

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

***“RIGA SHIPYARD” JSC  
financial statements for 9 months of the year 2008  
(not audited)  
(not consolidated)***

***Riga, 2008***

***Content***

	<i>Pages</i>
Information on the company	3
Profit& loss calculation	5
Balance sheet	6
Cash flow statement	8
Equity changes report	9
Notes to the financial statements	10

## 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	<ul style="list-style-type: none"><li>– building and repair of ships, yachts, catamarans, roll trailers and technological equipment</li><li>– Port services</li><li>– Wood processing, manufacturing of furniture designed for various functional purposes etc.</li></ul>	
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
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
Irina Rudzate	Member of the Board,	p. ID 091066-11012 (from March 20 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 7080868
Annual report	1 January – 30 September 2008	
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 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.

Chairmen of the Board

***V. MELNIKS***

November 28<sup>st</sup>, 2008  
“Riga Shipyard” JSC

**Profit & Loss calculation for 2008 year 9 months and 2007 year 9 months**

	Remarks	<b>2008 9 months Ls</b>	<b>2007 9 months Ls</b>	<b>2008 9 months EUR</b>	<b>2007 9 months EUR</b>
Net turnover	(1)	30 094 684	23 247 999	42820878	33 078 923
Sold production operating costs	(2)	29 909 871	23 215 744	42557912	33 033028
<b>Gross profit or losses</b>		<b>184 813</b>	<b>32 255</b>	<b>262966</b>	<b>45 895</b>
Selling costs	(3)	38 122	46 547	54243	66 230
Administration costs	(4)	617 784	562 042	879027	799 715
Other enterprise's business activity's income	(5)	819 746	867 333	1166393	1 234 104
Other enterprise's business activity's costs	(6)	643 145	609 671	915113	867 484
<b>Profit &amp; Losses of business activity's</b>		<b>(294 492)</b>	<b>(318 672)</b>	<b>(419024)</b>	<b>(453 430)</b>
Income from investments in capital of related and associated companies			31 360		44 621
Other percents and the like income	(7)	326 082	106 985	463973	152 226
Write-offs of the value of long-term financial investments and short-term securities					
Payment off percents and the like costs	(8)	318 798	229 685	453609	326 812
<b>Profit &amp; Losses prior to extra ordinary items and taxes</b>		<b>(287 208)</b>	<b>(410 012)</b>	<b>(408660)</b>	<b>(583 395)</b>
<b>Profit &amp; loss prior to taxes</b>		<b>(287208)</b>	<b>(410 012)</b>	<b>(408660)</b>	<b>(583 395)</b>
Income taxes of the enterprise	(9)	28 684	34 602	40814	49 234
Other taxes	(10)	74 993	41 296	106705	58 759
<b>Year of account profit &amp; loss (net income)</b>		<b>(390 885)</b>	<b>(485 910)</b>	<b>(556179)</b>	<b>(691 388)</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**

