

“Riga shipyard” JSC /Rīgas Kuģu Būvētava A/S/

***“RIGA SHIPYARD” JSC***  
***financial statements for 3 months of the year 2006***  
***(not audited)***  
***(not consolidated)***

***Riga, 2006***

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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%
Name, surnames and positions of members of the Board	
Vasilijs Melniks	Chairman of the Board,
Aivars Stolders	Member of the Board
Igors Komarovs	Member of the Board
Larisa Artemenko	Member of the Board,
Janis Davidovics	Member of the Board,
Name, surnames and positions of members of the Council	
Sergejs Golicins	Chairman of the Council
Anatolijs Ustinovs	Deputy Chairman of the Council
Girts Stelbovics	Member of the Council,
Aleksandrs Cernavskis	Member of the Council,
Andris Kravalis	Member of the Council,
Chief accountant	Marina Pudova, phone 7080868
Annual report	1 January – 31 March 2006
Tax authority	SRS Riga regional institution Ziemeļu district division
Name and address of an auditor	Natalija Zaiceva, A sworn auditor (LSAA certificate No 138)
Responsible person	Sworn auditors firm KSIA “ORIENTS N” LSAA certificate No 28 Larisa Artemenko Member of the board t.7353411 E-mail :larisa@riga-shipyard.com

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**"Riga shipyard" JSC directorate statement  
of 2006 3month annual report**

In the past 2006 3 month "Riga shipyard" JSC'S total net turnover made up Ls 2743615 (compared to 2005 3month Ls 4654935.

Losses in 2006 3 month is Ls 327843, accordingly net profit in 2005 year 3month - Ls 216536.

Such decrease of turnover is explained by business seasonality. In 2006 was very long and cold winter and that prevented ships to come in to docks. Similar situation was in 2004 winter, but when company started working at full blast financial indices sharply was improved.

In year 2006 3 month JSC "Riga shipyard" in total repaired 16 ships (in 2005 there had been repaired 26 ships), it has been made and launched on water 1 hall as in 2005.

31 May 2006

"Riga shipyard" JSC  
Chairman of the Board of Directors

*V. Meļņiks*

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Profit & Loss calculation for 2006 year 3 months and 2005 year 3 months

	Remarks	2006 3 months Ls	2005 3 months Ls	2006 3 months EUR	2005 3 months EUR
1. Net turnover	(1)	2743615	4654935	3903812	6623376
2. Sold production operating costs	(2)	2873445	4227866	4088544	6015711
<b>3. Gross profit or losses</b>		<b>(129830)</b>	<b>427069</b>	<b>(184732)</b>	<b>607665</b>
4. Selling costs	(3)	10782	5 980	15341	8509
5. Administration costs	(4)	188813	168041	268657	239101
6. Other enterprise's business activity's income	(5)	295373	439044	420278	624703
7. Other enterprise's business activity's costs	(6)	205423	405701	292290	577261
<b>8. Profit &amp; Loss off business activity's</b>		<b>(239475)</b>	<b>286391</b>	<b>(340742)</b>	<b>407497</b>
9. Income from investments in capital of related and associated companies					
10. Other percents and the like income	(7)	33	160	47	228
11. Write-offs of the value of long-term financial investments and short-term securities					
12. Payment off percents and the like costs	(8)	44456	34633	63255	49278
<b>13. Profit &amp; Loss prior to extra ordinary items and taxes</b>		<b>(283898)</b>	<b>251918</b>	<b>(403950)</b>	<b>358447</b>
14. Extraordinary income					
15. Extraordinary expense					
<b>16. Profit &amp; loss prior to taxes</b>		<b>(283898)</b>	<b>251918</b>	<b>(403950)</b>	<b>358447</b>
17. Income taxes of the enterprise for the year of account		32766	24860	46622	35373
18. Other taxes	(9)	11179	10522	15907	14971
<b>19. Year of account profit &amp; loss (net income)</b>		<b>(327843)</b>	<b>216536</b>	<b>(466479)</b>	<b>308103</b>

Chairman of the Board \_\_\_\_\_ V. Melniks

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**Balance as at 31 March 2006 year**

