

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

***“RIGA SHIPYARD” JSC
Financial statements for 9 months of the year 2010***

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

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

Riga, 2010

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	Joint stock company “Riga Shipyard”	
Legal status	Joint stock company	
Incorporation number, place and date	000304589, 5 December 1991, register of enterprises, 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 September 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	

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 gave a true picture of the Company’s financial situation on September 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

November 30th 2010
“Riga Shipyard” JSC

Profit & Loss calculation for 2010 year 9 months and 2009 year 9 months

	Remarks	2010 9 months Ls	2009 9 months Ls	2010 9 months EUR	2009 9 months EUR
Net turnover	1	21534728	15916440	30641157	22647054
Sold production operating costs	2	21617054	16821384	30758297	23934673
Gross profit or losses		(82326)	(904944)	(117140)	(1287619)
Selling costs	3	23890	28420	33992	40438
Administration costs	4	517602	565526	736481	804671
Other enterprise's business activity's income	5	1203684	853146	1712688	1213917
Other enterprise's business activity's costs	6	815919	572111	1160948	814041
Profit & Losses of business activity's		(236053)	(1217855)	(335873)	(1732852)
Income from investments in capital of related and associated companies			89		127
Other percents and the like income	7	245709	743454	349612	1057840
Payment off percents and the like costs	8	268134	126540	381520	180050
Profit & Losses before extra ordinary items and taxes		(258478)	(600852)	(367781)	(854935)
Profit & loss before taxes		(258478)	(600852)	(367781)	(854935)
Income taxes of the enterprise	9	9100	19268	12948	27416
Other taxes	10	78338	71740	111465	102077
Year of account profit & loss (net income)		(345916)	(691860)	(492194)	(984428)
Profit or loss per share		(0,03)	(0,06)	(0,04)	(0,08)

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

November 30th 2010

“Riga shipyard” JSC
Financial statement for 9 months of the year 2010

Balance as at 30 September 2010 year

ASSETS	Remarks	30.09.2010 Ls	30.09.2009 Ls	30.09.2010 EUR	30.09.2009 EUR
Long-term investments					
I Intangible investments					
1 Other intangible investments		8487	19584	12076	27866
2 Advance payments of intangible investments		167895	167895	238894	238893
Intangible investments in total		176382	187479	250970	266759
II Fixed assets					
1. Lands, buildings, constructions, perennial plants		3997637	3817762	5688124	5432186
2. Long-term investments into leased fixed assets		560	28615	796	40715
3. Equipment and machinery		14280127	13678329	20318789	19462509
4. Other fixed assets and stock		298700	352431	425012	501464
5. Up building of fixed assets and unfinished building objects costs		347095	359397	493871	511376
6. Advanced payments for fixed assets		10437		14851	
Fixed assets in total		18934556	18236534	26941443	25948250
III Property deposit					
		444212	437480	632056	622478
Fixed assets and property deposit in total		19378768	18674014	27573499	26570728
IV Long-term financial investments					
1. Participation in capital of related companies					
2. Participation in capital of associated companies	13	3008147	3008147	4280208	4280208
3. Other equities and investments	14	165	165	235	235
4. Other loans and other long-term debtors	15	546764	555394	777976	790254
5. Loans to copartners of the enterprises and to the directorship	16	322284	332284	458569	472798
6. Long-term deposit	17	2909608	12861314	4140000	18300001
Long-term financial investments in total		6786968	16757304	9656988	23843496
Long-term investments in total		26342118	35618797	37481457	50680983
Current assets					
I Reserves					
1. Raw materials, direct materials and auxiliary materials	18	4604100	3049958	6551044	4339699
2. Unfinished production	19	126248	1017841	179635	1448257
3. Finished goods and goods for resale	20	70280	0	100000	0
4. Unfinished order	21	693193	509209	986325	724539
5. Advance payments for goods	22	3931820	6469646	5594476	9205477
Reserves in total		9425641	11046654	13411480	15717972
II Debts of debtors					
1. Debts of buyers and customers	23	3680198	2948320	5236450	4195081
2. Associated companies debts	24	356975	388966	507930	553449
3. Other debtors	25	868281	359920	1235453	512120
4. Short-term loans to copartners of the enterprise's and to the directorship costs	26	10000	224366	14229	319244
5. Next period costs	27	50435	72524	71763	103192
6. Accrued proceeds	28	10674745	2185874	15188794	3110218
Debtors in total		15640634	6179970	22254619	8793304
III Short-term financial investments					
Short-term financial investments in total					
Cash assets	29	5108085	228214	7268150	324719
Current assets in total		30174360	17454838	42934249	24835995
Assets in total		56516478	53073635	80415706	75516978

