

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

***“RIGA SHIPYARD” JSC
Financial statements for 6 months of the year 2010***

***(Not audited)
(Not consolidated)***

***Under EU Approved International Standards for Financial
Statements***

Riga, 2010

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Information on the company

Name of the company	Joint stock company “Riga shipyard”	
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 Address Partnership	“Tosmare Shipyard” JSC Reg.No. 42103022837 42/44 Generala Baloza Street, Liepaya 49,72%	
Associate enterprise Address Partnership	“Remars Granula” SIA Reg.Nr.54103022521 2 Gales street, Riga, LV-1015 49,80%	
Name, surnames and positions of members of the Board		
Vasilijs Melniks	Chairman of the Board,	p. ID 310867 – 10726
Igors Komarovs	Member of the Board,	p. ID 040756 – 10902
Larisa Artemenko	Member of the Board,	p. ID 030349 – 12926
Irina Rudzate	Member of the Board,	p. ID 091066 – 11012
Einars Buks	Member of the Board	p. ID 270764 – 12854 (appointed on 29.01.2010)
Name, surnames and positions of members of the Council		
Sergejs Golcins	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
Juris Kaksitis	Member of the Council,	p.ID 270443 – 10124
Gaidis Andrejs Zeibots	Member of the Council,	p.ID 260645 – 10807
Chief accountant	Marina Pudova	Phone 67080868
Annual report Tax authority	1 January – 30 June 2010 SRS Large tax payers department	
Name and address of an auditor	Natalija Zaiceva, p ID 140366-10722 LACA certificate. No. 138 Sworn auditors firm KSIA “ UHY “ORIENTS N” LSAA certificate No 28	
Responsible person	Larisa Artemenko Member of the board t. 67353411, E-mail: larisa@riga-shipyard.com	

**“Riga Shipyard” JSC directorship statement to
2010 first 6 month report**

During first six month of 2010 JSC’s “Riga Shipyard” total net turnover made up 7 015 978 LVL, including shipbuilding – 3 198 463 LVL, ship repairing – 3 785 784 LVL (compared to six month of the year 2009 – 11 692 327 LVL, including ship building – 5 495 254 LVL, ship repairing – 6 139 178 LVL).

The total gross loss of JSC “Riga Shipyard” made up 656 765 LVL (1 044 668 LVL gross loss in first six month of year 2009). Loss in the first six month of year 2010 made up 651 810 LVL (in 2009 loss for the same period of time was 971 741 LVL).

During first six month of 2010 there were 39 ships repaired, (if compared to six month of 2009 the number was 34). There were built and launched in the water 3 hulls, (to compare: there were 7 hulls built during six month in 2009).

Despite there were more repairs performed during six month, in comparison with the same period of time in 2009, the income of the company is much more less than it was foreseen, as in after-crisis conditions the ship owners are still not spending the money which was meant for ship repairs; and are ordering only the jobs which are high necessary.

In 2010 there were not many changes in suppliers of products, service or raw materials for JSC “Riga Shipyard”, mainly they origins Western Europe, Russia, Ukraine, Lithuania, as well as Latvia.

Traditionally the main customers for ship repair come from Western Europe, Russian, Lithuanian and Latvian ship owners; however the shipbuilding customers usually are the Scandinavians.

In six month of year 2010, JSC “Riga Shipyard” performed an investment for amount of 773 112 LVL for fixed assets (in comparison with year 2009 it was 250 000 LVL for the same period of time).

It was a crane ESSEMKO purchased, self-propelled loader FUCHS, the Oxygen capacity was made, a vehicle crossing arranged to the floating docs.

It is planned to perform the overhaul of marine floating cranes, tag steamer “Orkans” and workshop buildings in the nearest future.

All the actions in JSC “Riga Shipyard” are performed in accordance to international standards of quality control EN ISO 9001:2000. The Certificate of conformity was received in 2001 and the quality supporting system is being improved constantly.

In the second part of 2010 there has been an improvement of economical situation and economic activity actions are increasing. JSC “Riga Shipyard” is struggling to keep its market share and is doing a lot to attract new customers; the Enterprise is taking part in tenders and procurements.

The Company is planning to continue with the development of already running projects, as well as to go on with the investments into modern technological process equipment, replacement and reconstructions of old equipment that will allow saving production costs.

**JSC “Riga Shipyard”
Chairman of the Board
V. Melniks
August 31st 2010**

Notification on liability of the board

The Board of JSC “Riga Shipyard” (The Company) endorses that, according to information available at the time of preparing this report, Financial statements give a true picture of the Company’s financial situation on June 30th 2010 and its performance and cash flow in all significant aspects. The above mentioned financial statements are under the International Standards of Financial Statements approved by EU.

The board endorses that, preparing this report:

- there were used corresponding accounting methods, their application was consequent;
- there were made reasonable and prudent resolutions;
- it was guided by business continuation principle.