November 28<sup>st</sup>, 2008

*“Riga shipyard” JSC*  
*financial statements for 9 months of the year 2008*

**Balance as is at 30 September 2008 year**

ASSETS	Remarks	2008 9 months Ls	2007 9 months Ls	2008 9 months EUR	2007 9 months 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		30 173	43 987	42 932	62 588
4. Goodwill					
5. Advance payments of intangible investments		167 431	180 263	238 233	256 491
<b>Intangible investments in total</b>	11	<b>197 604</b>	<b>224 250</b>	<b>281 165</b>	<b>319 079</b>
<b>II Fixed assets</b>					
1. Lands, buildings, constructions, perennial plants		3 558 324	3 019 274	5 063 040	4 296 041
2. Long-term investments into leased fixed assets		55 752	9 484	79 328	13 495
3. Equipment and machinery		13 989 837	3 352 011	19 905 744	4 769 482
4. Other fixed assets and stock		431 320	448 183	613 713	637 707
5. Up building of fixed assets and unfinished building objects costs		399 442	552 713	568 354	786 439
6. Advanced payments for fixed assets		37 934	8 466	53 976	12 046
<b>Fixed assets in total</b>		<b>18 472 609</b>	<b>7 390 131</b>	<b>26 284 155</b>	<b>10 515 210</b>
<b>III Property deposit</b>					
<b>Fixed assets and property deposit in total</b>	12	<b>18 900 135</b>	<b>7 824 997</b>	<b>26 892 470</b>	<b>11 133 969</b>
<b>IV Long-term financial investments</b>					
1. Participation in capital of related companies					
2. Participation in capital of associated companies	13	3 008 147	2 164 782	4 280 208	3 080 207
3. Loans to the associated companies	14	283 540		403 441	
4. Other equities and investments	15	165	165	235	235
5. Other loans and other long-term debtors	16	562 264	865 037	800 030	1 230 837
6. Loans to copartners of the enterprises and to the directorship	17	342 284	352 284	487 026	501 255
<b>Long-term financial investments in total</b>		<b>4 196 400</b>	<b>3 382 268</b>	<b>5 970 940</b>	<b>4 812 534</b>
<b>Long-term investments in total</b>		<b>23 294 139</b>	<b>11 431 515</b>	<b>33 144 575</b>	<b>16 265 582</b>
<b>Current assets</b>					
<b>I Reserves</b>					
1. Raw materials, direct materials and auxiliary materials	18	4 096 566	5 961 241	5 828 888	8 482 082
2. Unfinished production	19	904 947	46 617	1 287 624	66 330
3. Unfinished order	20	475 573	878 004	676 679	1 249 287
4. Advance payments for goods	21	3 876 124	699 124	5 515 228	994 764
<b>Reserves in total</b>		<b>9 353 210</b>	<b>7 584 986</b>	<b>13 308 419</b>	<b>10 792 463</b>
<b>II Debts of debtors</b>					
1. Debts of buyers and customers	22	4 480 473	3 015 073	6 375 139	4 290 062
2. Debts of related companies					
3. Associated companies debts	23	153 684		218 673	
4. Other debtors	24	535 771	366 440	762 333	521 397
5. Short-term loans to copartners of the enterprise's and to the directorship	25	222 676	1 056 299	316 839	1 502 978
6. Next period costs	26	119 297	62 621	169 744	89 102
7. Accrued proceeds	27	6 075 922	10 952 832	8 645 257	15 584 475
<b>Debtors in total</b>		<b>11 587 823</b>	<b>15 453 265</b>	<b>16 487 985</b>	<b>21 988 014</b>
<b>III Short-term financial investments</b>					
1. Participation in capital of related companies					
<b>Short-term financial investments in total</b>					
<b>Cash assets</b>	28	<b>5 166 761</b>	<b>95 429</b>	<b>7 351 639</b>	<b>135 783</b>
<b>Current assets in total</b>		<b>26 107 794</b>	<b>23 133 680</b>	<b>37 148 043</b>	<b>32 916 260</b>
<b>Assets in total</b>		<b>49 401 933</b>	<b>34 565 195</b>	<b>70 292 618</b>	<b>49 181 842</b>

Chairman of the Board  
Member of the Board

**V. MELNIKS**  
**L. ARTEMENKO**

*“Riga shipyard” JSC*  
*financial statements for 9 months of the year 2008*

LIABILITIES	Remarks	2008 9 months Ls	2007 9 months Ls	2008 9 months EUR	2007 9 months EUR
<b>I Equity capital</b>					
1. Stock or share capital (equity capital)	29	11 672 107	11 672 107	16 607 912	16 607 912
2. Long-term investment revaluation reserve		10 666 906		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		(390 885)	(485 910)	(556 179)	(691 388)
<i>Retained earnings in total</i>		<i>2 686 490</i>	<i>2 422 280</i>	<i>3 822 531</i>	<i>3 446 594</i>
<b>Equity capital in total</b>		<b>25 025 503</b>	<b>14 094 387</b>	<b>35 608 083</b>	<b>20 054 506</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		4 203
2. Deferred taxation reserves liabilities		417 985	386 791	594 739	550 354
<b>Long-term debts in total</b>		<b>417 985</b>	<b>389 745</b>	<b>594 739</b>	<b>554 557</b>
<b>II Short-term debts</b>					
1. Loans from credit institutions	30	5 026 042	6 047 217	7 151 413	8 604 415
2. Liability of leasing			1 451		2 065
3. Advance payments received from buyers	31	13 485 693	10 406 668	19 188 412	14 807 355
4. Debts to suppliers and contractors	32	3 792 205	2 347 093	5 395 822	3 339 612
5. Debts to related companies					
6. Debts to associated companies	33	293	1 869	417	2 659
7. Taxes and social insurance payments	34	229 231	190 924	326 166	271 660
8. Other creditors	35	312 104	250 840	444 084	356 913
9. Next period income		8 000		11 383	
10. Unpaid previous years dividends	36	25 017	253 423	35 596	360 588
11. Accrued liabilities	37	1 079 860	581 578	1 536 503	827 512
<b>Short-term creditors in total</b>		<b>23 958 445</b>	<b>20 081 063</b>	<b>34 089 796</b>	<b>28 572 779</b>
<b>Creditors in total</b>		<b>24 376 430</b>	<b>20 470 808</b>	<b>34 684 535</b>	<b>29 127 336</b>
<b>Total</b>		<b>49 401 933</b>	<b>34 565 195</b>	<b>70 292 618</b>	<b>49 181 842</b>