<b>ASSETS</b>	Remarks	31.03.2006 Ls	31.03.2005 Ls	31.03.2006 EUR	31.03.2005 EUR
<b>Long-term investments</b>					
<b>I Intangible investments</b>					
1. Research and development costs					
2. Concessions, patents, licences, trade-marks and similar right					
3. Other intangible investments	(10)	43527	23380	61933	33267
4. Goodwill					
5. Advance payments of intangible investments		91335		129958	
<b>Intangible investments in total</b>		<b>134862</b>	<b>23380</b>	<b>191891</b>	<b>33267</b>
<b>II Fixed assets</b>					
1. Lands, buildings, constructions, perennial plants		3043397	2270566	4330364	3230724
2. Long-term investments into leased fixed assets		17074	24664	24294	35094
3. Equipment and machinery		3573097	3172372	5084059	4513879
4. Other fixed assets and stock		337564	319082	480310	454012
5. Up building of fixed assets and unfinished building objects costs		539058	701417	767010	998026
6. Advanced payments for fixed assets		120889	17518	172010	24926
<b>Fixed assets in total</b>	(11)	<b>7631079</b>	<b>6505619</b>	<b>10858047</b>	<b>9256661</b>
<b>III Long-term financial investments</b>					
1. Participation in capital of related companies					
2. Participation in capital of associated companies	(12)	2219294	2268417	3157771	3227667
3. Other equities and investments	(13)	165	165	235	235
4. Other loans and other long-term debtors	(14)	602223	530746	856886	755184
5. Loans to copartners of the enterprises and to the directorship	(15)	362284	326381	515484	464398
<b>Long-term financial investments in total</b>		<b>3183966</b>	<b>3125709</b>	<b>4530376</b>	<b>4 447484</b>
<b>Long-term investments in total</b>		<b>10949907</b>	<b>9654708</b>	<b>15580314</b>	<b>13737412</b>
<b>Current assets</b>					
<b>I Reserves</b>					
1. Raw materials, direct materials and auxiliary materials	(16)	2881101	2689802	4099437	3827243
2. Unfinished production	(17)	2588337	1181607	3682872	1681275
3. Production and goods ready for sale					
4. Advance payments for goods	(18)	77362	675691	110076	961422
<b>Reserves in total</b>		<b>5546800</b>	<b>4547100</b>	<b>7892385</b>	<b>6469940</b>
<b>II Debts of debtors</b>					
1. Debts of buyers and customers	(19)	1697886	3057618	2415874	4350598
2. Debts of related companies					
3. Associated companies debts	(20)	2519	224 807	3584	319872
4. Other debtors	(21)	409130	943764	582139	1342855
5. Short-term loans to copartners of the enterprise's and to the directorship	(22)	1137446	1115487	1618440	1587195
6. Next period costs	(23)	38600	43849	54923	62391
7. Recognized incomes		4463302	2384234	6350707	3392459
<b>Debtors in total</b>		<b>7748883</b>	<b>7769759</b>	<b>11025667</b>	<b>11055370</b>
<b>III Short-term financial investments</b>					
1. Participation in capital of related companies					
<b>Short-term financial investments in total</b>					
<b>IV. Cash assets</b>	(24)	<b>13346</b>	<b>22566</b>	<b>18989</b>	<b>32109</b>
<b>Current assets in total</b>		<b>13309029</b>	<b>12339425</b>	<b>18937041</b>	<b>17557419</b>
<b>Assets in total</b>		<b>24258936</b>	<b>21994133</b>	<b>34517355</b>	<b>31294831</b>