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.

The board is liable for administering of respective accounting reports, for perseverance of means of the enterprise, as well as for elimination of deceit and other dishonest acts.

Chairman of the Board

V. MELNIKS

August 31st 2010
“Riga Shipyard” JSC

Profit & Loss calculation for 2010 year 6 months and 2009 year 6 months

	Remarks	2010 6 months Ls	2009 6 months Ls	2010 6 months EUR	2009 6 months EUR
Net turnover	1	7015978	11692327	9982837	16636682
Sold production operating costs	2	7672743	12736995	10917330	18123111
Gross profit or losses		(656765)	(1044668)	(934493)	(1486429)
Selling costs	3	7062	16940	10048	24103
Administration costs	4	320032	389183	455365	553758
Other enterprise's business activity's income	5	692761	523076	985710	744270
Other enterprise's business activity's costs	6	428604	436127	609849	620553
Profit & Losses of business activity's		(719702)	(1363842)	(1024045)	(1940573)
Income from investments in capital of related and associated companies					
Other percents and the like income	7	200872	551488	285815	784697
Payment off percents and the like costs	8	71654	94881	101954	135004
Profit & Losses prior to extra ordinary items and taxes		(590484)	(907235)	(840184)	(1290880)
Profit & loss prior to taxes		(590484)	(907235)	(840184)	(1290880)
Income taxes of the enterprise	9	9100	16700	12948	23762
Other taxes	10	52226	47806	74311	68021
Year of account profit & loss (net income)		(651810)	(971741)	(927443)	(1382663)

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

August 31st 2010

“Riga shipyard” JSC
Financial statement for 6 months of the year 2010

Balance as at 30 June 2010 year

ASSETS	Remarks	30.06.2010 Ls	30.06.2009 Ls	30.06.2010 EUR	30.06.2009 EUR
<i>Long-term investments</i>					
I Intangible investments					
1 Other intangible investments		10974	23298	15617	33150
2 Advance payments of intangible investments		167895	167895	238894	238893
Intangible investments in total		178869	191193	254511	272043
II Fixed assets					
1. Lands, buildings, constructions, perennial plants		3943178	3824699	5610637	5442056
2. Long-term investments into leased fixed assets		560	28615	796	40715
3. Equipment and machinery		14258509	13830638	20288029	19679224
4. Other fixed assets and stock		314257	372826	447149	530484
5. Up building of fixed assets and unfinished building objects costs		522735	306309	743784	435838
6. Advanced payments for fixed assets		6063		8627	
Fixed assets in total		19045302	18363087	27099022	26128317
III Property deposit					
		445826	438907	634353	624509
Fixed assets and property deposit in total		19491128	18801994	27733375	26752826
IV Long-term financial investments					
1. Participation in capital of related companies	13	3008147	3008147	4280207	4280207
2. Participation in capital of associated companies					
3. Other equities and investments	14	165	165	235	235
4. Other loans and other long-term debtors	15	546764	555394	777975	790255
5. Loans to copartners of the enterprises and to the directorship	16	322284	332284	458569	472798
6. Long-term deposit	17	4322245	4322245	6150000	6150000
Long-term financial investments in total		8199605	8218235	11666986	11693495
Long-term investments in total		27869602	27211422	39654872	38718364
Current assets					
I Reserves					
1. Raw materials, direct materials and auxiliary materials	18	4474753	3466658	6367000	4932610
2. Unfinished production	19	1550707	805611	2206457	1146281
3. Unfinished order	20	340691	247945	484760	352794
4. Advance payments for goods	21	9060393	3848088	12891778	5475336
Reserves in total		15426544	8368302	21949995	11907021
II Debts of debtors					
1. Debts of buyers and customers	22	3082919	3502519	4386599	4983636
2. Associated companies debts	23	449057	386719	638951	550252
3. Other debtors	24	924234	430542	1315067	612606
4. Short-term loans to copartners of the enterprise's and to the	25	10000	224366	14229	319244
5. Next period costs	26	49262	81950	70093	116604
6. Accrued proceeds	27	2068212	5715848	2942800	8132919
Debtors in total		6583684	10341944	9367739	14715261
III Short-term financial investments					
Short-term financial investments in total					
Cash assets	28	7025558	11383113	9996467	16196711
Current assets in total		29035786	30093359	41314201	42818993
Assets in total		56905388	57304781	80969073	81537357

Chairman of the Board

V. MELNIKS

Member of the Board

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“Riga shipyard” JSC
Financial statement for 6 months of the year 2010