Chairman of the Board  
Member of the Board

**V. MELNIKS**  
**L. ARTEMENKO**

November 28<sup>st</sup>, 2008

*“Riga shipyard” JSC*  
*financial statements for 9 months of the year 2008*

Cash flow statement for 2008 year 9 months and 2007 year 9 months

	2008 9 months Ls	2007 9 months Ls	2008 9 months EUR	2007 9 months EUR
<b>A Cash flow from primary activity</b>				
Sales income	32 618 203	21 039 955	46 411 522	29 937 159
Cash to suppliers, personnel and others primary activity costs	34 031 777	24 700 418	48 422 856	35 145 528
<b>Gross cash flow from primary activity</b>	<b>(1 413 574)</b>	<b>(3 660 463)</b>	<b>(2 011 334)</b>	<b>(5 208 369)</b>
Interest paid	318 798	161 040	453 609	229 139
Corporate income tax		5 048		7 183
Primary activity before extraordinary items	(1 732 372)	(3 826 551)	(2 464 943)	(5 444 691)
Cash flow from extraordinary items	(1 732 372)	<b>(3 826 551)</b>	(2 464 943)	<b>(5 444 691)</b>
<b>Net cash flow from primary activity</b>	<b>(1 732 372)</b>	<b>(3 826 551)</b>	<b>(2 464 943)</b>	<b>(5 444 691)</b>
<b>B Cash flow from investment activity</b>				
Selling out of shares		19 872		28 275
Paid for fixed assets acquisition	398 194	304 729	566 579	433 590
Received for the fixed assets sold	50 504	18 692	71 861	26 596
Loans granted	2 706	10 470	3 850	14 897
Repayment of loans	8 216	5 241	11 690	7 457
Interest received	326 082	898	463 973	1 278
Received dividend		31 360		44 621
<b>Net cash flow from financial activity</b>	<b>(16 098)</b>	<b>(239 136)</b>	<b>(22 905)</b>	<b>(340 260)</b>
<b>C Cash flow from financial activities</b>				
Loan received		4 116 477		5 857 219
Loan repaid	2 315 032	4 255	3 293 994	6 054
Dividend paid	3 461	201	4 924	286
<b>Net cash flow from financial activities</b>	<b>(2 318 493)</b>	<b>4 112 021</b>	<b>(3 298 918)</b>	<b>5 850 879</b>
Result of currency exchange rates changing	(1 179)	20 652	(1 678)	29 384
<b>Net cash flow and equivalent increase or decrease (A+B+C)</b>	<b>(4 068 142)</b>	<b>66 986</b>	<b>(5 788 444)</b>	<b>95 312</b>
<b>Cash and equivalent thereof at beginning of the period of accounts</b>	<b>9 234 903</b>	<b>28 443</b>	<b>13 140 083</b>	<b>40 471</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>5 166 791</b>	<b>95 429</b>	<b>7351639</b>	<b>135 783</b>

