

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

***“RIGA SHIPYARD” JSC  
financial statements for 9 months of the year 2007  
(not audited)  
(not consolidated)***

***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%
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 – 30 September 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 t.7353411 E-mail :larisa@riga-shipyard.com

***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 September 30th 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.

Chairmen of the Board

***V. MELNIKS***

November 30<sup>st</sup>, 2007

*“Riga shipyard” JSC*  
*financial statements for 9 months of the year 2007*

**Profit & Loss calculation for 2007 year 9 months and 2006 year 9 months**

	Remarks	2007 9 months Ls	2006 9 months Ls	2007 9 months EUR	2006 9 months EUR
1. Net turnover	(1)	23 247 999	26 296 703	33 078 923	37 416 837
2. Sold production operating costs	(2)	23 215 744	26 209 887	33 033 028	37 293 309
<b>3. Gross profit or losses</b>		<b>32 255</b>	<b>86 816</b>	<b>45 895</b>	<b>123 528</b>
4. Selling costs	(3)	46 547	53 352	66 230	75 913
5. Administration costs	(4)	562 042	564 980	799 715	803 894
6. Other enterprise's business activity's income	(5)	867 333	891 593	1 234 104	1 268 622
7. Other enterprise's business activity's costs	(6)	609 671	516 835	867 484	735 390
<b>8. Profit &amp; Losses of business activity's</b>		<b>(318 672)</b>	<b>(156 758)</b>	<b>(453 430)</b>	<b>(223 047)</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)	106 985	48 374	152 226	68 830
11. Write-offs of the value of long-term financial investments and short-term securities					
12. Payment off percents and the like costs	(9)	229 685	127 479	326 812	181 386
<b>13. Profit &amp; Losses prior to extra ordinary items and taxes</b>		<b>(410 012)</b>	<b>(235 863)</b>	<b>(583 395)</b>	<b>(335 603)</b>
<b>14. Profit &amp; loss prior to taxes</b>		<b>(410 012)</b>	<b>(235 863)</b>	<b>(583 395)</b>	<b>(335 603)</b>
15. Income taxes of the enterprise	(10)	34 602	87 395	49 234	124 352
16. Other taxes	(11)	41 296	38 742	58 759	55 125
<b>17. Year of account profit &amp; loss (net income)</b>		<b>(485 910)</b>	<b>(362 000)</b>	<b>(691 388)</b>	<b>(515 080)</b>

Chairmen of the Board

**V. MELNIKS**

Member of the Board

**L. ARTEMENKO**

November 30<sup>st</sup>, 2007

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**Balance as is at September 30th, 2007 year**