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<b>LIABILITIES</b>	Remarks	31.03.2006 Ls	31.03.2005 Ls	31.03.2006 EUR	31.03.2005 EUR
<b>Equity capital</b>					
1. Stock or share capital (equity capital)	(25)	11672107	11672107	16607912	16607912
2. Retained earnings					
a) previous years retained earnings		2905707	2583590	4134449	3676117
b) year of account retained earnings		(327843)	216 536	(466479)	308103
<b>Retained earnings in total</b>		<b>2577864</b>	<b>2800126</b>	<b>3667970</b>	<b>3984220</b>
<b>Equity capital in total</b>		<b>14249971</b>	<b>14472233</b>	<b>20275882</b>	<b>20592132</b>
<b>II Provision for liabilities and charges</b>					
1. Provision for pensions and similar obligations					
2. Provision for contingent tax					
3. Other provisions	(26)	223510	204185	318026	290529
<b>Provision for liabilities and charges in total</b>		<b>223510</b>	<b>204185</b>	<b>318026</b>	<b>290529</b>
<b>III Creditors</b>					
<b>I Long-term debts</b>					
1. Liability of leasing		8660		12322	
2. Deferred tax accrued liabilities		319384	252442	454442	359193
<b>Long-term debts in total</b>		<b>328044</b>	<b>252442</b>	<b>466764</b>	<b>359193</b>
<b>II Short-term debts</b>					
1. Loans from credit institutions	(27)	1868810	1610215	2659077	2291130
2. Other loans					
3. Liability of leasing	(28)	4110		5848	
4. Advance payments received from buyers	(29)	5061124	2758035	7201331	3924330
5. Debts to suppliers and contractors	(30)	1989066	2141896	2830186	3047644
6. Debts to related companies					
7. Debts to associated companies	(31)	84592		120364	
8. Taxes and social insurance payments	(32)	196417	218724	279476	311216
9. Other creditors	(33)	232940	229770	331444	326932
10. Next period income			91810		130634
11. Unpaid previous years dividends	(34)	15632	10575	22242	15047
12. Accrued liabilities		4720	4248	6715	6044
<b>Short-term creditors in total</b>		<b>9457411</b>	<b>7065273</b>	<b>13456683</b>	<b>10052977</b>
<b>Creditors in total</b>		<b>9785455</b>	<b>7317715</b>	<b>13923447</b>	<b>10412170</b>
<b>Total</b>		<b>24258936</b>	<b>21994133</b>	<b>34517355</b>	<b>31294831</b>

Chairman of the Board \_\_\_\_\_ V. Melniks

31 May 2006

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Cash flow statement for 2006 year 3 months and 2005 year 3 months

	2006 year 3 months Ls	2005 year 3 months Ls	2006 year 3 months EUR	2005 year 3 months EUR
<b>A. Cash flow from primary activity</b>				
- Sales income	4862873	4921033	6919245	7001999
- Cash to suppliers, personnel and others primary activity costs	4655204	4919460	6623759	6999761
<b>Gross cash flow from primary activity</b>	<b>207669</b>	<b>1573</b>	<b>295486</b>	<b>2238</b>
- Interest paid	44456	34633	63255	49278
- Corporate income tax	32766	16573	46622	23581
- Primary activity before extraordinary items				
- Cash flow from extraordinary items				
<b>Net cash flow from primary activity</b>	<b>130447</b>	<b>-49633</b>	<b>185609</b>	<b>-70621</b>
<b>B. Cash flow from investment activity</b>				
- Selling out of shares				
- Paid for fixed assets acquisition	185430	155378	263843	221083
- Received for the fixed assets sold	5624	260	8002	370
- Loans granted	6763		9623	
- Repayment of loans				
- Interest received				
<b>Net cash flow from investment activity</b>	<b>-186569</b>	<b>-155 118</b>	<b>-265464</b>	<b>-220713</b>
<b>C. Cash flow from financial activities</b>				
- Loan received	56976	199915	81070	284453
- Loan repaid	1508		2146	
- Dividend paid	45	69	64	98
<b>Net cash flow from financial activities</b>	<b>55423</b>	<b>199 846</b>	<b>78860</b>	<b>284355</b>
<b>Net cash flow and equivalent increase or decrease (A+B+C)</b>	<b>-699</b>	<b>-4905</b>	<b>-995</b>	<b>-6979</b>
<b>Cash and equivalent thereof at beginning of the period of accounts</b>	<b>14045</b>	<b>27471</b>	<b>19984</b>	<b>39088</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>13346</b>	<b>22566</b>	<b>18989</b>	<b>32109</b>