Chairman of the Board

*V. MELNIKS*

Member of the Board

*L.ARTEMENKO*

November 28<sup>st</sup>, 2008



Changes in own capital report for 2008 year 9 months and 2007 year 9 months

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>11 672 107</b>	<b>16 607 912</b>			<b>3 141 632</b>	<b>4 470 140</b>	<b>14 813 739</b>	<b>21 078 052</b>
Dividends					(233 442)	(332 158)	(233442)	(332158)
Period of account net profit & loss					(485 910)	(691 388)	(485910)	(691388)
<b>Balance as at 30.09.2007.</b>	<b>11 672 107</b>	<b>16 607 912</b>			<b>2 422 280</b>	<b>3 446 594</b>	<b>14094387</b>	<b>20054506</b>
<b>Balance as at 31.12.2007.</b>	<b>11 672 107</b>	<b>16 607 912</b>	<b>10 666 906</b>	<b>15 177 640</b>	<b>3 077 375</b>	<b>4 378 710</b>	<b>25416388</b>	<b>36164262</b>
Stock or share capital increase/decrease								
Increase/decrease of reserves								
Dividends								
Period of account net profit & loss					(390 885)	(556 179)	(390885)	(556179)
<b>Balance as at 30.09.2008.</b>	<b>11672107</b>	<b>16 607 912</b>	<b>10 666 906</b>	<b>15 177 640</b>	<b>2 686 490</b>	<b>3 822 531</b>	<b>25025503</b>	<b>35608083</b>

EPS to 30.09.2008. LVL (390 885) : 11 672 107 = (0,03) LVL or (0,05) EUR;  
EPS to 30.09.2007. – (0,04) LVL or (0,06) EUR

Chairman of the Board  
Member of the Board

**V. MELNIKS**  
**L.ARTEMENKO**

November 28<sup>st</sup>, 2008

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.09.2008.

## **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.

#### **(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 September:

	<u>30.09.2008.</u> <u>Ls</u>	<u>30.09.2007.</u> <u>Ls</u>
1 USD	0.486	0.497
1 EUR	0.702804	0.702804
1 NOK	0.0850	0.0904
1 GBP	0.887	1.002
1 RUB	0.0194	0.0199

**(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) Taxes**

There has been made reconciliation of taxes liabilities by data of SRS Ziemelu 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 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 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
On aspects of business				
– Shipbuilding	9 569 761	11 820 390	13 616 543	16 818 900
– Ship repair	20 266 794	11 171 678	28 837 050	15 895 865
– Mechanical engineering	83 985	94 430	119 500	361 122
– Other works	174 144	161 501	247 785	3 036
<b>Total</b>	<b>30 094 684</b>	<b>23 247 999</b>	<b>42 820 878</b>	<b>33 078 923</b>

**(2) Sold products operating costs**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Material costs (raw materials and materials, value of goods, services from outside)	23 960 234	18 630 925	34 092 342	26 509 418
Remuneration of labor	3 904 356	2 830 125	5 555 398	4 026 905
Social insurance costs	911 927	656 589	1 297 555	934 242
Depreciation of fixed assets	729 493	633 790	1 037 975	901 802
Other costs	403 861	464 315	574 642	660 661
<b>Total</b>	<b>29 909 871</b>	<b>23 215 744</b>	<b>42 557 912</b>	<b>33 033 028</b>

**(3) Selling costs**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Advertisement	38 122	46 547	54 243	66 230
<b>Total</b>	<b>38 122</b>	<b>46 547</b>	<b>54 243</b>	<b>66 230</b>

**(4) Administration costs**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Liaison costs	9 032	17252	12 851	24 548
Office maintenance costs	4 501	9 826	6 404	13 981
Salary of administration	37 303	31 245	53 077	44 458
Remuneration of the board	210 929	189 000	300 125	268 923
Remuneration of the council	159 885	157 500	227 496	224 102
Social insurance costs	70 426	56 758	100 207	80 759
Depreciation of fixed assets	28 351	31 171	40 340	44 352
Transport costs, travel allowances	65 766	50 949	93 577	72 494
Legal services	1 576	3 779	2 242	5 377
Insurance	7 519	4 939	10 699	7 028
Representation costs	10 620	9 623	15 111	13 693
Transport representative costs	11 876	0	16 898	0
<b>Total</b>	<b>617 784</b>	<b>562 042</b>	<b>879 027</b>	<b>799 715</b>

**Profit & Loss calculation supplement**

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Income generated by transport services rendering	598	10 333	851	14 703
Income generated by leased FA payments and public services	412 425	448 232	586 828	637 777
Tugboat services income	87 239	75 489	124 130	107 411
Selling out of raw materials and materials	259 873	275 258	369 766	391 657
Educational services	4 477	1 145	6 370	1 629
Income generated by chemical analyses	2 728	3 612	3 882	5 139
Income generated by realization of fixed assets	13 251	9 142	18 854	13 008
Education expenses recovery	3 842	2 723	5 467	3 874
Dubious debtor’s debts reimbursement	0	17 392	0	24 747
Previous year income	23 177	17 981	32 978	25 585
Other income	12 136	6 026	17 267	8 574
<b>Total</b>	<b>819 746</b>	<b>867 333</b>	<b>1 166 393</b>	<b>1 234 104</b>