LIABILITIES		Remarks	30.06.2010 Ls	30.06.2009 Ls	30.06.2010 EUR	30.06.2009 EUR
I	Equity capital					
	1. Stock or share capital (equity capital)	29	11672107	11672107	16607912	16607912
	2. Overrate reserved of financial fixed assets	30	8554682	8752572	12172215	12453788
	3. Retained earnings					
	a) previous years retained earnings		3019800	3286347	4296789	4676051
	b) year of account retained earnings		-651810	-971741	-927443	-1382663
	<i>Retained earnings in total</i>		<i>2367990</i>	<i>2314606</i>	<i>3369346</i>	<i>3293388</i>
	Equity capital in total		22594779	22739285	32149473	32355088
II	Reserves					
	<i>Reserves in total</i>					
III	Creditors					
I	Long-term debts					
	1. Liability of leasing		4139	6842	5889	9735
	2. Deferred taxation reserves liabilities		2046145	2024555	2911402	2880682
	Long-term debts in total		2050284	2031397	2917291	2890417
II	Short-term debts					
	1. Loans from credit institutions	31	4321387	5987226	6148780	8519055
	2. Liability of leasing	32	1350	1074	1921	1528
	3. Advance payments received from buyers	33	24830781	23381411	35331018	33268751
	4. Debts to suppliers and contractors	34	1954182	2104305	2780549	2994156
	5. Debts to associated companies	35	363	1200	517	1707
	6. Taxes and social insurance payments	36	346741	213913	493368	304371
	7. Other creditors	37	233229	285056	331856	405598
	8. Unpaid previous years dividends	38	24783	24915	35263	35451
	9. Next period income	39	4833	6833	6877	9722
	10. Accrued liabilities	40	542676	528166	772160	751513
	Short-term creditors in total		32260325	32534099	45902309	46291852
	Creditors in total		34310609	34565496	48819600	49182269
	Liabilities total		56905388	57304781	80969073	81537357

Chairman of the Board

V. MELNIKS

Member of the Board

L. ARTEMENKO

August 31st 2010

“Riga shipyard” JSC
Financial statement for 6 months of the year 2010

Cash flow statement for 2010 year 6 months and 2009 year 6 months

	2010 6 months Ls	2009 6 months Ls	2010 6 months EUR	2009 6 months EUR
A Operating cash flow				
Sales income	11934187	12284639	16980818	17479467
Payments to suppliers, employees and operating expenses	12827050	13020068	18251248	18525887
Gross operating cash flow	(892863)	(735429)	(1270430)	(1046420)
Interest paid	71654	50825	101954	72317
Corporate income tax		3747		5332
Cash flow before extraordinary items	(964517)	(790001)	(1372384)	(1124069)
Extraordinary items cash flow				
Operating net cash flow	(964517)	(790001)	(1372384)	(1124069)
B Investment activity cash flow				
Shares acquisition of related and associated enterprises				
Selling out of shares				
Intangible and fixed assets acquisition	386893	151531	550499	215609
Proceeds from tangible and intangible investment sales	1742	3201	2479	4555
Loans granted	18692	3651	26596	5195
Decrease of long-term deposit	1405608		2000000	
Repayment of loans				
Interest received	200872	553561	285815	787646
Dividends received				
Financing activities net cash flow	1202637	401580	1711199	571397
C Financing activities cash flow				
Proceed from bonds or equity share investments				
Loans received		142773		203148
Donations or grants received				
Expenditure on debt repayment	421821	255	600197	363
Expenditure on leased fixed redemption				
Dividends paid	6	2	9	3
Financing activities net cash flow	(421827)	142516	(600206)	202782
Result for currency exchange rates changing	23299	(6242)	33151	(8882)
Net cash and equivalent increase or decrease (A+B+C)	(160408)	(252147)	(228240)	(358772)
Cash and equivalent thereof at the beginning of the period of accounts	7185966	11635260	10224708	16555483
Cash and equivalent thereof at the end of the period of account	7025558	11383113	9996468	16196711

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

August 31st 2010

Changes in own capital report for 2010 year 6 months and 2009 year 6 months

Types of changes	Stock or Share capital		Long-term asset reevaluation reserve		Retained earnings		Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Balance as at 31.12.2009	11672107	16607912	8868979	12619419	3286347	4676051	23827433	33903382
Reevaluation reserve			(116407)	(165631)			(116407)	(165631)
Dividends								
Period of account net profit & loss					(971741)	(1382663)	(971741)	(1382663)
Balance as at 30.06.2009	11672107	16607912	8752572	12453788	2314606	3293388	22739285	32355088
Balance as at 31.12.2009	11672107	16607912	8671089	12337846	3019800	4296789	23362996	33242547
Reevaluation reserve *			(116407)	(165631)			(116407)	(165631)
Dividends								
Period of account net profit & loss					(651810)	(927443)	(651810)	(927443)
Balance as at 30.06.2010	11672107	16607912	8554682	12172215	2367990	3369346	22594779	32149473

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

*EPS uz 30.06.2010. LVL (651810) :11672107 =(0,06) LVL or (0,08) EUR ;
EPS uz 30.06.2009. (0,08) LVL or (0,11) EUR*

Chairman of the Board

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Member of the Board

L.ARTEMENKO

August 31st 2010

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.06.2010.