Chairman of the Board \_\_\_\_\_ V. Melniks

31 May 2006

Changes in own capital report for 2006 year 3 months and 2005 year 3 months						
Types of changes	Stock or		Retained		Total	
	Share		earnings			
	capital					
	LVL	EUR	LVL	EUR	LVL	EUR
<b>Balance as at 31.12.2004.</b>	<b>11672107</b>	<b>16607912</b>	<b>2583590</b>	<b>3676117</b>	<b>14255697</b>	<b>20284029</b>
Stock or share capital						
increase/decrease						
Increase/decrease of reserves						
Dividends						
Period of account net profit & loss			216536	308103	216536	308103
<b>Balance as at 31.03.2005.</b>	<b>11672107</b>	<b>16607912</b>	<b>2800126</b>	<b>3984220</b>	<b>14472233</b>	<b>20592132</b>
<b>Balance as at 31.12.2005.</b>	<b>11672107</b>	<b>16607912</b>	<b>2905707</b>	<b>4134449</b>	<b>14577814</b>	<b>20742361</b>
Stock or share capital						
increase/decrease						
Increase/decrease of reserves						
Dividends						
Period of account net profit & loss			(327843)	(466479)	(327843)	(466479)
<b>Balance as at 31.03.2006.</b>	<b>11672107</b>	<b>16607912</b>	<b>2577864</b>	<b>3667970</b>	<b>14249971</b>	<b>20275882</b>

EPS to 31.03.2006. LVL (327843):11672107= (0,028) LVL or (0,040)  
 EUR to 31.03.2005. LVL 216536: 11672107=0,019 LVL or 0,026 EUR

Chairman of the Board \_\_\_\_\_ V. Melniks

31 May 2006

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.03.2006.

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

#### (2) Net turnover

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

#### (3) Revaluation of foreign currency in lats

All the company accounting is carried out into lats.  
All transactions within the year made in foreign currency have been converted into lats pursuant to the currency exchange rate officially established by the Bank of Latvia on a respective day of a transaction.  
Foreign currency exchange rate as at the end of the year of account within last two years was as following:

	31.03.2006	31.03.2005
	<u>Ls</u>	<u>Ls</u>
1 USD	0,582	0,543
1 NOK	0,0880	0,0856
1 EUR	0,702804	0,702804
1 GBP	1,013	1,02
1 RUB	0,0210	0,0195

#### (4) 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.

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

**(5) Participation in capitals of associated companies.**

Associated enterprise investment is valued in accordance with own capital methods.

Pursuant to the resolution of the board of directors the depreciation of positive incorporeal assets has been estimated as per the linear method, proceeding from a 20-year time of the provided appropriate exploitation. Depreciation deductions have been reflected in the profit & loss calculation item “Long-term financial investments’ writing off.”

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

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

**(7) 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.

**(8) 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.

**(9) 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.

**(10) Recognized incomes**

The recognized incomes of long-term contracts in conformity of a degree of their readiness.

**(11) Cash and cash equivalents**

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

**(12) Accumulation for holidays**

Accumulation for payments on holidays are formed, taking into account quantity of days of holiday to all workers and defining the average salary of workers in day.

**(13) Taxes**

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

**(14) Bookkeeping arrangement**

The bookkeeping has been arranged using a chart of accounts endorsed in the company.

The bookkeeping accountancy has been arranged with the help of computers.

**(15) Comparative information**

Comparing to the period of previous report, accounting and appraisalment methods is changed in accordance to request of International accounting Standard.

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**Profit & Loss calculation supplement**

**(1) Net turnover**

	2006 year 3 months Ls	2005 year 3 months Ls
On aspects of business		
- Shipbuilding	269679	985915
- Ship repair	2305128	3605985
- Mechanical engineering	149303	37757
- Other works	19505	25278
<b>Total</b>	<b>2743615</b>	<b>4654935</b>

**(2) Sold products operating costs**

	2006 year 3 months Ls	2005 year 3 months Ls
Material costs (raw materials and materials, value of goods, services from outside)	2028942	3011287
Remuneration of labor	540597	815490
Social insurance costs	127380	192507
Depreciation of fixed assets	109858	136182
Other costs	66668	72400
<b>Total</b>	<b>2873445</b>	<b>4227866</b>