<b>ASSETS</b>	Remarks	30.09.2007 Ls	30.09.2006 Ls	30.09.2007 EUR	30.09.2006 EUR
<b>Long-term investments</b>					
<b>I Intangible investments</b>					
1. Other intangible investments		43 987	38 403	62 588	54 643
2. Advance payments of intangible investments		180 263	150 191	256 491	213 703
<b>Intangible investments in total</b>	(12)	<b>224 250</b>	<b>188 594</b>	<b>319 079</b>	<b>268 346</b>
<b>II Fixed assets</b>					
1. Lands, buildings, constructions, perennial plants		3 019 274	2 701 602	4 296 041	3 844 033
2. Long-term investments into leased fixed assets		9 484	17 074	13 495	24 294
3. Equipment and machinery		3 352 011	3 611 151	4 769 482	5 138 205
4. Other fixed assets and stock		448 183	424 309	637 707	603 737
5. Up building of fixed assets and unfinished building objects costs		552 713	734 810	786 439	1 045 540
6. Advanced payments for fixed assets		8 466	10 380	12 046	14 769
<b>Fixed assets in total</b>		<b>7 390 131</b>	<b>7 499 326</b>	<b>10 515 210</b>	<b>10 670 578</b>
<b>III Property deposit</b>		434 866	398 955	618 759	567 662
<b>Fixed assets and property deposit in total</b>	(13)	<b>7 824 997</b>	<b>7 898 281</b>	<b>11 133 969</b>	11 238 240
<b>IV Long-term financial investments</b>					
1. Participation in capital of related companies					
2. Participation in capital of associated companies	(14)	2 164 782	2 164 782	3 080 207	3 080 207
3. Other equities and investments	(15)	165	165	235	235
4. Other loans and other long-term debtors	(16)	865 037	595 344	1 230 837	847 098
5. Loans to copartners of the enterprises and to the directorship	(17)	352 284	362 284	501 255	515 484
<b>Long-term financial investments in total</b>		<b>3 382 268</b>	<b>3 122 575</b>	<b>4 812 534</b>	<b>4 443 024</b>
<b>Long-term investments in total</b>		<b>11 431 515</b>	<b>11 209 450</b>	<b>16 265 582</b>	<b>15 949 610</b>
<b>Current assets</b>					
<b>I Reserves</b>					
1. Raw materials, direct materials and auxiliary materials	(18)	5 961 241	3 344 595	8 482 082	4 758 930
2. Unfinished production	(19)	46 617	163 153	66 330	232 146
3. Unfinished order	(20)	878 004	559 193	1 249 287	795 660
4. Advance payments for goods	(21)	699 124	928 324	994 764	1 320 886
<b>Reserves in total</b>		<b>7 584 986</b>	<b>4 995 265</b>	<b>10 792 463</b>	<b>7 107 622</b>
<b>II Debts of debtors</b>					
1. Debts of buyers and customers	(22)	3 015 073	3 118 457	4 290 062	4 437 165
2. Debts of related companies					
3. Associated companies debts					
4. Other debtors	(23)	366 440	632 357	521 397	899 763
5. Short-term loans to copartners of the enterprise's and to the directorship	(24)	1 056 299	1 055 607	1 502 978	1 501 993
6. Next period costs	(25)	62 621	43 213	89 102	61 487
7. Accrued proceeds	(26)	10 952 832	5 848 383	15 584 475	8 321 499
<b>Debtors in total</b>		<b>15 453 265</b>	<b>10 698 017</b>	<b>21 988 014</b>	<b>15 221 907</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>	(27)	<b>95 429</b>	<b>33 393</b>	<b>135 783</b>	<b>47 514</b>
<b>Current assets in total</b>		<b>23 133 680</b>	<b>15 726 675</b>	<b>32 916 260</b>	<b>22 377 043</b>
<b>Assets in total</b>		<b>34 565 195</b>	<b>26 936 125</b>	<b>49 181 842</b>	<b>38 326 653</b>

