administration costs	(4)	847 873	767 555	1 206 415	1 092 132
6. Other enterprise's business activity's income	(5)	1 165 861	1 218 043	1 658 871	1 733 119
7. Other enterprise's business activity's costs	(6)	845 786	976 125	1 203 445	1 388 901
<b>8. Profit &amp; Losses of business activity's</b>		<b>176 758</b>	<b>529 758</b>	<b>251 504</b>	<b>753 778</b>
9. Income from investments in capital of related and associated companies			31 360		44 621
10. Other percents and the like income	(7)	591 994	133 115	842 332	189 406
11. Payment off percents and the like costs	(8)	403 753	329 608	574 489	468 990
<b>12. Profit &amp; Losses prior to extra ordinary items and taxes</b>		<b>364 999</b>	<b>364 625</b>	<b>519 347</b>	<b>518 815</b>
<b>13. Profit &amp; loss prior to taxes</b>		<b>364 999</b>	<b>364 625</b>	<b>519 347</b>	<b>518 815</b>
14. Income taxes of the enterprise	(9a)	18 463	33 456	26 271	47 604
15. Deferred income	(9b)	41 767	31 194	59 429	44 385
16. Other taxes	(10)	100 355	130 790	142 792	186 097
<b>17. Year of account profit &amp; loss (net income)</b>		<b>204 414</b>	<b>169 185</b>	<b>290 855</b>	<b>240 729</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L. ARTEMENKO**

February 27<sup>st</sup>, 2009

“Riga shipyard” JSC  
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**Balance as at 31 December 2008 and 2007**

ASSETS	Remarks	31.12.2008 Ls	31.12.2007 Ls	31.12.2008 EUR	31.12.2007 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
1 Other intangible investments		26 653	40 734	37 924	57 959
2 Advance payments of intangible investments		167 702	180 008	238 618	256 128
<b>Intangible investments in total</b>	11	<b>194 355</b>	<b>220 742</b>	<b>276 542</b>	<b>314 087</b>
<i>II Fixed assets</i>					
1. Lands, buildings, constructions, perennial plants		3 860 641	3 239 441	5 493 197	4 609 309
2. Long-term investments into leased fixed assets		28 615	3 304	40 715	4 701
3. Equipment and machinery		14 005 016	14 077 693	19 927 342	20 030 753
4. Other fixed assets and stock		413 517	464 087	588 382	660 336
5. Up building of fixed assets and unfinished building objects costs		128 891	384 081	183 395	546 498
6. Advanced payments for fixed assets		5 835	27 480	8 302	39 101
<b>Fixed assets in total</b>		<b>18 442 515</b>	<b>18 196 086</b>	<b>26 241 333</b>	<b>25 890 698</b>
<i>III Property deposit</i>					
<b>Fixed assets and property deposit in total</b>	12	<b>18 884 275</b>	<b>18 644 487</b>	<b>26 869 901</b>	<b>26 528 715</b>
<i>IV Long-term financial investments</i>					
1.Participation in capital of related companies	13	3 008 147	3 008 147	4 280 207	4 280 207
2.Participation in capital of associated companies	14	295 544	283 540	420 522	403 441
3. Other equities and investments	15	165	165	235	235
4. Other loans and other long-term debtors	16	551 743	567 983	785 060	808 167
5. Loans to copartners of the enterprises and to the directorship	17	332 284	342 284	472 799	487 026
6.Long-term deposit	18	4 322 245		6 150 000	
<b>Long-term financial investments in total</b>		<b>8 510 128</b>	<b>4 202 119</b>	<b>12 108 823</b>	<b>5 979 076</b>
<b>Long-term investments in total</b>		<b>27 588 758</b>	<b>23 067 348</b>	<b>39 255 266</b>	<b>32 821 878</b>
<i>Current assets</i>					
<i>I Reserves</i>					
1.Raw materials, direct materials and auxiliary materials	19	3 829 892	4 291 829	5 449 445	6 106 723
2. Unfinished production	20	1 034 881	25 351	1 472 503	36 071
3. Unfinished order	21	359 657	540 388	511 746	768 903
4. Advance payments for goods	22	3 850 734	622 793	5 479 101	886 155
<b>Reserves in total</b>		<b>9 075 164</b>	<b>5 480 361</b>	<b>12 912 795</b>	<b>7 797 852</b>
<i>II Debts of debtors</i>					
1. Debts of buyers and customers	23	3 823 766	3 869 581	5 440 729	5 505 918
2. Associated companies debts	24	95 692	86 016	136 157	122 390
3. Other debtors	25	642 773	1 473 062	914 584	2 095 978
4. Short-term loans to copartners of the enterprise's and to the directorship	26	224 394	222 676	319 284	316 839
6. Next period costs	27	126 611	80 941	180 151	115 169
7. Accrued proceeds	28	5 989 372	13 747 359	8 522 109	19 560 730
<b>Debtors in total</b>		<b>10 902 608</b>	<b>19 479 635</b>	<b>15 513 014</b>	<b>27 717 024</b>
<i>III Short-term financial investments</i>					
<i>Short-term financial investments in total</i>					
<b>Cash assets</b>	29	<b>11 635 260</b>	<b>9 235 073</b>	<b>16 555 483</b>	<b>13 140 325</b>
<b>Current assets in total</b>		<b>31 613 032</b>	<b>34 195 069</b>	<b>44 981 292</b>	<b>48 655 201</b>
<b>Assets in total</b>		<b>59 201 790</b>	<b>57 262 417</b>	<b>84 236 558</b>	<b>81 477 079</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**



