

***JSC “RĪGAS KUĢU BŪVĒTAVA”***

***Financial statements for 3 months of the year 2005***

*Riga, 2005*

<b>RIGA SHIPYARD</b>				
<b>Balance Sheets (non-audited)</b>	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
	<b>31.03.2005.</b>	<b>01.01.2005.</b>	<b>31.03.2005.</b>	<b>01.01.2005.</b>
<b>ASSETS</b>				
<b>I Long - term investments</b>				
<i>I Intangible investments</i>				
1.Research and development costs				
2.Concessions, patents, licences,trade-marks and similar rights				
3.Other intangible rights				
4.Intangible value of enterprise				
5.Advance payments of intangible investments				
<b>I TOTAL</b>				
<i>II Fixed assets</i>				
1.Lands, buildings, constructions and prennial plantations	2 270 566	2 300 471	3 230 724	3 273 275
2.Long-term leased fixed	24 664	24 664	35 094	35 094
3.Machinery and equipment	3 172 372	3 262 486	4 513 879	4 642 099
4.Other fixed assets and inventory	342 462	327 481	487 279	465 963
5.Fixed assets formation costs	701 417	500 428	998 026	712 045
6.Advance payments for fixed assets	17 518	11 877	24 926	16 899
<b>II TOTAL</b>	<b>6 528 999</b>	<b>6 427 407</b>	<b>9 289 928</b>	<b>9 145 375</b>
<i>III Long - term financial investments</i>				
1.Participation in capital of related companies				
2.Loans to related companies				
3.Participation in the associated companies capital	2 268 417	2 268 417	3 227 667	3 227 667
4.Loans to the associated companies				
5.Other securities and investments	165	165	235	235
6.Other loans	530 746	525 449	755 184	747 647
7.Owners' stocks and shares				
8.Loans of the Company to joint owners and management	326 381	326 381	464 398	464 398
<b>III TOTAL</b>	<b>3 125 709</b>	<b>3 120 412</b>	<b>4 447 484</b>	<b>4 439 947</b>
<b>1. TOTAL AMOUNT ACCORDING TO THE PART</b>	<b>9 654 708</b>	<b>9 547 819</b>	<b>13 737 412</b>	<b>13 585 322</b>
<b>2. Current assets</b>				
<i>I Stocks</i>				
1.Raw materials, direct materials and auxiliary materials	2 689 802	2 955 377	3 827 243	4 205 123
2.Unfinished products	3 626 068	2 959 649	5 159 430	4 211 201
3.Finished products and goods for sales				
4.Ongoing orders				
5.Advance payments for goods	675 691	367 637	961 422	523 100
6.Working livestock and productive livestock				
<b>I TOTAL</b>	<b>6 991 561</b>	<b>6 282 663</b>	<b>9 948 095</b>	<b>8 939 424</b>
<i>II Debtors</i>				
1.Buyers and customers' debts	3 101 469	1 781 825	4 412 993	2 535 309
2.Related companies debts				
3.Associated companies debts	224 807	204 644	319 872	291 182
4.Other accounts receivable	526 603	630 086	749 288	896 532
5.Unpaid part of the company capital				
6.Short - term loans of an enterprise to joint owners and manager	1 539 562	1 532 027	2 190 599	2 179 878
7.Prepaid expenses	46 334	58 121	65 927	82 699
<b>II TOTAL</b>	<b>5 438 775</b>	<b>4 206 703</b>	<b>7 738 679</b>	<b>5 985 600</b>
<i>III Securities and sharing in capitals</i>				
1.Participation in capital of related companies capital				
2.Owners' stocks and shares				
3.Other securities and participation in capitals				
<b>III TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
IV.Cash	22 566	27 471	32 109	39 088
<b>2. TOTAL AMOUNT ACCORDING TO THE PART</b>	<b>12 452 902</b>	<b>10 516 837</b>	<b>17 718 883</b>	<b>14 964 112</b>
<b>BALANCE</b>	<b>22 107 610</b>	<b>20 064 656</b>	<b>31 456 295</b>	<b>28 549 434</b>