**(3) Selling costs**

	2006 year 3 months Ls	2005 year 3 months Ls
Advertisement	10782	5980
<b>Total</b>	<b>10782</b>	<b>5980</b>

**(4) Administration costs**

	2006 year 3 months Ls	2005 year 3 months Ls
Liaison costs	3240	4215
Office maintenance costs	1740	1412
Salary of administration	49540	45563
Remuneration of the board	39000	39069
Remuneration of the council	36000	24000
Social insurance costs	29823	26074
Depreciation of fixed assets	15420	13232
Transport costs, travel allowances	8247	5598
Legal services	1749	4741
Representation costs	4054	4137
<b>Total</b>	<b>188813</b>	<b>168041</b>

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

	2006 year 3 months	2005 year 3 months
	Ls	Ls
Income generated by transport services rendering	1008	0
Income generated by leased FA payments and public services	116510	92649
Tugboat services income	14227	17428
Selling out of raw materials and materials	81835	254486
Income generated by fluctuation of currency rate	69141	71487
Educational services	270	280
Income generated by chemical analyses	1355	1635
Income generated by realization of fixed assets	5624	260
Other income	5403	819
<b>Total</b>	<b>295373</b>	<b>439044</b>

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

	2006 year 3 months	2005 year 3 months
	Ls	Ls
Material purchase costs	72961	224294
Losses due to currency rate fluctuation	46023	78438
Losses incurred by currency selling out	16163	23669
Compressed air purchase costs		
Social infrastructure objects costs (medical services)	2205	1940
Costs on tugboat services	6377	11682
The donations	1500	1150
Material benefits	80	295
Burial costs	1291	710
Costs incurred by fixed assets’ exclusion	592	485
Representation costs	2741	2832
Costs on maintenance of leased FA	54372	60130
Other costs	1118	76
<b>Total</b>	<b>205423</b>	<b>405701</b>

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

	2006 year 3 months Ls	2005 year 3 months Ls
Depositing percentage	0	60
Bank interests	6	86
Received penalty payments	27	14
<b>Total</b>	<b>33</b>	<b>160</b>

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

	2006 year 3 months Ls	2005 year 3 months Ls
Paid off penalty	130	2
Paid off interests	20877	23782
Guarantee maintenance	23449	10849
<b>Total</b>	<b>44456</b>	<b>34633</b>

**(9) Other taxes**

	2006 year 3 months Ls	2005 year 3 months Ls
Buildings and constructions real estate tax	5206	4549
Real estate tax	5973	5973
<b>Total</b>	<b>11179</b>	<b>10522</b>

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**(10) Other intangible investments**

	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>						
01.01.2006	0	0	51242		66034	117276
Bought					25301	25301
Written off						
Relocated						
Revaluated						
<b>31.03.2006.</b>	<b>0</b>	<b>0</b>	<b>51242</b>		<b>91335</b>	<b>142577</b>
<b>Depreciation</b>						
01.01.2006	0	0	5153		0	5153
Estimated			2562			2562
Written off						
<b>31.03.2006</b>	<b>0</b>	<b>0</b>	<b>7715</b>		<b>0</b>	<b>7715</b>
<b>Balance value</b>						
<b>01.01.2006</b>	<b>0</b>	<b>0</b>	<b>46089</b>		<b>66034</b>	<b>112123</b>
<b>Balance value</b>						
<b>31.03.2006</b>	<b>0</b>	<b>0</b>	<b>43527</b>		<b>91335</b>	<b>134862</b>