“Riga shipyard” JSC  
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<b>LIABILITIES</b>		Remarks	<b>31.12.2008</b> Ls	<b>31.12.2007</b> Ls	<b>31.12.2008</b> EUR	<b>31.12.2007</b> EUR
<b>I</b>	<b>Equity capital</b>					
	1. Stock or share capital (equity capital)	30	11 672 107	11 672 107	16 607 912	16 607 912
	2. Overrate reserved of financial fixed assets		8 868 979	10 666 906	12 619 420	15 177 640
	3. Retained earnings					
	a) previous years retained earnings		3 077 375	2 908 190	4 378 710	4 137 982
	b) year of account retained earnings		204 414	169 185	290 855	240 729
	<i>Retained earnings in total</i>		<i>3 281 789</i>	<i>3 077 375</i>	<i>4 669 565</i>	<i>4 378 711</i>
	<b>Equity capital in total</b>		<b>23 822 875</b>	<b>25 416 388</b>	<b>33 896 897</b>	<b>36 164 263</b>
<b>II</b>	<b>Reserves</b>			122 239		173 930
	<i>Reserves in total</i>			<b>122 239</b>		<b>173 930</b>
<b>III</b>	<b>Creditors</b>					
<b>I</b>	<b>Long-term debts</b>					
	1. Liability of leasing					
	2. Deferred taxation reserves liabilities	9b	2 024 866	417 985	2 881 125	594 739
	<i>Long-term debts in total</i>		<b>2 024 866</b>	<b>417 985</b>	<b>2 881 125</b>	<b>594 739</b>
<b>II</b>	<b>Short-term debts</b>					
	1. Loans from credit institutions	31	5 844 453	7 341 235	8 315 907	10 445 636
	2. Liability of leasing			2 954		4 203
	3. Advance payments received from buyers	32	23 678 913	20 487 320	33 692 058	29 150 830
	4. Debts to suppliers and contractors	33	2 352 534	2 557 608	3 347 354	3 639 148
	5. Debts to associated companies					
	6. Taxes and social insurance payments	34	255 393	187 922	363 392	267 389
	7. Other creditors	35	298 143	256 015	424 219	364 277
	8. Unpaid previous years dividends	36	24 917	25 528	35 454	36 323
	9. Next period income	37	6 833		9 722	
	10. Accrued liabilities	38	892 863	447 223	1 270 430	636 341
	<i>Short-term creditors in total</i>		<b>33 354 049</b>	<b>31 305 805</b>	<b>47 458 536</b>	<b>44 544 147</b>
	<b>Creditors in total</b>		<b>35 378 915</b>	<b>31 723 790</b>	<b>50 339 661</b>	<b>45 138 886</b>
	<b>Liabilities total</b>		<b>59 201 790</b>	<b>57 262 417</b>	<b>84 236 558</b>	<b>81 477 079</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L. ARTEMENKO**

February 27<sup>st</sup>, 2009

**Cash flow statement for 12 months of the year 2008 and 2007**

	2008 Ls	2007 Ls	2008 EUR	2007 EUR
<b>A Cash flow from primary activity</b>				
Sales income	53 626 115	38 941 186	76 303 087	55 408 315
Cash to suppliers, personnel and others primary activity costs	45 182 384	34 895 799	64 288 740	49 652 249
<b>Gross cash flow from primary activity</b>	<b>8 443 731</b>	<b>4 045 387</b>	<b>12 014 347</b>	<b>5 756 066</b>
Interest paid	403 753	323 961	574 489	460 955
Corporate income tax		5 048		7 183
Primary activity before extraordinary items	8 039 978	3 716 378	11 439 858	5 287 928
Cash flow from extraordinary items	8 039 978	3 716 378	11 439 858	5 287 928
<b>Net cash flow from primary activity</b>	<b>8 039 978</b>	<b>3 716 378</b>	<b>11 439 858</b>	<b>5 287 928</b>
<b>B Cash flow from investment activity</b>				
Related and associated enterprises shares acquisition		85 457		121 594
Selling out of shares	20 000	25 000	28 457	35 572
Paid for fixed assets acquisition	454 645	527 702	646 902	750 822
Received for the fixed assets sold	50 752	18 693	72 214	26 598
Loans granted	6 528	10 896	9 289	15 504
Deposit	4 322 245		6 150 000	
Repayment of loans	8 216	751 976	11 690	1 069 965
Interest received	487 986	93 871	694 342	133 566
Received dividend		31 360		44 621
<b>Net cash flow from financial activity</b>	<b>-4 216 464</b>	<b>296 845</b>	<b>-5 999 488</b>	<b>422 372</b>
<b>C Cash flow from financial activities</b>				
Loan received		5 404 746		7 690 261
Loan repaid	1 496 782	3 072	2 129 729	4 371
Dividend paid	611	228 096	869	324 551
<b>Net cash flow from financial activities</b>	<b>-1 497 393</b>	<b>5 173 578</b>	<b>-2 130 598</b>	<b>7 361 339</b>
Result of currency exchange rates changing	74 066	19 829	105 386	28 215
<b>Net cash flow and equivalent increase or decrease (A+B+C)</b>	<b>2 400 187</b>	<b>9 206 630</b>	<b>3 415 158</b>	<b>13 099 854</b>
<b>Cash and equivalent thereof at beginning of the period of accounts</b>	<b>9 235 073</b>	<b>28 443</b>	<b>13 140 325</b>	<b>40 471</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>11 635 260</b>	<b>9 235 073</b>	<b>16 555 483</b>	<b>13 140 325</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**