Notes mentioned on pages 11th - 29th are to be an integral part of this annual report.

Notes to the financial statements

Accounting policy

(1) General principles

The annual report has been prepared in compliance with “International Accounting Standard” (IAS) and “International Reporting Standard” (IFRS), approved by EU.

Profit & Loss calculation has been prepared as per turnover costs scheme.

Cash flow statement has been prepared as per direct 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 EUR.

(2) Continuance

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) Income recognition and net sales

Net sales contain the total value of goods and services sold during the year excluding discounts and value added tax.

Income is recognized according to the following principles:

Sales of goods - after significant ownership risk and rewards have been passed to the buyer;

Rendering of services - under the percentage of completion method;

Income from fines and penalties - at the moment of receiving the payments;

Interest income - on an accrual basis;

(4) Segment Content

Operating Segment is identifiable public (consuming goods and services) section, which is characterized by the risks and benefits that differs from the risks and benefits of other part of public. **Geographical Segment** is identifiable public that sells good and provides services in the particular economic environment and which is characterized by the risks and benefits that differs from the other part of public acting in the other economic environment.

(5) Foreign currency revaluation in LVL

All the company accounting is carried out into LVL.

All monetary assets in foreign currency were revaluated in LVL 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 LVL 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 June 30:

	30.06.2010.	30.06.2009.
	Ls	Ls
1 USD	0,573	0,501
1 EUR	0,702804	0,702804
1 NOK	0,0888	0,0776
1 GBP	0,865	0,826
1 RUB	0,0184	0,0161

(6) Fixed assets and low-grade stock

Intangible and fixed assets are initially defined at the purchase cost. Purchase cost includes costs, directly related to the acquisition of intangible and fixed assets. In financial statements the intangible and fixed assets are defined at purchase cost or revalued amount less depreciation.

Increase in value arising from revaluation is shown in equity under “Long-term investments revaluation reserve”.

Depreciation is calculated on a straight-line basis applying the following rates of depreciation set by the management, based on the estimated useful life of the fixed assets:

Depreciation % per annum

Buildings	2-15
Other buildings and constructions	3,5 - 20
Technological equipment	5-50
Other fixed assets and stock	10-40

Wear of basic means begins to count from the first date of the next month after its delivery to exploitation and is finished by the first date of the next after its exclusion from the basic means.

Company capitalizes permanent assets with value more than 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.

In case of the obvious evident that as a result of fixed asset’s repair and reconstruction in the future the economical achieved effect would be higher that the primary defined outputs, then such investments are capitalized as an additional cost of fixed assets staff. With capitalization of the spare parts installation expense the remaining cost of exchange spare parts is written off to the profit or losses account.

Net profit or losses from fixed assets disposal is calculated as the difference between fixed assets balanced value and income received from the sales and defined in the income or loss calculation of the period where they had occurred from.

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.

(7) Property deposits

Investment property is buildings, constructions and their parts that the Company owns (as owner or renter acc. to financial leasing) to get rent or to wait prices rising (appreciation), but not to use for production of goods, providing a services, for administrative purposes or to sell in course of economic activity. The Company after initial recognition evaluates its investment property according to International Accounting Standard No.16 “Fixed Assets”.

(8) 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.

(9) Other long-term investments

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

(10) 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.

(11) Long-term contract

Initial and final dates of execution of the contract about creation of an active are in the different accounting periods. Revenue and Costs associated with the Contract are recognized as Revenue and Costs taking into consideration Contract works performance level (percentage) on the Balance date. Expected loss of long-term Contract at once is acceptable as Expenses.

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.

(12) Debtors

Debtors’ debts in the balance sheet have been shown at the net value, obtained deducting provisions for doubtful debts from the total amount of Debtor’s debts. Debtors’ actual sum complies with contracts and other accounting basic documents. Provisions for doubtful debts. are calculated by individual evaluation of every Debtor. Provisions for doubtful debts. reflect evaluation of estimated loss on the date of balance. Hopeless debts are to be written off when its recovery is admitted as impossible.

(13) Accumulated income

Riga Shipyard’s new building incomes are acknowledged respective to its execution degree.

(14) Cash and cash equivalents

In the report of cash flow consist of the money in cash-box, remnants of active bank cont and demand deposits in the credit institutions. The report of cash flow is prepared according to International Accounting Standard No.7.

(15) Revaluation reserve of Long-term investments

Revaluation of the real estate balance value. In the revaluation reserve of long-term investments they reduce the growth of values contained when a revaluated fixed asset are to be written off or eliminated. As well as it is revaluated during the asset’s usage gradually by writing off every reporting period the amount that I difference between the wear to be calculated according to asset’s revaluated value and the wear to be calculated according to asset’s acquisition value.