,Responsible person

<b>RIGA SHIPYARD.</b>				
<b>Balance Sheets (non-audited)</b>	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
	<b>31.03.2005.</b>	<b>01.01.2005.</b>	<b>31.03.2005.</b>	<b>01.01.2005.</b>
<b>LIABILITIES</b>				
<i>1. OWNERS' EQUITY</i>				
1.Share capital	11 672 107	11 672 107	16 607 912	16 607 912
2.Share issue extra charge				
3.Long - term investment revaluation reserve				
4. Reserves				
a) reserves set by law				
b) owners' shares reserves				
c) reserves provided for by the company Articles of Association				
d) other reserves				
<b>IV TOTAL</b>				
5. Undivided profit:				
a) undivided profit for the previous year	3 152 656	2 718 069	4 485 825	3 867 464
b) undivided profit for the year of account	216 536	434 587	308 103	618 361
<b>TOTAL AMOUNT ACCORDING TO THE PART 1</b>	<b>15 041 299</b>	<b>14 824 763</b>	<b>21 401 840</b>	<b>21 093 737</b>
<b>2. PROVISIONS</b>				
1.Provision for pensions and similar obligations				
2.Provision for contingent taxes				
3.Other provisions				
<b>TOTAL AMOUNT ACCORDING TO THE PART 2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. CREDITORS</b>				
<i>I Long - term accounts payable</i>				
1.Funded borrowings				
2.Borrowings for shares				
3.Bank borrowings				
4.Other borrowings				
5.Customers advanced payments				
6.Debts to suppliers and contractors				
7.Bills to be paid				
8.Borrowings from related companies				
9.Borrowings from affiliated companies				
10.Tax and social security payments				
11.Other creditors				
12.Prepaid income				
13.Dividends of the year of account				
14.Unpaid dividends of previous years				
<b>I TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>II Short - term debts</i>				
1.Funded borrowings				
2.Borrowings for shares				
3.Lons from credit institutions	1 610 215	1 410 300	2 291 130	2 006 676
4.Other borrowings				
5.Customers advanced payments	2 758 035	1 274 421	3 924 330	1 813 338
6.Debts to suppliers and contractors	2 141 896	2 063 622	3 047 644	2 936 270
7.Bills to be paid				
8.Borrowings from related companies				
9.Borrowings from affiliated companies				
10.Taxes and social security payments	219 760	196 166	312 690	279 119
11.Other creditors	234 020	192 930	332 980	274 515
12. Prepaid income	91 810	91 810	130 634	130 634
13.Dividends of the year of account				
14.Unpaid dividends of previous years	10 575	10 644	15 047	15 145
<b>II TOTAL</b>	<b>7 066 311</b>	<b>5 239 893</b>	<b>10 054 455</b>	<b>7 455 697</b>
<b>TOTAL AMOUNT ACCORDING TO THE PART 3</b>	<b>7 066 311</b>	<b>5 239 893</b>	<b>10 054 455</b>	<b>7 455 697</b>
<b>BALANCE</b>	<b>22 107 610</b>	<b>20 064 656</b>	<b>31 456 295</b>	<b>28 549 434</b>

**RIGA SHIPYARD**

Reg.Nr. 40003045892

**Profit and loss statement**

	No.	31.03.2005.	31.03.2004.	31.03.2005.	31.03.2004.
		LVL	LVL	EUR	EUR
1	2	3	4	5	6
Net turnover	10	4 654 935	2 005 268	6 623 376	2 853 239
Production costs	20	4 227 866	2 233 418	6 015 711	3 177 867
<b>Gross profit and loss</b>	30	427 069	-228 150	607 665	-324 628
Selling costs	40	5 980	15 142	8 509	21 545
Administrative costs	50	168 041	143 450	239 101	204 111
Other operating income	60	439 044	218 379	624 703	310 725
Other operating expenses	70	405 701	224 799	577 261	319 860
Income from participating interests	80				
Income from other capital participation, securities and loans forming part of the long term assets	90				
Other interests receivable and similar income	100	160	32 551	228	46 316
Long term financial investments and short term equities value allocation	110				
Interest payable and similar charges	120	34 633	23 950	49 278	34 078
<b>Profit and loss before extraordinary items and taxes</b>	<b>130</b>	<b>251 918</b>	<b>-384 561</b>	<b>358 447</b>	<b>-547 181</b>
Extraordinary income	140				
Extraordinary charges	150				
<b>Extraordinary profit and loss before taxes</b>	<b>160</b>	<b>251 918</b>	<b>-384 561</b>	<b>358 447</b>	<b>-547 181</b>
Tax on profit or loss for the financial year	170	24 860	29 299	35 373	41 689
Other taxes	180	10 522	10 008	14 971	14 240
<b>Profit and loss for the financial year after taxes</b>	<b>190</b>	<b>216 536</b>	<b>-423 868</b>	<b>308 103</b>	<b>-603 110</b>