February 27<sup>st</sup>, 2009

**Changes in own capital report for 2008 and 2007**

Types of changes	Stock or Share capital		Long-term asset reevaluation reserve		Retained earnings		Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<b>Balance as at 31.12.2006</b>	<b>11672107</b>	<b>16607912</b>			<b>3141632</b>	<b>4470140</b>	<b>14813739</b>	<b>21078052</b>
Reevaluation reserve			10666906	155177640			10666906	<b>15177640</b>
Dividends					(233442)	(332158)	(233442)	<b>(332158)</b>
Period of account net profit & loss					169185	240729	169185	<b>240729</b>
<b>Balance as at 31.12.2007</b>	<b>11672107</b>	<b>16607912</b>	<b>10666906</b>	<b>15177640</b>	<b>3077375</b>	<b>4378711</b>	<b>25416388</b>	<b>36164263</b>
Reevaluation reserve			*(232813) **(1565114)	(331264) (2226957)			(1797927)	<b>(2558221)</b>
Dividends								
Period of account net profit & loss					204414	290855	<b>204414</b>	<b>290855</b>
<b>Balance as at 31.12.2008</b>	<b>11672107</b>	<b>16607912</b>	<b>8868979</b>	<b>12619419</b>	<b>3281789</b>	<b>4669566</b>	<b>23822875</b>	<b>33896897</b>

\* Long-term asset reevaluation reserve to the calculated depreciation amount

\*\* Long-term asset reevaluation reserve to the deferred tax amount

EPS for 31.12.2008. LVL 204414 : 11672107 = 0,02 LVL or 0,03 EUR;

EPS for 31.12.2007. – 0,014 LVL or 0,02 EUR

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**

February 27<sup>st</sup>, 2009

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.12.2008.

## 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 have been changed.

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

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

Pursuant to the company’s order No. 338 dated 22 November 2008, 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

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:

	<u>31.12.2008.</u> Ls	<u>30.12.2007.</u> Ls
1 USD	0,495	0.484
1 EUR	0,702804	0.702804
1 NOK	0,0708	0.0876
1 GBP	0,728	0.963
1 RUB	0,0171	0.0197

**(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 100 and time of valid usage is more than 1 year. Increased value of revaluing permanent assets is reflected as moving towards long-term investments revaluation reserve. It is attributed to the dissolution of permanent assets in the calculation of profits, incomes losses. 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.

**(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 2008 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 Ziemelu 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 2007 in necessary cases individual post classification is changed in order to meet post classification for year 2008.

**Profit & Loss calculation supplement**

**(1) Net turnover**

	<b>2008 year Ls</b>	<b>2007 year Ls</b>	<b>2008 year EUR</b>	<b>2007 year EUR</b>
<b>On aspects of business</b>				
Shipbuilding	12 265 261	17 304 159	17 451 894	24 621 600
Ship repair	27 390 551	16 938 121	38 973 243	24 100 775
Mechanical engineering	113 694	216 238	161 772	307 679
Other works	229 042	1 168 409	325 897	1 662 496
<b>Total</b>	<b>39 998 548</b>	<b>35 626 927</b>	<b>56 912 806</b>	<b>50 692 550</b>

**(2) Sold products operating costs**

	<b>2008 year Ls</b>	<b>2007 year Ls</b>	<b>2008 year EUR</b>	<b>2007 year EUR</b>
Material costs (raw materials and materials, value of goods, services from outside)	31 926 445	28 055 136	45 427 239	39 918 862
Salary	4 758 044	4 064 883	6 770 087	5 783 807
Social tax	1 091 009	928 013	1 552 366	1 320 444
Depreciation of fixed assets	848 322	861 099	1 207 053	1 225 233
Accruals for vocations	18 648	22 870	26 534	32 541
Other costs	603 418	583 445	858 585	830 168
<b>Total</b>	<b>39 245 886</b>	<b>34 515 446</b>	<b>55 841 864</b>	<b>49 111 055</b>

**(3) Selling costs**

	<b>2008 year Ls</b>	<b>2007 year Ls</b>	<b>2008 year EUR</b>	<b>2007 year EUR</b>
<b>Advertisement</b>	48 106	56 086	68 449	79 803
<b>Total</b>	<b>48 106</b>	<b>56 086</b>	<b>68 449</b>	<b>79 803</b>

**(4) Administration costs**

	<b>2008 year Ls</b>	<b>2007 year Ls</b>	<b>2008 year EUR</b>	<b>2007 year EUR</b>
Liaison costs	13 022	22 202	18 529	31 591
Office maintenance costs	5 499	9 751	7 824	13 874
Annual report costs	9 600	9 000	13 660	12 806
Salary of administration	52 635	42 127	74 893	59 941
Accrual for vocation	286 533	252 018	407 700	358 589
Remuneration of the board	213 885	210 000	304 331	298 803
Remuneration of the council	79 987	60 022	113 811	85 404
Social insurance costs	34 208	40 748	48 674	57 979
Depreciation of fixed assets	83 832	80 791	119 282	114 955
Transport costs, travel allowances	1 958	10 328	2 786	14 695
Legal services	11 234	7 771	15 985	11 057
Assurance	33 237	22 797	47 292	32 438
Representation costs	22 243	0	31 648	0
<b>Total</b>	<b>847 873</b>	<b>767 555</b>	<b>1 206 415</b>	<b>1 092 132</b>