(16) Reserves for unused vocations

Vocation cost reserves was calculated considering vocation days and average earnings for all workers.

(17) Income tax of the enterprise

Enterprise income tax was calculated according to Latvia Republic tax laws. “Tax laws in 2010 and further fix 15% tax rate.”

Deferred taxation was referable to all short-term distinctions, which appear as a result of making accountancy of earnings and expenses according to tax laws. Deferred taxation is liability, which was calculated using tax rates. The main short-term distinctions appear from distinctions of fixed assets and nonmaterial wealth depreciation norms in taxes and financial bookkeeping calculation.

Deferred taxation assets item was included in financial reports only when regain of assets is real.

(18) Related parties

Related parties are the Company’s major shareholders, Board members and Council member, their close family members and the companies, that are controlled or affected by the above mentioned persons. Also related parties are the companies that are controlled or affected by the final controlling member. Related parties are as well the Company’s related and associated companies, whose financial and main activity is under the Company’s significant influence.

(19) Taxes

There has been made reconciliation of taxes liabilities by State Revenue Service data.

(20) Bookkeeping arrangement

The bookkeeping accountancy has been arranged with the help of computers using the software

(Microsoft Business Solutions – NAVISION 4.0).

(21) 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.

(22) Financial risks

The principal financial instrument of the Company is money. The main objective of these financial instruments is to provide financing for the operations of the Company. The Company interacts with various other financial instruments, for example, trade receivables and payables and other creditors, following directly from its operations.

Financial risks, related to the financial instruments of the Company, mainly, are interest rate risk, liquidity risk and credit risk.

In the conditions of regular activities the Enterprise is subject to credit and foreign exchange risks.

(23) Credit risk

The Company is subject to the credit risk with respect to the debts of its buyers and customers, issued short-term loans and money and its equivalents. The Company manages its credit risk constantly reviewing the repayment history of the client debts and stating the credit conditions for each client separately.

The Company has no significant concentration of credit risk on any separate business partner or group of partners corresponding to the similar description.

(24) Percentage risk

Enterprise is subjected from credit interest rate changing risk.

(25) Currency risk

The company is subject to foreign currency exchange rate fluctuations; mainly due to its loans and other operations performed in euro currency as well as trade receivables is also in euro.

Since 2005 the Bank of Latvia has stated a fixed official currency exchange rate for lats against euro, i.e. 0.702804, and ensures that the market rate will not differ from the official rate by more than 1%. As far as the Bank of Latvia maintains the above mentioned exchange corridor, the Company will not have a significant currency exchange risks in respect of assets and liabilities nominated in euro.

(26) Dividend

Dividend was reflected as fixed in announced period.

(27) Retraining

For the comparative figures of 2009 there were no changes in individual post classification in order to meet post classification for year 2010.

Profit & Loss calculation supplement

According to the standard demands No 14 “Information on segments presenting”, management defined the following kinds of industrial works:

(1) Net turnover	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
On aspects of business				
Shipbuilding	3198463	5495254	4551003	7819042
Ship repair	3785784	6139178	5386685	8735263
Mechanical engineering	30967	20911	44062	29754
Other works	764	36984	1087	52623
Total	7015978	11692327	9982837	16636682
(2) Sold products operating expenses				
	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Material costs (raw materials and materials, value of goods, outsourcing)	5338072	9455347	7595392	13453747
Salary of employees	1474891	2121654	2098581	3018842
Social insurance costs	344367	497273	489990	707556
Depreciation of fixed assets	405873	447862	577505	637250
Other expenses	109540	214859	155862	305716
Total	7672743	12736995	10917330	18123111
(3) Costs of Sales				
	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Advertising expenses	7062	16940	10048	24103
Total	7062	16940	10048	24103
(4) Administration expenses				
	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Liaison costs	5258	4523	7481	6436
Office maintenance costs	1084	3763	1542	5354
Salary of administration	28721	37012	40866	52663
Remuneration of the board	92997	117595	132323	167323
Remuneration of the council	74923	94500	106606	134461
Social insurance costs	45009	57856	64042	82322
Depreciation of fixed assets	14286	11870	20327	16890
Transport costs, travel allowances	38385	34259	54617	48746
Legal services	232	0	330	0
Insurance	1605	3893	2284	5539
Entertainment expenses	2580	9603	3671	13664
Representative car costs	14952	14309	21276	20360
Total	320032	389183	455365	553758

Profit & Loss calculation supplement

(5) Other operating income

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Income generated by leased FA payments and utilities	495051	322674	704394	459124
Tugboat services income	40390	64347	57470	91558
Sales of raw materials and materials	107102	118980	152392	169293
Education service	0	187	0	266
Income generated by chemical analyses	246	1210	350	1722
Income generated by sales of fixed assets	1922	1335	2735	1900
Fluctuation of currency rate income	7342	0	10447	0
Income incurred by currency selling	22949	0	32653	0
Revenue from its creditors a debt write-off	14548	8494	20700	12086
Other income	3211	5849	4569	8321
Total	692761	523076	985710	744270