Chairmen of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**

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<b>LIABILITIES</b>	Remarks	30.09.2007 Ls	30.09.2006 Ls	30.09.2007 EUR	30.09.2006 EUR
<b>Equity capital</b>					
1. Stock or share capital (equity capital)		11 672 107	11 672 107	16 607 912	16 607 912
2. Retained earnings					
a) previous years retained earnings		2 908 190	2 901 999	4 137 982	4 129 173
b) year of account retained earnings		(485 910)	(362 000)	(691 388)	(515 080)
Retained earnings in total		2 422 280	2 539 999	3 446 594	3 614 093
<b>Equity capital in total</b>	(28)	<b>14 094 387</b>	<b>14 212 106</b>	<b>20 054 506</b>	<b>20 222 005</b>
<b>II Provision for liabilities and charges</b>					
1. Provision for pensions and similar obligations					
2. Provision for contingent tax					
3. Other provisions					
<b>Provision for liabilities and charges in total</b>					
<b>III Creditors</b>					
<b>I Long-term debts</b>					
1. Liability of leasing		2 954	7 759	4 203	11 040
2. Deferred taxation reserves liabilities		386 791	319 634	550 354	454 798
<b>Long-term debts in total</b>		<b>389 745</b>	<b>327 393</b>	<b>554 557</b>	<b>465 838</b>
<b>II Short-term debts</b>					
1. Loans from credit institutions	(29)	6 047 217	471 048	8 604 415	670 241
2. Liability of leasing	(30)	1 451	2 287	2 065	3 254
3. Advance payments received from buyers	(31)	10 406 668	8 097 176	14 807 355	11 521 243
4. Debts to suppliers and contractors	(32)	2 347 093	2 647 072	3 339 612	3 766 444
5. Debts to related companies					
6. Debts to associated companies	(33)	1 869	133 269	2 659	189 625
7. Taxes and social insurance payments	(34)	190 924	187 409	271 660	266 659
8. Other creditors	(35)	250 840	241 517	356 913	343 648
9. Next period income					
10. Unpaid previous years dividends	(36)	253 423	248 439	360 588	353 497
11. Accrued liabilities	(37)	581 578	368 409	827 512	524 199
<b>Short-term creditors in total</b>		<b>20 081 063</b>	<b>12 396 626</b>	<b>28 572 779</b>	<b>17 638 810</b>
<b>Creditors in total</b>		<b>20 470 808</b>	<b>12 724 019</b>	<b>29 127 336</b>	<b>18 104 648</b>
<b>Total</b>		<b>34 565 195</b>	<b>26 936 125</b>	<b>49 181 842</b>	<b>38 326 653</b>

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November 30<sup>st</sup>, 2007

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Cash flow statement for 2007 year 9 months and 2006 year 9 months

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
<b>A. Cash flow from primary activity</b>				
- Sales income	21 039 955	25 719 237	29 937 159	36 595 177
- Cash to suppliers, personnel and others primary activity costs	24 700 418	23 610 710	35 145 528	33 595 014
<b>Gross cash flow from primary activity</b>	<b>(3 660 463)</b>	<b>2 108 527</b>	<b>(5 208 369)</b>	<b>3 000 163</b>
- Interest paid	161 040	110 574	229 139	157 333
- Corporate income tax	5 048	45 860	7 183	65 253
- Primary activity before extraordinary items	(3 826 551)	1 952 093	(5 444 691)	2 777 577
- Cash flow from extraordinary items	<b>(3 826 551)</b>	<b>1 952 093</b>	<b>(5 444 691)</b>	<b>2 777 577</b>
<b>Net cash flow from primary activity</b>	<b>(3 826 551)</b>	<b>1 952 093</b>	<b>(5 444 691)</b>	<b>2 777 577</b>
<b>B. Cash flow from investment activity</b>				
- Selling out of shares	19 872		28 275	
- Paid for fixed assets acquisition	304 729	595 213	433 590	846 912
- Received for the fixed assets sold	18 692	15 176	26 596	21 593
- Loans granted	10 470	11 501	14 897	16 364
- Repayment of loans	5 241	10 023	7 457	14 261
- Interest received	898	4 048	1 278	5 760
- Received dividend	31 360		44 621	
<b>Net cash flow from investment activity</b>	<b>(239 136)</b>	<b>(577 467)</b>	<b>(340 260)</b>	<b>(821 662)</b>
<b>C. Cash flow from financial activities</b>				
- Loan received	4 116 477		5 857 219	670 242
- Loan repaid	4 255	1 340 786	6 054	2 578 008
- Dividend paid	201	680	286	967
<b>Net cash flow from financial activities</b>	<b>4 112 021</b>	<b>(1 341 466)</b>	<b>5 850 879</b>	<b>(1 908 733)</b>
<b>Result of currency exchange rates changing</b>	<b>20 652</b>	<b>(13 812)</b>	<b>29 384</b>	<b>(19 652)</b>
<b>Net cash flow and equivalent increase or decrease (A+B+C)</b>	<b>66 986</b>	<b>19 348</b>	<b>95 312</b>	<b>27 530</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>95 429</b>	<b>33 393</b>	<b>135 783</b>	<b>47 514</b>