**Profit & Loss calculation supplement**

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

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Income generated by transport services rendering	15 476	23 506	22 020	33 446
Income generated by leased FA payments and public services	624 109	735 938	888 027	1 047 145
Tugboat services income	125 161	113 444	178 088	161 416
Selling out of raw materials and materials	339 811	289 657	483 507	412 145
Income generated by fluctuation of currency rate	4 544	1 373	6 466	1 954
Income generated by chemical analyses	3 234	4 477	4 602	6 370
Income generated by realization of fixed assets	13 462	9 142	19 155	13 008
Previous year income	23 177	17 180	32 978	24 445
Reimbursement of losses	62	17 392	88	24 747
Education expenses recovery	3 842	2 723	5 467	3 874
Incomes from writing off accounts payable to limit expiration	238	389	339	553
Currency selling income	3 962	0	5 637	0
Other income	8 783	2 822	12 497	4 016
<b>Total</b>	<b>1 165 861</b>	<b>1 218 043</b>	<b>1 658 871</b>	<b>1 733 119</b>

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

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Material purchase costs	309 985	266 020	441 069	378 512
Losses due to currency rate fluctuation	0	35 020	0	49 829
Losses incurred by currency selling out	6 977	50 056	9 927	71 223
Social infrastructure objects costs (medical services)	14 057	11 108	20 001	15 805
Costs on tugboat services	64 908	41 933	92 356	59 665
The donations	17 751	8 596	25 257	12 231
Material benefits	21 280	12 110	30 279	17 231
Burial costs	2 004	2 457	2 851	3 496
Costs incurred by fixed assets’ exclusion	1 996	919	2 840	1 308
Representation costs	24 825	16 645	35 323	23 684
Costs on maintenance of leased FA	336 129	328 184	478 268	466 964
Special reserved sum provided for unsecured debts	34 681	23 647	49 347	33 646
Preceding year costs	0	55 803	0	79 400
Judicial costs	7 413	122 239	10 548	173930
Other costs	3 780	1 388	5 379	1 977
<b>Total</b>	<b>845 786</b>	<b>976 125</b>	<b>1 203 445</b>	<b>1 388 901</b>

**Profit & Loss calculation supplement**

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

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Depositing percentage	574 783	236	817 843	336
Bank interests	2 651	71	3 772	101
Interests income for loans	12 005	50 490	17 082	71 841
Received penalty payments	2 555	82 318	3 635	117 128
<b>Total</b>	<b>591 994</b>	<b>133 115</b>	<b>842 332</b>	<b>189 406</b>

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

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Paid off penalty	5 762	5 647	8 199	8 035
Paid off interests	305 690	239 773	434 958	341 166
Guarantee maintenance	92 301	84 188	131 332	119 789
<b>Total</b>	<b>403 753</b>	<b>329 608</b>	<b>574 489</b>	<b>468 990</b>

**(9a) Income taxes of the enterprise**

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Income tax	18 463	33 456	26 271	47 604
Increase of deferred taxation	41 767	31 194	59 429	44 385
<b>Total</b>	<b>60 230</b>	<b>64 650</b>	<b>82 700</b>	<b>91 989</b>

**Deferred taxation calculation**

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Deferred taxation liabilities:				
Spread between capital assets residual value in financial accountancy and for tax collections	13 762 098	3 030 916	19 581 701	4 312 605
Deferred taxation assed:				
Reserves for vacations	262 992	244 344	374 204	347 670
Provisional distinctions total	<b>13 499 106</b>	<b>2 786 572</b>	<b>19 207 497</b>	<b>3 964 935</b>
<b>Deferred taxation liabilities/(assets), rate 15%</b>	2 024 866	417 985	2 881 125	594 739
<b>Deferred taxation liabilities</b>	<b>2 024 866</b>	<b>417 985</b>	<b>2 881 125</b>	<b>594 739</b>

**Profit & Loss calculation supplement**

**9(b) Deferred taxation liability changes**

	<b>2008 year Ls</b>	<b>2007 year Ls</b>	<b>2008 year EUR</b>	<b>2007 year EUR</b>
Rest at the beginning of year of account	417 985	386 791	594 739	550 354
Deferred taxation increase	41 767	31 194	59 429	44 385
Increase reevaluation reserve	1 565 114		2 226 957	
<b>Deferred EIT income tax liabilities at the end of taxation year</b>	<b>2 024 866</b>	<b>417 985</b>	<b>2 881 125</b>	<b>594 739</b>

**(10) Other taxes**

	<u><b>2008 year Ls</b></u>	<u><b>2007 year Ls</b></u>	<u><b>2008 year EUR</b></u>	<u><b>2007 year EUR</b></u>
Buildings and constructions real estate tax	29 863	106 900	42 491	152 105
Real estate tax	70 492	23 890	100 301	33 992
<b>Total</b>	<u><b>100 355</b></u>	<u><b>130 790</b></u>	<u><b>142 792</b></u>	<u><b>186 097</b></u>