(6) Other operating expenses

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Material purchase costs	97480	97395	138702	138581
Losses due to currency rate fluctuation	0	744	0	1059
Losses incurred by currency selling out	0	93603	0	133185
Medical services	3166	5489	4505	7810
Costs on tugboat services	13636	23957	19402	34088
The donations	1401	2111	1993	3004
Material benefits	170	220	242	313
Burial costs	996	940	1417	1337
Costs incurred by fixed assets' exclusion	1504	0	2140	0
Entertainment expenses	3962	6886	5637	9798
Costs on maintenance of leased FA	306285	188838	435804	268692
Other costs	4	15944	7	22686
Total	428604	436127	609849	620553

Profit & Loss calculation supplement

(7) Other percents and the like income

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Interest income for time deposits	200410	551265	285158	784379
Bank interest	107	223	152	318
Interest income on loans	63	0	90	0
Fines received	292	0	415	0
Total	200872	551488	285815	784697

(8) Payment off percents and the like costs

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Penalty paid	77	595	110	847
Interest paid	50975	59588	72531	84786
Warranty service	20602	34698	29313	49371
Total	71654	94881	101954	135004

(9) Corporate income tax

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Corporate income tax advance payments	9100	16700	12948	23762
Total	9100	16700	12948	23762

(10) Other taxes

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Real estate tax	52226	47806	74311	68021
Total	52226	47806	74311	68021

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
Initial value						
01.01.2010			74372		167895	242267
Bought						
Relocated						
Written off						
30.06.2010	0	0	74372		167895	242267
Depreciation						
01.01.2010			58421			58421
Estimated			4977			4977
Written off						
30.06.2010	0	0	63398			63398
Balance value 01.01.2010	0	0	15951		167895	183846
Balance value 30.06.2010	0	0	10974		167895	178869

(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
Initial value						
01.01.2010			105822		238894	344716
Bought						
Written off						
Relocated						
Revaluated						
30.06.2010	0	0	105822		238894	344716
Depreciation						
01.01.2010			83125			83125
Estimated			7080			7080
Written off						
30.06.2010	0	0	90205			90205
Balance value 01.01.2010	0	0	22697		238894	261591
Balance value 30.06.2010	0	0	15617		238894	254511

“Riga shipyard” JSC
Financial statement for 6 months of the year 2010

Supplements to the balance sheet June 30th 2010

(12) FIXED ASSETS (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
Initial value								
01.01.2010	6141189	544039	560	18986373	970219	174008		26816388
Purchased t	39027			721605	12481	1121840	27530	1922483
Written off	3060	1126		64369	115	773113	21467	863250
Relocated								
30.06.2010	6177156	542913	560	19643609	982585	522735	6063	27875621
Depreciation								
01.01.2010	2147537	94985		5107590	629199			7979311
Estimated	88628	3228		225021	39243			356120
Written off	2187	1126		63917	115			67345
Relocated				116406				116406
30.06.2010	2233978	97087		5385100	668328			8384493
Balance value								
01.01.2010	3993652	449054	560	13878783	341020	174008		18837077
Balance value								
30.06.2010	3943178	445826	560	14258509	314257	522735	6063	19491128

Real Estate (building) cadastral value on January 1st 2010 is 3 861 280 LVL

(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
Initial value								
01.01.2010	8738125	774097	796	27015175	1380498	247590		38156281
Purchased	55530			1026751	17759	1596235	39172	2735447
Written off	4354	1602		91589	164	1100041	30545	1228295
Relocated								
30.06.2010	8789301	772495	796	27950337	1398093	743784	8627	39663433
Depreciation								
01.01.2010	3055670	135151		7267447	895270			11353538
Estimated	126106	4593		320176	55838			506713
Written off	3112	1602		90946	164			95824
Relocated				165631				165631
30.06.2010	3178664	138142		7662308	950944			11930058
Balance value								
01.01.2010	5682455	638946	796	19747728	485228	247590		26802743
Balance value								
30.06.2010	5610637	634353	796	20288029	447149	743784	8627	27733375

Real Estate (building) cadastral value on January 1st 2010 is 5 494 106 EUR

Supplements to the balance sheet

(13) Partnership in capital of associated companies

	30.06.2010. Ls	30.06.2009. Ls	30.06.2010. EUR	30.06.2009. EUR
Branch enterprise "Tosmare shipyard" JSC investment value	2164782	2164782	3080207	3080207
SIA "Remars Granula"	843365	843365	1200000	1200000
Investments	3008147	3008147	4280207	4280207