## Changes in own capital report for 2004 and 2005

Types of shanges	Stock or Share capital		Statutory reserves		Long-term investments revaluation reserves		Other rezerves		Retained earnings		Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<b>Balance as at 31.12.2003</b>	<b>11672107</b>	<b>16607912</b>							<b>2951511</b>	<b>4199622</b>	<b>14623618</b>	<b>20807534</b>
Stock or share capital												
Increase/decrease												
Correction of the previous period due to changes in accounting policy												
Increase/decrease												
Increase/decrease of reserves												
Dividends												
Period of account net profit & loss									-423868	-603110	<b>-423868</b>	<b>-603110</b>
<b>Balance as at 31.03.2004.</b>	<b>11672107</b>	<b>16607912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2527643</b>	<b>3596512</b>	<b>14199750</b>	<b>20204424</b>
<b>Balance as at 31.12.2004.</b>	<b>11672107</b>	<b>16607912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3152656</b>	<b>4485825</b>	<b>14824763</b>	<b>21093737</b>
Increase/decrease												
Correction of the previous period due to changes in accounting policy pamatlīdzekļu vērtības samazinājuma												
Increase/decrease												
Increase/decrease of reserves												
Dividends												
Period of account net profit & loss									<b>216536</b>	<b>308103</b>	<b>216536</b>	<b>308103</b>
<b>Balance as at 31.03.2005.</b>	<b>11672107</b>	<b>16607912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3369192</b>	<b>4793928</b>	<b>15041299</b>	<b>21401840</b>

,Responsible person

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.03.2005.

## Cash flow statement for 12 months of the year 2004

	y.2005. 3 m.LVL	y.2004 3 m. LVL	y.2005. 3 m.EUR	y..2004 3 m. EUR
<b>A. Net cash flow from primary activity</b>	<b>-49633</b>	<b>-80563</b>	<b>-70621</b>	<b>-114631</b>
1.Received from buyers (+)	4920872	3009200	7001770	4281706
2.Penalty received (+)	14	4	20	6
3.Interest received (+)	147	3250	209	4624
4. Paid to suppliers (-)	-3985171	-2026270	-5670388	-2883122
5.Wages and the related taxes paid (-)	-873095	-932764	-1242302	-1327204
6. Interest paid (-)	-34633	-23950	-49278	-34078
7.Corporate income tax (-)	-16573	-29299	-23581	-41689
8. Other taxes payments.(-)	-61194	-80734	-87071	-114874
9.Penalty paid (-)				
<b>B. Net cash flow from investment activities:</b>	<b>-155118</b>	<b>10540</b>	<b>-220713</b>	<b>14998</b>
1. Paid for fixed assets acquisition (-)	-155378	-48951	-221083	-69651
2.Received for the fixed assets sold (+)	260	9091	370	12936
3.Loans granted (-)				
4. Repayment of loans (+)		50400		71713
5.Selling out of shares (+)				
<b>C.Net cash flow from financial activities:</b>	<b>199846</b>	<b>142857</b>	<b>284355</b>	<b>203267</b>
1.Loan received (+)	199915	142857	284453	203267
2.Loan repaid (-)				
3.Dividend paid (-)	-69		-98	
<b>Net cash flow and equivalent shanger thereof (A+B+C)</b>	<b>-4905</b>	<b>72834</b>	<b>-6979</b>	<b>103634</b>
<b>Cash and equivalent thereof at beginning of the period of account</b>	<b>27471</b>	<b>464160</b>	<b>39088</b>	<b>660440</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>22566</b>	<b>536994</b>	<b>32109</b>	<b>764074</b>