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Material purchase costs	240 688	255 456	342 468	363 481
Losses due to currency rate fluctuation	1 870	175	2 661	249
Losses incurred by currency selling out	53 260	32 217	75 782	45 841
Social infrastructure objects costs (medical services)	10 406	7 799	14 806	11 097
Costs on tugboat services	47 750	32 790	67 942	46 656
Donations	14 750	6 096	20 987	8 674
Material benefits	11 975	100	17 039	142
Burial costs	1 304	1 804	1 855	2 567
Costs incurred by fixed assets’ exclusion	1 996	545	2 840	775
Representation costs	7 386	6 636	10 509	9 442
Costs on maintenance of leased FA	242 760	208 776	345 416	297 061
Previous year losses	0	55 803	0	79 401
Other costs	9 000	1 474	12 808	2 098
<b>Total</b>	<b>643 145</b>	<b>609 671</b>	<b>915 113</b>	<b>867 484</b>

**Profit & Loss calculation supplement**

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Depositing percentage	322 007	41	458 175	58
Bank interests	1 520	63	2 163	90
Received penalty payments	0	24 563	0	34 950
Interests income for loans	2 555	82 318	3 635	117 128
<b>Total</b>	<b>326 082</b>	<b>106 985</b>	<b>463 973</b>	<b>152 226</b>

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Paid off penalty	5 116	307	7 279	437
Paid off interests	248 053	162 278	352 948	230 901
Guarantee maintenance	65 629	67 100	93 382	95 474
<b>Total</b>	<b>318 798</b>	<b>229 685</b>	<b>453 609</b>	<b>326 812</b>

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Income tax advance payments	28 684	34 602	40 814	49 234
<b>Total</b>	<b>28 684</b>	<b>34 602</b>	<b>40 814</b>	<b>49 234</b>

**(10) Other taxes**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Buildings and constructions real estate tax	52 596	23 407	74 837	33 306
Real estate tax	22 397	17 889	31 868	25 453
<b>Total</b>	<b>74 993</b>	<b>41 296</b>	<b>106 705</b>	<b>58 759</b>