(14) Other equities and investments

Name enterprise	Parts or shares	Parts or shares value		30.06.2010			30.06.2009		
		2010	2009	Quantity	Ls	EUR	Quantity	Ls	EUR
"Baltic International Bank" JSC	33	5	5	33	165	235	33	165	235
Total	33	5	5	33	165	235	33	165	235

(15) Other loans and other long-term debtors

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Student loan payout	63302	56952	90071	81036
Shares loan payout	483462	498442	687904	709219
Total	546764	555394	777975	790255

the amount to be paid in 5 years – 383 162 Ls or 545 190 EUR

Supplements to the balance sheet

(16) Loans to copartners of the enterprises and to the directorship

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Long-term loans	322284	332284	458569	472798
Total	322284	332284	458569	472798

	Ls	EUR
Copartners and directorship		
Including: Long-term	322284	458569
Short-term	10000	14229
30.06.2010	332284	472798

There is a management of JSC "Tosmare shipyard" shares in this position.
The sum, which should be paid in 5 years is - 282 284 Ls or 401 654 EUR.

(17) Long-term deposit

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
	4322245	4322245	6150000	6150000
Total	4322245	4322245	6150000	6150000

The enterprise had made investments at JSC "UniCredit Bank" with final term 2011-2012 that serves as a loan (financial guarantee) for 2 signed guarantee agreements dated November 02nd 2009 concluded between "JSC "Riga Shipyard" and JSC "Uni Credit Bank" referring guarantee delivery based on May 30th 2008 agreement concluded between "JSC "Riga Shipyard" and "Abeking & Rasmussen Schiffs- und Yachtwerft Aktiengesellschaft" about 5 SWAT vessels building and delivery to the Ministry of Defense.

Supplement to the balance sheet

(18) Raw materials, direct materials and auxiliary materials

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
1. Metal ware	62204	70908	88508	100893
2. Timbering	5552	4268	7900	6073
3. Metal, non-ferrous metals, pipes	3541951	2434987	5039742	3464674
4. Wire cables	5296	5687	7536	8092
5. Fuel	3666	7806	5216	11107
6. Coveralls	6743	4194	9594	5968
7. Equipment	4942	5456	7032	7763
8. Cables	26383	29199	37540	41546
9. Varnish and paint	81685	112962	116227	160730
10. Tools	5833	4409	8300	6273
11. Technical rubber ware	11313	12744	16097	18133
12. Other	719185	774038	1023308	1101358
Total	4474753	3466658	6367000	4932610

(19) Unfinished production

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Shipbuilding orders	1550707	805611	2206457	1146281
Total	1550707	805611	2206457	1146281

These columns reflect the orders with up to 10% executive degree from contractual value.

(20) Unfinished orders

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
1) Ship repair orders	321796	230056	457874	327340
2) Mechanical engineering orders	12347	8182	17568	11642
3) Various	6548	9707	9318	13812
Total	340691	247945	484760	352794

(21) Advance payments for goods

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
For materials	704587	404349	1002537	575337
For goods	8355806	3443739	11889241	4899999
Total	9060393	3848088	12891778	5475336

Supplement to the balance sheet

(22) Debts of buyers and customers

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Buyers and customers accounting value	3322707	3730735	4727785	5308358
Generated reserves	(239788)	(228216)	(341186)	(324722)
Balance net value	3082919	3502519	4386599	4983636

(23) Associated companies debts

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
“Tosmare shipyard” JSC	131881	16002	187650	22769
SIA “Remars Granula” debt for service and credit	317176	370717	451301	527483
Total	449057	386719	638951	550252

(24) Other debtors

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Accounting value	1065713	572021	1516373	813912
Generated reserves	(141479)	(141479)	(201306)	(201306)
Balance net value	924234	430542	1315067	612606

Other debtors debts are as following:

Accounted VAT	2815	2815	4005	4005
Overpaid taxes				
– Value added tax	825835	116931	1175057	166378
– Enterprise income tax	40010	32528	56929	46283
Payments personal debts	36	2407	51	3425
Payment of salary	375	562	534	800
Short-term loans for “Tosmare Shipyard” JSC’S shares	14942	14961	21261	21288
Advance payment of service	37394	258882	53207	368356
Other debtors	2827	1456	4023	2071
Total	924234	430542	1315067	612606

Supplement to the balance sheet

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

	2010 year 3 months Ls	2009 year 3 months Ls	2010 year 3 months EUR	2009 year 3 months EUR
	10000	224366	14229	319244
Total	10000	224366	14229	319244

(26) Next period costs

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Enterprise’s property insurance premium sum	8966	6751	12757	9606
Subscription to the press	357	289	508	411
Inviting of specialists	0	11175	0	15901
Insurance of health	7307	4298	10397	6116
Check of floating means	8197	16480	11663	23449
Expenses for repair of the rented basic means	13838	18140	19690	25811
Advertisements	6108	11530	8691	16406
Transport representative costs	4489	6073	6387	8641
Others	0	7214	0	10263
Total	49262	81950	70093	116604