Chairmen of the Board

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November 30<sup>st</sup>, 2007

*“Riga shipyard” JSC*  
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<b>Changes in own capital report for 2007 year 9 months and 2006 year 9 months</b>						
Types of changes	Stock or		Retained		Total	
	Share		earnings			
	capital					
	LVL	EUR	LVL	EUR	LVL	EUR
<b>Balance as at 31.12.2005.</b>	<b>11672107</b>	<b>16607912</b>	<b>3135441</b>	<b>4461331</b>	<b>14807548</b>	<b>21069243</b>
Stock or share capital						
increase/decrease						
Increase/decrease of reserves						
Dividends			(233442)	(332158)	(233442)	(332158)
Period of account net profit & loss			(362000)	(515080)	(362000)	(515080)
<b>Balance as at 31.09.2006.</b>	<b>11672107</b>	<b>16607912</b>	<b>2539999</b>	<b>3614093</b>	<b>14212106</b>	<b>20222005</b>
<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>
Stock or share capital						
increase/decrease						
Increase/decrease of reserves						
Dividends			(233442)	(332158)	(233442)	(332158)
Period of account net profit & loss			(485910)	(691388)	(485910)	(691388)
<b>Balance as at 31.09.2007.</b>	<b>11672107</b>	<b>16607912</b>	<b>2422280</b>	<b>3446594</b>	<b>14094387</b>	<b>20054506</b>

EPS to 30.09.2007. LVL (485910):11672107= (0,04) LVL or (0,06) EUR;  
EPS to 30.09.2006. ( 0,03) LVL or (0,04) EUR

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**L.ARTEMENKO**

November 30<sup>st</sup>, 2007

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.09.2007.

## **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 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.

#### **(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:

	<b>30.09.2007.</b>	<b>30.09.2006.</b>
	<b>Ls</b>	<b>Ls</b>
1 USD	0.497	0.552
1 EUR	0.702804	0.702804
1 NOK	0.0904	0.0852
1 GBP	1.002	1.042
1 RUB	0.0199	0.0206

**(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.

**(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) Taxes**

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

**(16) Bookkeeping arrangement**

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

**(17) 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.

**(18) Financial risks**

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

**(19) Credit risk**

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

**(20) Percentage risk**

Enterprise is subjected from credit interest rate changing risk.

**(21) 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.

**(22) Dividend**

Dividend was reflex as fixed in announced period.

**(23) Retraining**

In comparative readings for year 2006 in necessary cases individual post classification is changed in order to meet post classification for year 2007.

**Profit & Loss calculation supplement**

**(1) Net turnover**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
On aspects of business				
- Shipbuilding	11820390	12570534	16818900	17886258
- Ship repair	11171678	13341826	15895865	18983708
- Mechanical engineering	253798	376582	361122	535828
- Other works	2133	7761	3035	11043
<b>Total</b>	<b>23247999</b>	<b>26296703</b>	<b>33078922</b>	<b>37416837</b>

**(2) Sold products operating costs**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Material costs (raw materials and materials, value of goods, services from outside)	18630925	20525603	26509418	29205302
Remuneration of labor	2830125	3617464	4026905	5147188
Social insurance costs	656589	835634	934242	1189000
Depreciation of fixed assets	633790	715337	901802	1017833
Other costs	464315	515849	660661	733986
<b>Total</b>	<b>23215744</b>	<b>26209887</b>	<b>33033028</b>	<b>37293309</b>

**(3) Selling costs**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Advertisement	46547	53352	66230	75913
<b>Total</b>	<b>46547</b>	<b>53352</b>	<b>66230</b>	<b>75913</b>