**Supplement to the balance sheet**

**(11) Other intangible investments LVL**

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments Total
<b>Initial value</b>						
01.01.2008			70409		18008	<b>250417</b>
Bought					7090	<b>7090</b>
Relocated						
Written off					19397	<b>19397</b>
31.12.2008	0	0	70409		167701	<b>238110</b>
<b>Depreciation</b>						
01.01.2008			29675			
Estimated			14081			<b>14081</b>
Written off						
31.12.2008	0	0	43756			<b>43756</b>
<b>Balance value 01.01.2008</b>	<b>0</b>	<b>0</b>	<b>40734</b>		<b>180008</b>	<b>220742</b>
<b>Balance value 31.12.2008</b>	<b>0</b>	<b>0</b>	<b>26653</b>		<b>167701</b>	<b>194354</b>

**(11) Other intangible investments EUR**

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
<b>Initial value</b>						
01.01.2008.			100183		256128	<b>356311</b>
Bought					10088	<b>10088</b>
Written off					27599	27599
Relocated						
Revaluated						
31.12.2008.			100 183		238617	<b>338800</b>
<b>Depreciation</b>						
01.01.2008.			42224			<b>42224</b>
Estimated			20035			<b>20035</b>
Written off						
31.12.2008.	0	0	62259			<b>62259</b>
<b>Balance value 01.01.2008.</b>	<b>0</b>	<b>0</b>	<b>57959</b>		<b>256128</b>	<b>314087</b>
<b>Balance value 31.12.2008.</b>	<b>0</b>	<b>0</b>	<b>37924</b>		<b>238617</b>	<b>276542</b>

**Supplements to the balance sheet  
(12) Report on long-term investments movement LVL**

	Land, buildings, constructions Ls	Investments assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction Ls	Advance Payment for FA Ls	Total Ls
<b>Initial value</b>								
01.01.2008	4964650	596363	3304	18253733	941676	384081	27480	25171287
Bought	760587	34700	53205	670667	44038	1254802	58984	2876983
Written off	-	-		428802	25235	1509992	80629	2044658
Relocated	100024	-100024	-27894					-27894
<b>31.12.2008</b>	<b>5825261</b>	<b>531039</b>	<b>28615</b>	<b>18495598</b>	<b>960479</b>	<b>128891</b>	<b>5835</b>	<b>25975718</b>
<b>Depreciation</b>								
<b>01.01.2008</b>	<b>1725209</b>	<b>147962</b>		<b>4176040</b>	<b>477589</b>			<b>6526800</b>
Estimated	164618	16110		479311	94608			754647
Written off				397581	25235			422816
Relocated	74793	-74793		232812				232812
<b>31.12.2008</b>	<b>1964620</b>	<b>89279</b>		<b>4490582</b>	<b>546962</b>			<b>7091443</b>
<b>Balance value</b>								
<b>01.01.2008</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>
<b>Balance value</b>								
<b>31.12.2008</b>	<b>3860641</b>	<b>441760</b>	<b>28615</b>	<b>14005016</b>	<b>413517</b>	<b>128891</b>	<b>5835</b>	<b>18884275</b>

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

	Land, buildings, constructions	Investment assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction	Advance Payment for FA	Total
<b>Initial value</b>								
<b>01.01.2008</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>
Bought	1082218	49374	75704	954273	62661	1785422	83926	4093577
Written off				610130	35906	2148525	114725	2909286
Relocated	142321	-142321	-39690					-39690
<b>31.12.2008</b>	<b>8288600</b>	<b>755600</b>	<b>40715</b>	<b>26316865</b>	<b>1366638</b>	<b>183395</b>	<b>8302</b>	<b>36960116</b>
<b>Depreciation</b>								
<b>01.01.2008</b>	<b>2454751</b>	<b>210531</b>		<b>5941970</b>	<b>679548</b>			<b>9286800</b>
Estimated	234231	22922		681998	134615			1073766
Written off				565707	35906			601613
Relocated	106421	-106421		331262				331262
<b>31.12.2008</b>	<b>2795403</b>	<b>127032</b>		<b>6389523</b>	<b>778257</b>			<b>10090215</b>
<b>Balance value</b>								
<b>01.01.2008</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>
<b>Balance value</b>								
<b>31.12.2008</b>	<b>5493197</b>	<b>628568</b>	<b>40715</b>	<b>19927342</b>	<b>588382</b>	<b>183395</b>	<b>8302</b>	<b>26869901</b>

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

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Initial value	454037	220975	646036	314419
Accumulated depreciation	422816	213356	601613	303578
Balance value	31221	7619	44423	10841
Permanent assets liquidation loss	31221	7619	44423	10841

**Supplements to the balance sheet**

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

	<u>31.12.2008.</u> <u>Ls</u>	<u>Share capital (%)</u>	<u>31.12.2007.</u> <u>Ls</u>	<u>Share capital (%)</u>	<u>31.12.2008.</u> <u>EUR</u>	<u>31.12.2007.</u> <u>EUR</u>
Branch enterprise “Tosmare shipyard” JSC investment value	2 164 782	49,72	2 164 782	49,72	3 080 207	3 080 207
SIA “Remars Granula”	843 365	49,80	843 365		1 200 000	1 200 000
<b>Investments</b>	<b><u>3 008 147</u></b>		<b><u>3 008 147</u></b>		<b><u>4 280 207</u></b>	<b><u>4 280 207</u></b>

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

**SIA “Remars Granula”**

	<u>Ls</u>	<u>EUR</u>
<b>31.12.2007.</b>	283540	403441
<b>Issued credit</b>	12004	17081
<b><u>31.12.2008.</u></b>	<b><u>295544</u></b>	<b><u>420521</u></b>