(27) Accrued proceeds

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Shipbuilding	2068212	5715848	2942800	8132919
Total	2068212	5715848	2942800	8132919

Supplement to the balance sheet

(28) Cash assets

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Money at a cash department	1561	2886	2221	4106
Money on current accounts	24611	74725	35018	106324
Short-term deposit	6999386	11305502	9959228	16086281
Total	7025558	11383113	9996467	16196711

(29) Stock or share capital (equity capital)

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

The joint stock company is public and its shares are quoted on exchange market. All the shares give equal rights for dividends receive, liquidation quotes and vote rights at the shareholders meeting. 1 share gives 1 vote right. The enterprise does not have shares that it held or anybody else on its behalf.

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.

“Riga shipyard” JSC shareholders on the 30.06.2010

	2010 year 6 months Ls	%	2009 year 6 months Ls	%	2010 year 6 months EUR	2009 year 6 months EUR
“Remars-Riga” JSC	5819194	49,86	5819194	49.86	8279967	8279967
Other limited companies	3335061	28,57	3329177	28.52	4745364	4736992
Private personae	2517852	21,57	2523736	21.62	3582581	3590953
Total	11672107	100	11672107	100	16607912	16607912

(30) Overrate reserved of financial fixed assets

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
	8554682	8752572	12172215	12453788
Total	8554682	8752572	12172215	12453788

Supplement to the balance sheet

(31) Loans from credit institutions (Short-term)

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
	4321387	5987226	6148780	8519055
Total	4321387	5987226	6148780	8519055

The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA with JSC “Nordea Bank Finland Plc.” On March 31st 2010 2 floating docks, 3 running new building project, all requirement rights belonging to the depositor, reserves and debtor debts had been pawned as a guarantee to the received loan.

(32) Liability of leasing

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
UniCredit leasing				
Long-term	4139	6842	5889	9735
Short-term	1350	1074	1921	1528
Total	5489	7916	7810	11263

(33) Advance payments received from buyers

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
For shipbuilding	24812223	23368499	35304613	33250378
For ship repair	10937	10937	15562	15562
Others	7621	1975	10843	2811
Total	24830781	23381411	35331018	33268751

(34) Debts to suppliers and contractors

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Debts for materials	1141305	691765	1623930	984293
Debts subcontractors	812877	1412540	1156619	2009863
Total	1954182	2104305	2780549	2994156

Supplement to the balance sheet

(35) Debts to associated companies

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
“Tosmare shipyard” JSC	363	1200	517	1707
Total	363	1200	517	1707

(36) Taxes and social insurance payments

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Social insurance payments	228934	149365	325744	212527
Residents income tax	112057	60814	159443	86531
Risk charge	172	202	245	287
Natural resources tax	5578	3532	7936	5026
Total	346741	213913	493368	304371

(37) Other creditors

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Salary	202270	244678	287804	348145
Deductions from wages	1003	1123	1427	1598
Payments by return to personae	2787	2450	3966	3486
Payments for credit cards	2526	4322	3594	6150
Payments for debts to other enterprises	24643	32483	35065	46219
Total	233229	285056	331856	405598

(38) Unpaid dividends for previous years

	2010 year Ls	2010 year EUR
31.12.2009	24 789	35 272
Calculated	0	0
Paid	6	9
30.06.2010	24 783	35 263

Supplement to the balance sheet

(39) Next period income

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
Free of charge received base means had been formed that will be referred to incomings at the period of base means use.	4 833	6 833	6 877	9 722
Total	4 833	6 833	6 877	9 722

(40) Accrued liabilities

	2010 year 6 months Ls	2009 year 6 months Ls	2010 year 6 months EUR	2009 year 6 months EUR
For services	369082	265174	525156	377309
Accruals for vocations	173594	262992	247004	374204
Total	542676	528166	772160	751513

(41) Off - balance sheet commitments

On May 12th 2005 a Treaty Nr KD05091/12 for the final amount of 100000 LVL had been concluded with JSC “SEB banka” as a guarantee of “Remars Granula” responsibilities that is based on Credit agreement Nr KD 05091 dated May 2nd 2005.

On February 10th 2006 Loan agreement (mortgage) had been concluded with JSC “SEB banka” as an additional guarantee to “Remars Granula” responsibilities based on Credit agreement Nr KD 05091 dated May 2nd 2005 (with May 12th 2005 improvements) with loan of belonging to the enterprise building workshop of Granula.

Hereby we approve the Financial Statement for 6 month of year 2010
 Pages: 1 to 29:

Chairman of the Board

V. MELNIKS

Member of the Board

I.KOMAROVS

Member of the Board

L.ARTEMENKO

Member of the Board

I.RUDZATE

Member of the Board

E.BUKS

August 31st 2010