**(4) Administration costs**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Liaison costs	17252	9241	24548	13149
Office maintenance costs	9826	7130	13981	10145
Salary of administration	31245	45841	44458	65226
Remuneration of the board	189000	165979	268923	236167
Remuneration of the council	157500	149249	224102	212362
Social insurance costs	56758	57412	80759	81690
Depreciation of fixed assets	31171	30570	44352	43497
Transport costs, travel allowances	50949	68714	72494	97771
Legal services	3779	8294	5377	11801
Insurance	4939	3620	7028	5151
Representation costs	9623	18930	13693	26935
<b>Total</b>	<b>562042</b>	<b>564980</b>	<b>799715</b>	<b>803894</b>

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Income generated by transport services rendering	10333	8190	14703	11653
Income generated by leased FA payments and public services	448232	379245	637777	539617
Tugboat services income	75489	77948	107411	110910
Selling out of raw materials and materials	275258	231646	391657	329603
Educational services	1145	710	1629	1010
Income generated by chemical analyses	3612	3158	5139	4493
Income generated by realization of fixed assets	9142	15176	13008	21594
Education expenses recovery	2723	3144	3874	4474
Dubious debtor’s debts reimbursement	17392	0	24747	0
Previous year income	17981	27460	25585	39072
Income generated by fluctuation of currency rate	0	127081	0	180820
Other income	6026	17835	8574	25376
<b>Total</b>	<b>867333</b>	<b>891593</b>	<b>1234109</b>	<b>1268622</b>

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Material purchase costs	255456	198674	363481	282688
Losses due to currency rate fluctuation	175	0	249	0
Losses incurred by currency selling out	32217	86601	45841	123222
Social infrastructure objects costs (medical services)	7799	7017	11097	9984
Costs on tugboat services	32790	36456	46656	51872
Donations	6096	4903	8674	6976
Material benefits	100	110	142	157
Burial costs	1804	5198	2567	7396
Costs incurred by fixed assets’ exclusion	545	2225	775	3166
Representation costs	6636	13070	9442	18597
Costs on maintenance of leased FA	208776	162299	297061	230931
Previous year losses	55803	0	79401	0
Other costs	1474	282	2098	401
<b>Total</b>	<b>609671</b>	<b>516835</b>	<b>867484</b>	<b>735390</b>

*“Riga shipyard” JSC*  
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**(7) Income from investments in capital of related and associated companies**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
“Tosmare shipyard” JSC dividends	31360	0	44621	0
<b>Total</b>	<b>31360</b>	<b>0</b>	<b>44621</b>	<b>0</b>

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Depositing percentage	41	1796	58	2555
Bank interests	63	28	90	40
Received penalty payments	24563	40394	34950	57475
Interests income for loans	82318	6156	117128	8760
<b>Total</b>	<b>106985</b>	<b>48374</b>	<b>152226</b>	<b>68830</b>

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Paid off penalty	307	172	437	245
Paid off interests	162278	74607	230901	106156
Guarantee maintenance	67100	52700	95474	74985
<b>Total</b>	<b>229685</b>	<b>127479</b>	<b>326812</b>	<b>181386</b>

**(10) Income taxes of the enterprise**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Income tax advance payments	34602	87395	49234	124352
<b>Total</b>	<b>34602</b>	<b>87395</b>	<b>49234</b>	<b>124352</b>

**(11) Other taxes**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Buildings and constructions real estate tax	23407	20824	33306	29630
Real estate tax	17889	17918	25453	25495
<b>Total</b>	<b>41296</b>	<b>38742</b>	<b>58759</b>	<b>55125</b>

## Supplements to the balance sheet

### (12) 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>						
01.01.2007	0	0	68 377	0	154 587	222 964
Bought	0	0	1777	0	25 676	27 453
Written off	0	0	0	0	0	0
Relocated	0	0	0	0	0	0
Revaluated	0	0	0	0	0	0
30.09.2007	0	0	70 154	0	180 263	250 417
<b>Depreciation</b>						
01.01.2007	0	0	15 687	0	0	15 687
Estimated	0	0	10 480	0	0	10 480
Written off	0	0	0	0	0	0
30.09.2007	0	0	26 167	0	0	26 167
<b>Balance value</b>						
<b>01.01.2007</b>	<b>0</b>	<b>0</b>	<b>52 690</b>	<b>0</b>	<b>154 587</b>	<b>207 277</b>
<b>Balance value</b>						
<b>30.09.2007</b>	<b>0</b>	<b>0</b>	<b>43 987</b>	<b>0</b>	<b>180 263</b>	<b>224 250</b>