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

“Riga shipyard” JSC
Financial statement for 9 months of the year 2010

LIABILITIES		Remarks	30.09.2010 Ls	30.09.2009 Ls	30.09.2010 EUR	30.09.2009 EUR
I	Equity capital					
	1. Stock or share capital (equity capital)	30	11672107	11672107	16607912	16607912
	2. Long-term investment revaluation reserve	31	8496479	8694369	12089400	12370973
	3. Retained earnings					
	a) previous years retained earnings		3019800	3286347	4296789	4676051
	b) year of account retained earnings		(345916)	(691860)	(492194)	(984428)
	<i>Retained earnings in total</i>		<i>2673884</i>	<i>2594487</i>	<i>3804595</i>	<i>3691623</i>
	Equity capital in total		22842470	22960963	32501907	32670508
II	Reserves					
	<i>Reserves in total</i>					
III	Creditors					
I	Long-term debts					
	1. Liability of leasing		117627	6842	167368	9735
	2. Deferred taxation reserves liabilities		2046145	2024555	2911402	2880682
	<i>Long-term debts in total</i>		<i>2163772</i>	<i>2031397</i>	<i>3078770</i>	<i>2890417</i>
II	Short-term debts					
	1. Loans from credit institutions	32	3697723	4312972	5261386	6136806
	2. Liability of leasing	33	49246	433	70071	616
	3. Advance payments received from buyers	34	24692172	21649436	35133795	30804372
	4. Debts to suppliers and contractors	35	2106552	1120896	2997353	1594891
	5. Debts to associated companies	36	182	1961	259	2790
	6. Taxes and social insurance payments	37	164676	163787	234313	233048
	7. Other creditors	38	253455	243580	360637	346583
	8. Next period income	39	4833	6833	6877	9722
	9. Unpaid previous years dividends	40	24783	24915	35263	35451
	10. Accrued liabilities	41	516614	556462	735075	791774
	<i>Short-term creditors in total</i>		<i>31510236</i>	<i>28081275</i>	<i>44835029</i>	<i>39956053</i>
	Creditors in total		33674008	30112672	47913799	42846470
	Liabilities total		56516478	53073635	80415706	75516978

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

November 30th 2010

“Riga shipyard” JSC
Financial statement for 9 months of the year 2010

Cash flow statement for 2010 year 9 months and 2009 year 9 months

	2010 9 months Ls	2009 9 months Ls	2010 9 months EUR	2009 9 months EUR
A Operating cash flow				
Sales income	17402626	19302362	24761706	27464787
Payments to suppliers, employees and operating expenses	20786992	21037071	29577225	29933055
Gross operating cash flow	(3384366)	(1734709)	(4815519)	(2468268)
Interest paid	268134	126540	381520	180050
Corporate income tax		3747		5332
Cash flow before extraordinary items	(3652500)	(1864996)	(5179039)	(2653650)
Extraordinary items cash flow	(3652500)	(1864996)	(5179039)	(2653650)
Operating net cash flow	(3652500)	(1864996)	(5179039)	(2653650)
B Investment activity cash flow				
Shares acquisition of related and associated enterprises				
Selling out of shares				
Intangible and fixed assets acquisition	471678	208958	671137	297320
Revenue from tangible and intangible investment sales	11007	3217	15662	4577
Loans granted	20512	3651	29186	5195
Decrease of long-term deposit	2818245		4010000	
Increase of long-term deposit		8539069		12150001
Revenue created by return of loan	8005		11390	
Interest received	245709	743454	349612	1057840
Dividends received		89		127
Financing activities net cash flow	2590776	(8004918)	3686340	(11389972)
C Financing activities cash flow				
Revenue from bonds or equity share investments				
Loans received	1045485	1532414	1487591	2180429
Donations or grants received				
Expenditure on debt repayment				
Expenditure on leased fixed redemption				
Dividends paid	6	2	9	3
Financing activities net cash flow	(1045491)	(1532416)	(1487600)	(2180432)
Result for currency exchange rates changing	29334	(4716)	41739	(6710)
Net cash and equivalent increase or decrease (A+B+C)	(2077881)	(11407046)	(2956558)	(16230764)
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	5108085	228214	7268150	324719

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

November 30th 2010

Changes in own capital report for 2010 year 9 months and 2009 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
Balance as at 31.12.2008.	11672107	16607912	8868979	12619419	3286347	4676051	23827433	33903382
Reevaluation reserve			(174610)	(248446)			(174610)	(248446)
Dividends								
Period of account net profit & loss					(691860)	(984428)	(691860)	(984428)
Balance as at 30.09.2009.	11672107	16607912	8694369	12370973	2594487	3691623	22960963	32670508
Balance as at 31.12.2009.	11672107	16607912	8671089	12337846	3019800	4296789	23362996	33242547
Reevaluation reserve *			(174610)	(248446)			(174610)	(248446)
Dividends								
Period of account net profit & loss					(345916)	(492194)	(345916)	(492194)
Balance as at 30.09.2010.	11672107	16607912	8496479	12089400	2673884	3804595	22842470	32501907

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

EPS uz 30.09.2010. LVL (345916) :11672107 =(0,03) LVL vai (0,04) EUR ;
EPS uz 30.09.2009. (0,06) LVL vai (0,08) EUR

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

November 30th 2010

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.09.2010.