**(15) Other equities and investments**

Name enterprise	Parts or shares	Parts or shares value		31.12.2008			31.12.2007		
		2008	2007	Quantity	Ls	EUR	Quantity	Ls	EUR
“Baltic International Bank” JSC	33	5	5	33	165	235	33	165	235
<b>Total</b>	<b>33</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>

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

Name enterprise	31.12.2007	Loans granted in 2008	Loans granted in 2008	Difference in currency rate	Reallocation at a short	31.12.2008	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	54 535	6 528	8 216	454		53 301	2011-2028	-
Shares loan payout	513 448			-6	15 000	498 442	2010-2015	-
<b>Total</b>	<b>567 983</b>	<b>6 528</b>	<b>8 216</b>	<b>448</b>	<b>15 000</b>	<b>551 743</b>		

Amount to be pay back after 5 years – 489 110 Ls.

**Supplements to the balance sheet**

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

Name enterprise	31.12.2007	Loans granted in 2008	Loans granted in 2008	Difference in currency rate	Reallocation at a short	31.12.2008	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	77 597	9 288	11 690	646		75 841	2011-2028	-
Shares loan payout	730 570			-8	21 343	709 219	2010-2015	-
<b>Total</b>	<b>808 167</b>	<b>9 288</b>	<b>11 690</b>	<b>638</b>	<b>21 343</b>	<b>785 060</b>		

Amount to be pay back after 5 years – 695 941 EUR

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

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Long-term loans	332 284	342 284	472 799	487 026
<b>Total</b>	<b>332 284</b>	<b>342 284</b>	<b>472 799</b>	<b>487 026</b>

	Ls	Euro
Copartners and directorship		
Including: Long-term	332 284	472 799
Short-term	10 000	14 228
<b>31.12.2008</b>	<b>342 284</b>	<b>487 027</b>

There is a management of JSC "Tosmare shipyard" shares in this position.  
The sum, which should be paid in 5 years - 292284 Ls or 415883 EUR.

**Supplement to the balance sheet**

**(18) Long-term deposit**

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
	4 322 245		6 150 000	
<b>Total</b>	<b>4 322 245</b>		<b>6 150 000</b>	

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

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
1. Metal ware	77 796	73 548	110 694	104 649
2. Timbering	5 134	12 889	7 305	18 339
3. Metal, non-ferrous metals, pipes	2 805 316	2 550 770	3 991 605	3 629 419
4. Wire cables	5 687	68 298	8 092	97 179
5. Fuel	28 715	33 283	40 858	47 357
6. Coveralls	6 348	9 159	9 032	13 032
7. Equipment	6 509	784 462	9 261	1 116 189
8. Cables	29 798	51 844	42 399	73 767
9. Varnish and paint	75 544	95 844	107 489	136 374
10. Tools	6 837	20 922	9 728	29 769
11. Household goods	3 759	206	5 349	293
12. Technical rubber ware	14 313	13 385	20 366	19 045
13. Other	764 136	577 219	1 087 267	821 311
<b>Total</b>	<b>3 829 892</b>	<b>4 291 829</b>	<b>5 449 445</b>	<b>6 106 723</b>

**(20) Unfinished production**

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Shipbuilding orders	1 034 881	25 351	1 472 503	36 071
<b>Total</b>	<b>1 034 881</b>	<b>25 351</b>	<b>1 472 503</b>	<b>36 071</b>



**Supplement to the balance sheet**

**(21) Unfinished orders**

	<b>2008.gads</b> <b>Ls</b>	<b>2007.gads</b> <b>Ls</b>	<b>2008.gads</b> <b>EUR</b>	<b>2007.gads</b> <b>EUR</b>
1) Ship repair orders	347942	521641	495077	742228
Including:				
m/v "Balder"	51300		72993	
m/v "Gerakl"	14389		20474	
m/v "Wind Frost"	248		353	
m/v "Saules krastas"	140269		199585	
m/v "Baltic pride"	45754		65102	
The others	95982		136570	
2) Mechanical engineering orders	5160	16254	7342	23127
3) Various	6555	2493	9327	3548
<b>Total</b>	<b>359657</b>	<b>540388</b>	<b>511746</b>	<b>768903</b>

**(22) Advance payments for goods**

	<b>2008 year</b> <b>Ls</b>	<b>2007 year</b> <b>Ls</b>	<b>2008 year</b> <b>EUR</b>	<b>2007 year</b> <b>EUR</b>
For materials	3 850 734	622 793	5 479 101	886 155
<b>Total</b>	<b>3 850 734</b>	<b>622 793</b>	<b>5 479 101</b>	<b>886 155</b>

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

	<b>2008 year</b> <b>Ls</b>	<b>2007 year</b> <b>Ls</b>	<b>2008 year</b> <b>EUR</b>	<b>2007 year</b> <b>EUR</b>
Buyers and customers accounting value	4 075 698	4 094 311	5 799 196	5 825 680
Generated reserves	-251 932	-224 730	-358 467	-319 762
<b>Balance net value</b>	<b>3 823 766</b>	<b>3 869 581</b>	<b>5 440 729</b>	<b>5 505 918</b>