**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>						
<b>01.01.2008</b>			<b>70 409</b>		<b>180 008</b>	<b>250 417</b>
Bought					6 819	<b>6 819</b>
Written off					19 396	<b>19 396</b>
Relocated						
Revaluated						
<b>30.09.2008</b>			<b>70 409</b>		<b>167 431</b>	<b>237 840</b>
<b>Depreciation</b>						
<b>01.01.2008</b>			<b>29 675</b>			<b>29 675</b>
Estimated			10 561			<b>10 561</b>
Written off						
<b>30.09.2008</b>			<b>40 236</b>			<b>40 236</b>
<b>Balance value</b>						
<b>01.01.2008</b>			<b>40 734</b>		<b>180 008</b>	<b>220 742</b>
<b>Balance value</b>						
<b>30.09.2008</b>			<b>30 173</b>		<b>167 431</b>	<b>197 604</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>						
<b>01.01.2008.</b>			<b>100 183</b>		<b>256 128</b>	<b>356 311</b>
Bought					9 703	<b>9 703</b>
Relocated						
Written off					27 598	<b>27 598</b>
<b>30.09.2008.</b>			<b>100 183</b>		<b>238 233</b>	<b>338 416</b>
<b>Depreciation</b>						
<b>01.01.2008.</b>			<b>42 224</b>			<b>42 224</b>
Estimated			15 027			<b>15 027</b>
Written off						
<b>30.09.2008.</b>			<b>57 251</b>			<b>57 251</b>
<b>Balance value</b>						
<b>01.01.2008.</b>			<b>57 959</b>		<b>256 128</b>	<b>314 087</b>
<b>Balance value</b>						
<b>30.09.2008.</b>			<b>42 932</b>		<b>238 233</b>	<b>281 165</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>								
<b>01.01.2008</b>	<b>4 964 650</b>	<b>596 363</b>	<b>3 304</b>	<b>18 253 733</b>	<b>941 676</b>	<b>384 081</b>	<b>27 480</b>	<b>25 171 287</b>
Bought	440 670		52 448	478 040	38 078	972 149	54 499	<b>2 035 884</b>
Relocated								
Written off				393 987	144	956 788	44 045	<b>1 394 964</b>
<b>30.09.2008</b>	<b>5 405 320</b>	<b>596 363</b>	<b>55 752</b>	<b>18 337 786</b>	<b>979 610</b>	<b>399 442</b>	<b>37 934</b>	<b>25 812 207</b>
<b>Depreciation</b>								
<b>01.01.2008</b>	<b>1 725 209</b>	<b>147 962</b>		<b>4 176 040</b>	<b>477 589</b>			<b>6 526 800</b>
Estimated	121 787	20 875		534 674	70 845			<b>748 181</b>
Written off				362 765	144			<b>362 909</b>
<b>30.09.2008</b>	<b>1 846 996</b>	<b>168 837</b>		<b>4 347 949</b>	<b>548 290</b>			<b>6 912 072</b>
<b>Balance value</b>								
<b>01.01.2008</b>	<b>3 239 441</b>	<b>448 401</b>	<b>3 304</b>	<b>14 077 693</b>	<b>464 087</b>	<b>384 081</b>	<b>27 480</b>	<b>18 644 487</b>
<b>Balance value</b>								
<b>30.09.2008</b>	<b>3 558 324</b>	<b>427 526</b>	<b>55 752</b>	<b>13 989 837</b>	<b>431 320</b>	<b>399 442</b>	<b>37 934</b>	<b>18 900 135</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>7 064 061</b>	<b>848 548</b>	<b>4 701</b>	<b>25 972 722</b>	<b>1 339 884</b>	<b>546 498</b>	<b>39 101</b>	<b>35 815 515</b>
Bought	627 017		74 627	680 190	541 80	1 383 243	77 545	<b>2 896 802</b>
Relocated								
Written off				560 593	205	1 361 387	62 670	<b>1 984 855</b>
<b>30.09.2008</b>	<b>7 691 078</b>	<b>848 548</b>	<b>79 328</b>	<b>26 092 319</b>	<b>1 393 859</b>	<b>568 354</b>	<b>53 976</b>	<b>36 727 462</b>
<b>Depreciation</b>								
<b>01.01.2008</b>	<b>2 454 751</b>	<b>210 531</b>		<b>5 941 970</b>	<b>679 548</b>			<b>9 286 800</b>
Estimated	173 287	29 702		760 773	100 803			<b>1 064 565</b>
Written off				516 168	205			<b>516 373</b>
<b>30.09.2008</b>	<b>2 628 038</b>	<b>240 233</b>		<b>6186 575</b>	<b>780 146</b>			<b>9 834 992</b>
<b>Balance value</b>								
<b>01.01.2008</b>	<b>4 609 310</b>	<b>638 017</b>	<b>4 701</b>	<b>20 030 753</b>	<b>660 336</b>	<b>546 498</b>	<b>39 101</b>	<b>26 528 715</b>
<b>Balance value</b>								
<b>30.09.2008</b>	<b>5 063 040</b>	<b>608 315</b>	<b>79 328</b>	<b>19 905 744</b>	<b>613 713</b>	<b>568 354</b>	<b>53 976</b>	<b>26 892 470</b>

**Supplement to the balance sheet**

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

	<b>30.09.2008.</b>	<b>30.09.2007.</b>	<b>30.09.2008.</b>	<b>30.09.2007.</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Branch enterprise “Tosmare shipyard” JSC investment value	2 164 782	2 164 782	3 080 207	3 080 207
SIA „Remars Granula” Investments	843 365		1 200 000	
	<b>3 008 147</b>	<b>2 164 782</b>	<b>4 280 208</b>	<b>3 080 207</b>

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

**SIA “Remars Granula”**

	<b>Ls</b>	<b>EUR</b>
<b>31.12.2007.</b> Issued credit	28 3540	40 3441
<b>30.09.2008.</b>	28 3540	40 3441

**(15) Other equities and investments**

Name enterprise	Parts or shares	Parts or shares value		30.09.2008			30.09.2007		
		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**

	<b>2008 year</b>	<b>2007 year</b>	<b>2008 year</b>	<b>2007 year</b>
	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Student loan payout	48 816	59 107	69 459	84 102
Shares loan payout	513 448	528 426	730 571	751 882
Long-term loan	0	277 504	0	394 853
<b>Total</b>	<b>562 264</b>	<b>865 037</b>	<b>800 030</b>	<b>1 230 837</b>