### (12) 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>						
01.01.2007	0	0	97292	0	219957	317249
Bought	0	0	2528	0	36534	39062
Written off	0	0	0	0	0	0
Relocated	0	0	0	0	0	0
Revaluated	0	0	0	0	0	0
30.09.2007	0	0	99820	0	256491	356311
<b>Depreciation</b>						
01.01.2007	0	0	22321	0	0	22321
Estimated	0	0	14911	0	0	14911
Written off	0	0	0	0	0	0
30.09.2007	0	0	37232	0	0	37232
<b>Balance value</b>						
<b>01.01.2007</b>	<b>0</b>	<b>0</b>	<b>74971</b>	<b>0</b>	<b>219957</b>	<b>294928</b>
<b>Balance value</b>						
<b>30.09.2007</b>	<b>0</b>	<b>0</b>	<b>62588</b>	<b>0</b>	<b>256491</b>	<b>319079</b>

**Supplements to the balance sheet**

**(13) 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>								
01.01.2007	<b>4655983</b>	<b>565055</b>	<b>9484</b>	<b>10000997</b>	<b>872116</b>	<b>107894</b>	<b>0</b>	<b>16211529</b>
Bought	52086	11611	0	117154	82396	735519	29926	1028692
Written off	0	0	0	122098	3583	290700	21460	437892
Relocated	0	0	0	0	0	0	0	0
<b>30.09.2007</b>	<b>4708018</b>	<b>576666</b>	<b>9484</b>	<b>9996053</b>	<b>950929</b>	<b>552713</b>	<b>8466</b>	<b>16802329</b>
<b>Depreciation</b>								
01.01.2007	<b>1577602</b>	123366	0	<b>6271510</b>	440740	0	0	<b>8413218</b>
Estimated	111193	18434	0	487493	65482	0	0	<b>682602</b>
Written off	51	0	0	114961	3476	0	0	<b>118488</b>
<b>30.09.2007</b>	<b>1688744</b>	<b>141800</b>	<b>0</b>	<b>6644042</b>	<b>502746</b>	<b>0</b>	<b>0</b>	<b>8977332</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>30.09.2007</b>	<b>3019274</b>	<b>434866</b>	<b>9484</b>	<b>3352011</b>	<b>448183</b>	<b>552713</b>	<b>8466</b>	<b>7824997</b>

**(13) 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>								
01.01.2007	6624867	804001	<b>13495</b>	14230137	<b>1240909</b>	<b>153519</b>	0	<b>23066928</b>
Bought	74112	16521		166695	117239	1046549	42581	<b>1463697</b>
Written off	73	0		173730	5098	413629	30535	<b>623065</b>
Relocated					0	0	0	<b>0</b>
<b>30.09.2007</b>	<b>6698906</b>	<b>820522</b>	<b>13495</b>	<b>14223102</b>	<b>1353050</b>	<b>786439</b>	<b>12046</b>	<b>23907560</b>
<b>Depreciation</b>								
01.01.2007	2244725	175534	0	8923555	<b>627117</b>	0	0	<b>11970931</b>
Estimated	158213	26229	0	693640	93172	0	0	<b>971254</b>
Written off	73	0	0	163575	4946	0	0	<b>168594</b>
<b>30.09.2007</b>	<b>2402865</b>	<b>201763</b>	<b>0</b>	<b>9453620</b>	<b>715343</b>	<b>0</b>	<b>0</b>	<b>12773591</b>
<b>Balance value</b>								
<b>01.01.2007</b>	<b>4380142</b>	<b>628467</b>	<b>13495</b>	<b>5306582</b>	<b>613792</b>	<b>153519</b>	<b>0</b>	<b>11095997</b>
<b>Balance value</b>								
<b>30.09.2007</b>	<b>4296041</b>	<b>618759</b>	<b>13495</b>	<b>4769482</b>	<b>637707</b>	<b>786439</b>	<b>12046</b>	<b>11133969</b>