**(11) Report on long-term investments movement**

	Land, buildings, constructions Ls	Long-term investments into leased FA Ls	Equipment and machinery Ls	Other fixed assets Ls	Building of fixed assets Ls	Unfinished construction Ls	Advance Payment for FA Ls	Total Ls
<b>Initial value</b>								
01.01.2006	4579791	17074	9293993	708483	-	481143	27017	15107501
Bought	35509		202845	12585	-	308854	109695	669488
Written off			29514	1338	-	250939	15823	297614
Relocated					-			
<b>31.03.2006</b>	<b>4615300</b>	<b>17074</b>	<b>9467324</b>	<b>719730</b>	<b>-</b>	<b>539058</b>	<b>120889</b>	<b>15479375</b>
<b>Depreciation</b>								
01.01.2006	1526218		5768641	365219	-	0	0	7660078
Estimated	45685		153653	18150	-			217488
Written off			28067	1203	-			29270
<b>31.03.2006</b>	<b>1571903</b>		<b>5894227</b>	<b>382166</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>7848296</b>
<b>Balance value</b>								
<b>01.01.2006</b>	<b>3053573</b>	<b>17074</b>	<b>3525352</b>	<b>343264</b>	<b>-</b>	<b>481143</b>	<b>27017</b>	<b>7447423</b>
<b>Balance value</b>								
<b>31.03.2006</b>	<b>3043397</b>	<b>17074</b>	<b>3573097</b>	<b>337564</b>	<b>-</b>	<b>539058</b>	<b>120889</b>	<b>7631079</b>

*“Riga shipyard” JSC*  
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**Supplements to the balance sheet**

**(12) Participation in capital of associated companies**

	31.03.2006	31.03.2005
	Ls	Ls
Branch enterprise “Tosmare shipyard” JSC investment value	<u>                    </u>	<u>                    </u>
<b>Total</b>	<b><u>2219294</u></b>	<b><u>2268417</u></b>

**(13) Other equities and investments**

	31.03.2006	31.03.2005
	Ls	Ls
“Baltic International Bank” JSC                      33 shares	<u>165</u>	<u>165</u>
<b>Total</b>	<b><u>165</u></b>	<b><u>165</u></b>

**(14) Other loans and other long-term debtors**

	31.03.2006	31.03.2005
	Ls	Ls
Student loan payout	<u>58797</u>	<u>40178</u>
Shares loan payout	<u>543426</u>	<u>490568</u>
<b>Total</b>	<b><u>602223</u></b>	<b><u>530746</u></b>

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

	31.03.2006	31.03.2005
	Ls	Ls
Long-term loans	<u>362284</u>	<u>326381</u>
<b>Total</b>	<b><u>362284</u></b>	<b><u>326381</u></b>

**Supplement to the balance sheet**

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

	31.03.2006	31.03.2005
	Ls	Ls
1. Metal ware	82152	87498
2. Timbering	14661	7635
3. Metal	1645296	1593495
4. Pipes	268308	199623
5. Wire cables	5043	5688
6. Non-ferrous metals	161882	72678
7. Fuel	32214	28465
8. Coveralls	4609	5028
9. Equipment	26341	73723
10. Spare parts	9360	8101
11. Cables	37774	37485
12. Varnish and paint	75258	98154
13. Building materials	84068	83142
14. Household goods	4047	5213
15. Tools	24298	28080
16. Technical rubber ware	31203	32605
17. Other	374587	323189
<b>Total</b>	<b>2881101</b>	<b>2689802</b>

**(17) Unfinished production**

	31.03.2006	31.03.2005
	Ls	Ls
Unfinished production is shown in the balance sheet at production cost, excluding administration costs.		
Main unfinished production objects are as following:		
1) Shipbuilding orders	2224647	641514
2) Ship repair orders	313925	499516
3) Mechanical engineering orders	48188	37266
4) Various	1577	3311
<b>Total</b>	<b>2588337</b>	<b>1181607</b>

**(18) Advance payments for goods**

	31.03.2006	31.03.2005
	Ls	Ls
For materials	77362	675691
<b>Total</b>	<b>77362</b>	<b>675691</b>

*“Riga shipyard” JSC*  
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**Supplement to the balance sheet**

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

	31.03.2006	31.03.2005
	Ls	Ls
Buyers and customers accounting value	2363001	3704326
Generated reserves	(665115)	(646708)
<b>Balance net value</b>	<b>1697886</b>	<b>3057618</b>

**(20) Associated companies debts**

	31.03.2006	31.03.2005
	Ls	Ls
“Tosmare shipyard” JSC	2519	224807
<b>Total</b>	<b>2519</b>	<b>224807</b>

**(21) Other debtors**

	31.03.2006	31.03.2005
	Ls	Ls
Accounting value	560522	1095156
Generated reserves	(151392)	(151392)
<b>Balance net value</b>	<b>409130</b>	<b>943764</b>