**Supplement to the balance sheet**

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

	2008 year 9 months Ls	2007 year 9 months Ls	2008 year 9 months EUR	2007 year 9 months EUR
Long-term loans	342 284	352 284	487 026	501 255
<b>Total</b>	<b>342 284</b>	<b>352 284</b>	<b>487 026</b>	<b>501 255</b>

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

	2008 year 9 months Ls	2007 year 9 months Ls	2008 year 9 months EUR	2007 year 9 months EUR
<b>Total</b>	<b>4 096 566</b>	<b>5 961 241</b>	<b>5 828 888</b>	<b>8 482 082</b>

**(19) Unfinished production**

	2008 year 9 months Ls	2007 year 9 months Ls	2008 year 9 months EUR	2007 year 9 months EUR
Shipbuilding orders	904 947	46 617	1 287 624	66 330
<b>Total</b>	<b>904 947</b>	<b>46 617</b>	<b>1 287 624</b>	<b>66 330</b>

**(20) Unfinished orders**

	2008 year 9 months Ls	2007 year 9 months Ls	2008 year 9 months EUR	2007 year 9 months EUR
1) Ship repair orders	452 982	783 083	644 535	1 114 227
2) Mechanical engineering orders	19 089	89 678	27 161	127 600
3) Various	3 502	5 243	4 983	7 460
<b>Total</b>	<b>475 573</b>	<b>878 004</b>	<b>676 679</b>	<b>1 249 287</b>

**(21) Advance payments for goods**

	2008 year 9 months Ls	2007 year 9 months Ls	2008 year 9 months EUR	2007 year 9 months EUR
For materials	3 876 124	699 124	5 515 228	994 764
<b>Total</b>	<b>3 876 124</b>	<b>699 124</b>	<b>5 515 228</b>	<b>994 764</b>

**Supplement to the balance sheet**

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Buyers and customers accounting value	4 706 784	3 216 156	6 697 151	4 576 177
Generated reserves	226 311	201 083	322 012	286 115
<b>Balance net value</b>	<b>4 480 473</b>	<b>3 015 073</b>	<b>6 375 139</b>	<b>4 290 062</b>

**(23) Associated companies debts**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
“Tosmare shipyard” JSC	58 207	0	82 821	0
SIA „Remars Granula”	95 477	0	135 852	0
<b>Total</b>	<b>153 684</b>	<b>0</b>	<b>218 673</b>	<b>0</b>

**(24) Other debtors**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Accounting value	669 771	500 440	952 998	712 062
Generated reserves	134 000	134 000	190 665	190 665
<b>Balance net value</b>	<b>535 771</b>	<b>366 440</b>	<b>762 333</b>	<b>521 397</b>

Other debtors debts are as following:

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Accounted VAT	2 816	2 816	4 007	4 007
Overpaid taxes				
– Value added tax	285 746	207 762	406 580	295 619
– Enterprise income tax	5 829	33 366	8 294	47 476
Payments personal debts	1 021	6 052	1 453	8 611
Short-term loans for “Tosmare Shipyard” JSC’S shares	14 955	3 068	21 279	4 365
Advance payment of service	186 222	96 358	264 970	137 105
Other debtors	39 182	17 018	55 750	24 214
<b>Total</b>	<b>535 771</b>	<b>366 440</b>	<b>762 333</b>	<b>521 397</b>

**Supplement to the balance sheet**

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

	2008 year 9 months Ls	2007 year 9 months Ls	2008 year 9 months EUR	2007 year 9 months EUR
<b>Total</b>	222 676	1 056 299	316 839	1 502 978
	<b>222 676</b>	<b>1 056 299</b>	<b>316 839</b>	<b>1 502 978</b>
		<b>Directorship, copartners Ls</b>		<b>Directorship, copartners EUR</b>
Loan JSC “Remars Riga”		212 676		302 611
Leaders debt for shares		10 000		14 228
<b>30.09.2008.</b>		<b>222 676</b>		<b>316 839</b>