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

	30.09.2007. Ls	30.09.2006. Ls	30.09.2007. EUR	30.09.2006. EUR
Branch enterprise “Tosmare shipyard” JSC investment value	<b>2164782</b>	<b>2164782</b>	<b>3080207</b>	<b>3080207</b>
<b>Investments</b>	<b>2164782</b>	<b>2164782</b>	<b>3080207</b>	<b>3080207</b>

**(15) Other equities and investments**

Name enterprise	Parts or shares	Parts or shares value		30.09.2007			30.09.2006		
		2007	2006	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**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Student loan payout	59107	51917	84102	73871
Shares loan payout	528426	543427	751882	773227
Long-term loan	277504	0	394853	0
<b>Total</b>	<b>865037</b>	<b>595344</b>	<b>1230837</b>	<b>847098</b>

**Amount to be pay back after 5 years – 518 446 Ls or 737 682 EUR**

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Long-term loans	352284	362284	501255	515484
<b>Total</b>	<b>352284</b>	<b>362284</b>	<b>501255</b>	<b>515484</b>

**Supplement to the balance sheet**

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
<b>Total</b>	<b>5961241</b>	<b>3344595</b>	<b>8482082</b>	<b>4758930</b>

**(19) Unfinished production**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Shipbuilding orders	46617	163153	66330	232146
<b>Total</b>	<b>46617</b>	<b>163153</b>	<b>66330</b>	<b>232146</b>

**(20) Unfinished orders**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
1) Ship repair orders	783083	515602	1114227	733636
2) Mechanical engineering orders	89678	43301	127600	61612
3) Various	5243	290	7460	412
<b>Total</b>	<b>878004</b>	<b>559193</b>	<b>1249287</b>	<b>795660</b>

**(21) Advance payments for goods**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
For materials	699124	928324	994764	1320886
<b>Total</b>	<b>699124</b>	<b>928324</b>	<b>994764</b>	<b>1320886</b>

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Buyers and customers accounting value	3216156	3783572	4576177	5383538
Generated reserves	201083	665115	286115	946373
<b>Balance net value</b>	<b>3015073</b>	<b>3118457</b>	<b>4290062</b>	<b>4437165</b>

**Supplement to the balance sheet**

**(23) Other debtors**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Accounting value	500440	783749	712062	1115174
Generated reserves	134000	151392	190665	215411
<b>Balance net value</b>	<b>366440</b>	<b>632357</b>	<b>521397</b>	<b>899763</b>

Other debtors debts are as following:

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Accounted VAT	2816	2967	4007	4222
Overpaid taxes				
- Value added tax	207762	191234	295619	272101
- Enterprise income tax	33366	42510	47476	60486
Payments personal debts	6052	5830	8611	8295
Short-term loans for “Tosmare Shipyard” JSC’S shares	3068	15000	4365	21343
Short-term loans	0	268916	0	382633
Advance payment of service	96358	82629	137105	117570
Other debtors	17018	23271	24214	33113
<b>Total</b>	<b>366440</b>	<b>632357</b>	<b>521397</b>	<b>899763</b>

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
<b>Total</b>	<b>1056299</b>	<b>1055607</b>	<b>1502978</b>	<b>1501993</b>

Loan JSC “Remars Riga”  
leaders debt for shares  
30.09.2007.