**Changes in provisions (Ls)**

	<b>Debts of buyers and customers</b>	<b>Other debtors</b>	<b>Total</b>
<b>Savings 31.12.2007</b>	<b>224 730</b>	<b>134 000</b>	<b>358 730</b>
Increase of savings			
Decrease of savings	27 202	7 479	34 681
<b>Savings 31.12.2008</b>	<b>251 932</b>	<b>141 479</b>	<b>393 411</b>

**Supplement to the balance sheet**

**Changes in provisions (EUR)**

	<b>Debts of buyers and customers</b>	<b>Other debtors</b>	<b>Total</b>
<b>Savings 31.12.2007</b>	<b>319 762</b>	<b>190 664</b>	<b>510 426</b>
Increase of savings			
Decrease of savings	38 705	10 642	<b>49 347</b>
<b>Savings 31.12.2008</b>	<b>358 467</b>	<b>201 306</b>	<b>559 773</b>

**(24) Associated companies debts**

	<b>2008 year Ls</b>	<b>2007 year Ls</b>	<b>2008 year EUR</b>	<b>2007 year EUR</b>
"Tosmare shipyard" JSC		559		795
SIA "Remars Granula"	95 692	85 457	136 157	121 595
<b>Total</b>	<b>95 692</b>	<b>86 016</b>	<b>136 157</b>	<b>122 390</b>

Dept for services

**(25) Other debtors**

	<b>2008 year Ls</b>	<b>2007 year Ls</b>	<b>2008 year EUR</b>	<b>2007 year EUR</b>
Accounting value	784 252	1 607 062	1 115 890	2 286 642
Generated reserves	-141 479	-134 000	-201 306	-190 664
<b>Balance net value</b>	<b>642 773</b>	<b>1 473 062</b>	<b>914 584</b>	<b>2 095 978</b>

Other debtors debts are as following:

Accounted VAT	974	963 183	1 386	1 370 486
Overpaid taxes				
- Value added tax	210 903	246 424	300 088	350 630
- Enterprise income tax	32 108	34 511	45 686	49 105
- Real estate tax		36 772		52 322
Payments personal debts	2 174	268	3 093	381
Payment of salary	338	278	481	396
Short-term loans for "Tosmare Shipyard" JSC'S shares	15 000	14 955	21 343	21 279
Advance payment of service	250 261	128 767	356 089	183 219
Account with other debtors	131015	47 904	186 418	68 160
<b>Total</b>	<b>642 773</b>	<b>1 473 062</b>	<b>914 584</b>	<b>2 095 978</b>

**Supplement to the balance sheet**

**(26) Short-term loans to the enterprise’s copartners and directorship**

	Directorship, copartners Ls	Directorship, copartners EUR
Loan JSC “Remars Riga”	214 394	305 055
leaders debt for shares	10 000	14 229
<b>31.12.2008</b>	<b>224 394</b>	<b>319 284</b>

**(27) Next period costs**

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Enterprise’s property insurance premium sum	28 868	26 426	41 075	37 601
Subscription to the press	364	268	518	381
Inviting of specialists	30 228	16 375	43 011	23 300
Insurance of health	7 777	4 998	11 066	7 112
Check of floating means	11 528	16 185	16 403	23 029
Expenses for repair of the rented basic means	36 287	12 166	51 632	17 311
Advertisements	968	1 279	1 377	1 820
Others	10 591	3 244	15 069	4 615
<b>Total</b>	<b>126 611</b>	<b>80 941</b>	<b>180 151</b>	<b>115 169</b>

**(28) Accrued proceeds**

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Shipbuilding	5 989 372	13 747 359	8 522 109	19 560 730
<b>Total</b>	<b>5 989 372</b>	<b>13 747 359</b>	<b>8 522 109</b>	<b>19 560 730</b>

**(29) Cash assets**

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Money at a cash department	3 976	2 810	5 657	3 998
Money on current accounts	93 938	8 263	133 662	11 757
Short-term deposit	11 537 346	9 224 000	16 416 164	13 124 570
<b>Total</b>	<b>11 635 260</b>	<b>9 235 073</b>	<b>16 555 483</b>	<b>13 140 325</b>

**Supplement to the balance sheet**

**(30) 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>31.12.2008</b>	<b>%</b>	<b>31.12.2007</b>	<b>%</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>		<b>Ls</b>		<b>EUR</b>	<b>EUR</b>
“Remars-Riga” JSC	5819194	49.86	5 819 194	49.86	8279967	8 279 967
Other limited companies	3329177	28.52	3 335 061	28.57	4736992	4 745 364
Private personae	2523736	21.62	2 517 852	21.57	3590953	3 582 581
<b>Total</b>	<b>11672107</b>	<b>100</b>	<b>11 672 107</b>	<b>100</b>	<b>16607912</b>	<b>16 607 912</b>

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

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
	5 844 453	7 341 235	8 315 907	10 445 636
<b>Total</b>	<b>5 844 453</b>	<b>7 341 235</b>	<b>8 315 907</b>	<b>10 445 636</b>

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

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
For shipbuilding	23 666 058	20 292 480	33 673 767	28 873 598
For ship repair	8 980	186 758	12 777	265 733
Others	3 875	8 082	5 514	11 499
<b>Total</b>	<b>23 678 913</b>	<b>20 487 320</b>	<b>33 692 058</b>	<b>29 150 830</b>