Other debtors debts are as following:

	31.03.2006	31.03.2005
	Ls	Ls
Accounted VAT	11423	26933
Overpaid taxes		
- Value added tax	19387	91607
Payments personal debts	4813	1027
Payment of salary	263	328
Short-term loans for “Tosmare Shipyard” JSC’S shares	15000	72358
Short-term loans	260328	222138
Other debtors	97916	529373
<b>Total</b>	<b>409130</b>	<b>943764</b>

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

	31.03.2006	31.03.2005
	Ls	Ls
<b>Total</b>	<b>1137446</b>	<b>1115487</b>

*“Riga shipyard” JSC*  
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**Supplement to the balance sheet**

**(23) Next period costs**

	31.03.2006	31.03.2005
	Ls	Ls
Enterprise’s property insurance premium sum	9614	11801
Subscription to the press	132	155
Inviting of specialists	7976	22418
Insurance of health	5692	0
Check of floating means	5850	1955
Expenses for repair of the rented basic means	7880	5694
Advertisement	418	1826
Other costs	1038	0
<b>Total</b>	<b>38600</b>	<b>43849</b>

**(24) Cash assets**

	31.03.2006	31.03.2005
	Ls	Ls
Money at a cash department	2341	3403
Money on current accounts	11005	19163
Deposit		
<b>Total</b>	<b>13346</b>	<b>22566</b>

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

“Riga shipyard” JSC was founded in 1995 with the equity capital of Ls 10 000000, which was comprised of 10 000000 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 30 December 1998.
2. Growth of the equity capital up to Ls 11 672 107 on 30 December 1999.

**(26) Other provisions**

	31.03.2006	31.03.2005
	Ls	Ls
Provision for leaves	223510	204185
<b>Total</b>	<b>223510</b>	<b>204185</b>

**Supplement to the balance sheet**

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

	31.03.2006	31.03.2005
	Ls	Ls
Nordea Bank Finland Plc. Latvian branch	1868810	1610215
<b>Total</b>	<b>1868810</b>	<b>1610215</b>

Overdraft and guarantee contract No 2003/4/OD/GA with the overdraft limit 15 000 000 EUR. Session contracts and contract of pledge were signed, for the amplification of obligations.

**(28) Liability of leasing**

	31.03.2006	31.03.2005
	Ls	Ls
Hanza leasing including:		
Long (- term)	8660	0
Short (-term)	4110	
<b>Total</b>	<b>12770</b>	<b>0</b>

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

	31.03.2006	31.03.2005
	Ls	Ls
For shipbuilding	4911040	2631592
For ship repair	120482	113087
Others	29602	13356
<b>Total</b>	<b>5061124</b>	<b>2758035</b>

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

	31.03.2006	31.03.2005
	Ls	Ls
Debts for services	139820	142020
Debts for materials	467678	396664
Debts subcontractors	1381568	1603212
<b>Total</b>	<b>1989066</b>	<b>2141896</b>

**(31) Debts to associated companies**

	31.03.2006	31.03.2005
	Ls	Ls
“Tosmare shipyard” JSC	84592	0
<b>Total</b>	<b>84592</b>	<b>0</b>

**(32) Taxes and social insurance payments**

	31.03.2006	31.03.2005
	Ls	Ls
Social insurance payments	119570	118194
Residents income tax	75237	75231
Enterprise income tax	823	18457
Risk tax	252	392
Buildings and constructions real estate tax	0	5973
Natural resources tax	535	477
<b>Total</b>	<b>196417</b>	<b>218724</b>

**(33) Other creditors**

	31.03.2006	31.03.2005
	Ls	Ls
Salary	193017	189621
Payments for deductions from salary	1815	2890
Payments by return to personae	1958	0
Payments for credit cards	2282	2942
Payments for debts to other enterprises	33868	34317
<b>Total</b>	<b>232940</b>	<b>229770</b>

**(34) Unpaid previous years dividends**

<b>31.12.2005</b>	15677
Calculated	
Paid off	45
<b>31.03.2006</b>	<b>15632</b>

Chairman of the Board \_\_\_\_\_ V. Melniks

31 May 2006