Directorship, copartners Ls	Directorship, copartners EUR
1054239	1500047
2060	2931
<b>1056299</b>	<b>1502978</b>

**Supplement to the balance sheet**

**(25) Next period costs**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Enterprise’s property insurance premium sum	11438	11643	16275	16566
Subscription to the press	55	671	78	955
Inviting of specialists	14510	13927	20646	19816
Insurance of health	11086	0	15774	0
Check of floating means	4694	6818	6679	9701
Expenses for repair of the rented basic means	8917	1897	12688	2699
Advertisement	2425	638	3450	908
Payment lease of land	5978	0	8506	0
Exhibition	2546	0	3623	0
Other costs	972	7619	1383	10842
<b>Total</b>	<b>62621</b>	<b>43213</b>	<b>89102</b>	<b>61487</b>

**(26) Accrued proceeds**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Shipbuilding	10952832	5848383	15584475	8321499
<b>Total</b>	<b>10952832</b>	<b>5848383</b>	<b>15584475</b>	<b>8321499</b>

**(27) Cash assets**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Money at a cash department	3677	3181	5232	4526
Money on current accounts	4733	30212	6734	42988
Deposit	87019	0	123817	0
<b>Total</b>	<b>95429</b>	<b>33393</b>	<b>135783</b>	<b>47514</b>

**Supplement to the balance sheet**

**(28) 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.

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
<b>Total</b>	<b>6047217</b>	<b>471048</b>	<b>8604415</b>	<b>670241</b>

Overdraft and guarantee contract No 2003/4/OD/GA with the overdraft limit 22 000 000 EUR, also overdraft 9 000 000 EUR, session contracts and contract of pledge were signed, for the amplification of obligations.

**(30) Liability of leasing**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Hanza leasing including:				
Long (- term)	2954	7759	4203	11040
Short (-term)	1451	2287	2065	3254
<b>Total</b>	<b>4405</b>	<b>10046</b>	<b>6268</b>	<b>14294</b>

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
For shipbuilding	10255340	8079366	14592034	11495902
For ship repair	134932	8033	191991	11430
Others	16396	9777	23330	13911
<b>Total</b>	<b>10406668</b>	<b>8097176</b>	<b>14807355</b>	<b>11521243</b>

**Supplement to the balance sheet**

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Debts for services and materials	958949	780230	1364462	1110167
Debts subcontractors	1388144	1866842	1975150	2656277
<b>Total</b>	<b>2347093</b>	<b>2647072</b>	<b>3339612</b>	<b>3766444</b>

**(33) Debts to associated companies**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
“Tosmare shipyard” JSC	1869	133269	2659	189625
<b>Total</b>	<b>1869</b>	<b>133269</b>	<b>2659</b>	<b>189625</b>

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

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Social insurance payments	111565	109585	158743	155925
Residents income tax	78947	76192	112331	108412
Risk tax	198	239	282	340
Natural resources tax	214	1393	304	1982
<b>Total</b>	<b>190924</b>	<b>187409</b>	<b>271660</b>	<b>266659</b>

**(35) Other creditors**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
Salary	231209	198665	328981	282675
Payments for deductions from salary	1838	1541	2615	2193
Payments for debts to other enterprises	17793	41311	25317	58780
<b>Total</b>	<b>250840</b>	<b>241517</b>	<b>356913</b>	<b>343648</b>

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**Supplement to the balance sheet**

**(36) Unpaid previous years dividends**

	Ls	Eur
<b>31.12.2006</b>	20182	28716
Calculated	233442	332158
Paid off	201	286
<b>30.09.2007</b>	<b>253423</b>	<b>360588</b>

**(37) Accrued liabilities**

	2007 year 9 months Ls	2006 year 9 months Ls	2007 year 9 months EUR	2006 year 9 months EUR
For services	360104	144899	512383	206173
Accruals for vocations	221474	223510	315129	318026
<b>Total</b>	<b>581578</b>	<b>368409</b>	<b>827512</b>	<b>524199</b>

Chairmen of the Board

**V. MELNIKS**

Member of the Board

**I.KOMAROVS**

Member of the Board

**A.STOLDERS**

Member of the Board

**L.ARTEMENKO**

November 30<sup>st</sup>, 2007