**Supplement to the balance sheet**

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

	<b>2008 year</b> <b>Ls</b>	<b>2007 year</b> <b>Ls</b>	<b>2008 year</b> <b>EUR</b>	<b>2007 year</b> <b>EUR</b>
Debts for services	105 248	59 992	149 754	85 361
Debts for materials	722 135	829 257	1 027 506	1 179 926
Debts subcontractors	1 525 151	1 668 359	2 170 094	2 373 861
<b>Total</b>	<b>2 352 534</b>	<b>2 557 608</b>	<b>3 347 354</b>	<b>3 639 148</b>

**(34) Movement of tax liabilities in 2008 (Ls)**

	Balance as at 01.01.2008 Ls	Calculated In 2008 Ls	Paid off In 2008 Ls	Deflected to other taxes Ls	Balance as at 31.12.2008 Ls
Social insurance payments	107130	1637012	278492	1301406	164244
Residents income tax	77514	1046367	336040	700520	87321
VAT	-246424	-1926174	56508	-2018204	-210902
Real estate tax	-36772	100355	63583		0
Enterprise income tax	-34511	18681		16278	-32108
Risk tax	196	2665	2443		418
Customs duty on import		957	957		0
Natural resources tax	3082	18548	18220		3410
<b>Total</b>	<b>-129785</b>	<b>898411</b>	<b>756243</b>		<b>12383</b>
Ink.					
<b>Overpay tax</b>	<b>-317707</b>				<b>-243010</b>
<b>Debt tax</b>	<b>187922</b>				<b>255393</b>

**Supplement to the balance sheet**

**Movement of tax liabilities in 2008 (EUR)**

	Balance as at 01.01.2008 EUR	Calculated In 2008 EUR	Paid off In 2008 EUR	Deflected to other taxes EUR	Balance as at 31.12.2008 EUR
Social insurance payments	152433	2329258	396259	1851734	233698
Residents income tax	110294	1488845	478142	996750	124247
VAT	-350630	-2740699	80404	-2871646	-300087
Real estate tax	-52322	142792	90470		0
Enterprise income tax	-49105	26581		23162	-45686
Risk tax	279	3792	3476		595
Customs duty on import		1362	1362		
Natural resources tax	4383	26393	25925		4851
<b>Total</b>	<b>-184668</b>	<b>1278324</b>	<b>1076038</b>		<b>17618</b>

Ink.					
<b>Overpay tax</b>	<b>-452057</b>				<b>-345773</b>
<b>Debt tax</b>	<b>267389</b>				<b>363392</b>

**(35) Other creditors**

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
Salary	267060	226134	379992	321760
Payments for deductions from salary	1139	2034	1621	2894
Payments by return to personae	921	2095	1310	2981
Payments for credit cards	1747	2295	2486	3265
Payments for debts to other enterprises	27276	23457	38810	33377
<b>Total</b>	<b>298143</b>	<b>256015</b>	<b>424219</b>	<b>364277</b>

**(36) Unpaid previous years dividends**

	2008 year Ls	2008 year EUR
<b>31.12.2007</b>	<b>25 528</b>	<b>36 323</b>
Calculated	0	0
Paid off	611	869
<b>31.12.2008</b>	<b>24917</b>	<b>35454</b>

**Supplement to the balance sheet**

**(37) Next period income**

	<b>2008 year Ls</b>	<b>2007 year Ls</b>	<b>2008 year EUR</b>	<b>2007 year EUR</b>
<b>Total</b>	<b>6833</b>		<b>9722</b>	

**(38) Accrued liabilities**

	<b>2008 year Ls</b>	<b>2007 year Ls</b>	<b>2008 year EUR</b>	<b>2007 year EUR</b>
For services	629 871	202 879	896 226	288 671
Accruals for vocations	262 992	244 344	374 204	347 670
<b>Total</b>	<b>892 863</b>	<b>447 223</b>	<b>1 270 430</b>	<b>636 341</b>

**General remarks**

	2008 year Ls	2007 year Ls	2008 year EUR	2007 year EUR
<b>(1) Year average number of employees</b>				
Average number of employees	786	809		
<b>(2) Personnel payments</b>	<b>6 590 725</b>	<b>5 616 808</b>	<b>9 377 757</b>	<b>7 991 998</b>
- Salary	5 399 116	4 618 027	7 682 250	6 570 859
- Social tax	1 191 609	998 781	1 695 507	1 421 139
Total:				
Including:				
Salary of employees working in production (core business)				
- Salary	4 846 063	4 113 882	6 895 326	5 853 526
- Social tax	1 111 555	938 758	1 581 600	1 335 734
Total:	<b>5 957 618</b>	<b>5 052 640</b>	<b>8 476 926</b>	<b>7 189 260</b>
Payment for work of Administration				
- Salary	52 635	42 127	74 893	59 941
- Social tax	11 817	9 374	16 814	13 338
Total:	<b>64 452</b>	<b>51 501</b>	<b>91 707</b>	<b>73 279</b>
Remuneration of the board				
- Remuneration	286 533	252 018	407 700	358 589
- Social tax	34 492	22 934	49 078	32 632
Total:	<b>321 025</b>	<b>274 952</b>	<b>456 777</b>	<b>391 221</b>
Remuneration of the council				
- Remuneration	213 885	210 000	304 331	298 803
- Social tax	33 745	27 715	48 015	39 435
Total:	<b>247 630</b>	<b>237 715</b>	<b>352 346</b>	<b>338 238</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**I.KOMAROVS**

Member of the Board

**L.ARTEMENKO**

Member of the Board

**I.RUDZATE**

February 27<sup>st</sup> 2009