**(26) Next period costs**

	2008 year 9 months Ls	2007 year 9 months Ls	2008 year 9 months EUR	2007 year 9 months EUR
Enterprise’s property insurance premium sum	15 157	11 438	21 566	16 275
Subscription to the press	415	55	590	78
Inviting of specialists	40 451	14 510	57 557	20 646
Insurance of health	10 612	11 086	15 100	15 774
Check of floating means	12 693	4 694	18 061	6 679
Expenses for repair of the rented basic means	17 231	8 917	24 518	12 688
Advertisement	918	2 425	1 306	3 450
Payment lease of land	5 978	5 978	8 506	8 506
Exhibition	3 934	2 546	5 598	3 623
Transport representative costs	7 261	0	10 331	0
Other costs	4 647	972	6 611	1 383
<b>Total</b>	<b>119 297</b>	<b>62 621</b>	<b>169 744</b>	<b>89 102</b>

**(27) Accrued proceeds**

	2008 year 9 months Ls	2007 year 9 months Ls	2008 year 9 months EUR	2007 year 9 months EUR
Shipbuilding	6 075 922	10 952 832	8 645 257	15 584 475
<b>Total</b>	<b>6 075 922</b>	<b>10 952 832</b>	<b>8 645 257</b>	<b>15 584 475</b>

**Supplement to the balance sheet**

**(28) Cash assets**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Money at a cash department	3 931	3 677	5 593	5 232
Money on current accounts	64 080	4 733	91 178	6 734
Deposit	5 098 750	87 019	7 254 868	123 817
<b>Total</b>	<b>5 166 761</b>	<b>95 429</b>	<b>7 351 639</b>	<b>135 783</b>

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

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

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

Amendments to the Acts:

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

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
	5 026 042	6 047 217	7 151 413	8 604 415
<b>Total</b>	<b>5 026 042</b>	<b>6 047 217</b>	<b>7 151 413</b>	<b>8 604 415</b>

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
For shipbuilding	13 433 438	10 255 340	19 114 060	14 592 034
For ship repair	44 120	134 932	62 777	191 991
Others	8 135	16 396	11 575	23 330
<b>Total</b>	<b>13 485 693</b>	<b>10 406 668</b>	<b>19 188 412</b>	<b>14 807 355</b>

**Supplement to the balance sheet**

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Debts for services and materials	1 409 327	958 949	2 005 292	1 364 462
Debts subcontractors	2 382 878	1 388 144	3 390 530	1 975 150
<b>Total</b>	<b>3 792 205</b>	<b>2 347 093</b>	<b>5 395 822</b>	<b>3 339 612</b>

**(33) Debts to associated companies**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
“Tosmare shipyard” JSC	293	1 869	417	2 659
<b>Total</b>	<b>293</b>	<b>1 869</b>	<b>417</b>	<b>2 659</b>

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

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Social insurance payments	133 082	111 565	189 359	158 743
Residents income tax	88 028	78 947	125 253	112 331
Risk tax	206	198	293	282
Natural resources tax	7 915	214	11 261	304
<b>Total</b>	<b>229 231</b>	<b>190 924</b>	<b>326 166</b>	<b>271 660</b>

**(35) Other creditors**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
Salary	271 494	231 209	386 301	328 981
Payments for deductions from salary	1 532	1 838	2 180	2 615
Payments for debts to other enterprises	39 078	17 793	55 603	25 317
<b>Total</b>	<b>312 104</b>	<b>250 840</b>	<b>444 084</b>	<b>356 913</b>



**Supplement to the balance sheet**

**(36) Unpaid previous years dividends**

	<b>Ls</b>	<b>EUR</b>
<b>31.12.2007</b>	<b>25 528</b>	<b>36 323</b>
Calculated	0	0
Paid off	511	727
<b>30.09.2008</b>	<b>25 017</b>	<b>35 596</b>

**(37) Accrued liabilities**

	<b>2008 year 9 months Ls</b>	<b>2007 year 9 months Ls</b>	<b>2008 year 9 months EUR</b>	<b>2007 year 9 months EUR</b>
For services	835 516	360 104	1 188 832	512 383
Accruals for vocations	244 344	221 474	347 671	315 129
<b>Total</b>	<b>1 079 860</b>	<b>581 578</b>	<b>1 536 503</b>	<b>827 512</b>

We confirm pages 1 through 25 of the *“Financial Statements for 9 months of the Year 2008”*:

Chairman of the Board	<i><b>V. MELNIKS</b></i>
Member of the Board	<i><b>I.KOMAROVS</b></i>
Member of the Board	<i><b>A.STOLDERS</b></i>
Member of the Board	<i><b>L.ARTEMENKO</b></i>
Member of the Board	<i><b>I.RUDZATE</b></i>

November 28<sup>st</sup>, 2008