Notes mentioned on pages 11th - 28^h 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 September 30:**

	30.09.2010.	30.09.2009.
	Ls	Ls
1 USD	0,517	0,480
1 EUR	0,702804	0,702804
1 NOK	0,0884	0,0825
1 GBP	0,819	0,765
1 RUB	0,0170	0,0159

(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 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
On aspects of business				
Shipbuilding	13687681	6888702	19475815	9801740
Ship repair	7785258	8876480	11077424	12630093
Mechanical engineering	59077	83190	84059	118369
Other works	2712	68068	3859	96852
Total	21534728	15916440	30641157	22647054
(2) Sold products operating expenses				
	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Material costs (raw materials and materials, value of goods, outsourcing)	17694882	12121855	25132550	17247846
Remuneration of labor	2416241	2963622	3483001	4216854
Social insurance costs	563297	688119	801499	979105
Depreciation of fixed assets	591816	741831	842078	1055530
Other expenses	350818	305957	499169	435338
Total	21617054	16821384	30758297	23934673
(3) Costs of Sales				
	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Advertising expenses	23890	28420	33992	40438
Total	23890	28420	33992	40438
(4) Administration expenses				
	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Liaison costs	9526	6705	13554	9540
Office maintenance costs	2202	4175	3133	5940
Salary of administration	40931	53274	58240	75802
Remuneration of the board	154467	172750	219787	245801
Remuneration of the council	120248	139500	171097	198491
Social insurance costs	72318	84971	102899	120903
Depreciation of fixed assets	20281	17863	28857	25417
Transport costs, travel allowances	61170	48111	87037	68456
Legal services	334	78	475	111
Insurance	2483	5184	3533	7376
Representation costs	5003	11775	7119	16754
Transport representative costs	28639	21140	40750	30080
Total	517602	565526	736481	804671

Profit & Loss calculation supplement

(5) Other operating income

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Income generated by leased FA payments and public services	664415	577185	945377	821260
Tugboat services income	81824	90762	116425	129143
Sales of raw materials and materials	202643	159650	288335	227161
Income generated by chemical analyses	831	2091	1182	2975
Income generated by sales of fixed assets	9276	1352	13199	1924
Proceeds from exchange rate fluctuations	5208	0	7410	0
Currency selling revenue	27593	8494	39261	12086
Proceeds from the creditors' debt write-off	16025	415	22802	590
Revenue from previous year	10609	0	15095	0
Loss consideration	177934	0	253177	0
Other income	7326	13197	10424	18778
Total	1203684	853146	1712688	1213917

(6) Other operating expenses

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Material purchase costs	184460	137140	262463	195133
Losses incurred by currency selling out	0	102094	0	145267
Medical services	5731	8405	8154	11959
Costs on tugboat services	28965	33069	41213	47053
Donations	1402	2116	1995	3011
Material benefits	300	220	427	313
Burial costs	1675	1410	2383	2006
Costs incurred by fixed assets' exclusion	1505	214	2141	304
Representation costs	7625	8387	10849	11934
Costs on maintenance of leased FA	383527	262983	545710	374191
Previous year costs	43108	15146	61337	21551
Loss	154060	0	219208	0
Other costs	3561	927	5068	1319
Total	815919	572111	1160948	814041

Profit & Loss calculation supplement

(7) Other percents and the like income

	2010 year 9 months	2009 year 9 months	2010 year 9 months	2009 year 9 months
	Ls	Ls	EUR	EUR
Interest income for time deposits	245129	743228	348787	1057518
Bank interest	225	226	320	322
Interest income on loans	63	0	90	0
Fines received	292	0	415	0
Total	245709	743454	349612	1057840

(8) Payment off percents and the like costs

	2010 year 9 months	2009 year 9 months	2010 year 9 months	2009 year 9 months
	Ls	Ls	EUR	EUR
Penalty paid	146891	612	209007	871
Interest paid	81494	79056	115956	112487
Warranty service	39749	46872	56557	66692
Total	268134	126540	381520	180050

(9) Corporate income tax

	2010 year 9 months	2009 year 9 months	2010 year 9 months	2009 year 9 months
	Ls	Ls	EUR	EUR
Corporate income tax advance payments	9100	19268	12948	27416
Total	9100	19268	12948	27416

(10) Other taxes

	2010 year 9 months	2009 year 9 months	2010 year 9 months	2009 year 9 months
	Ls	Ls	EUR	EUR
Real estate tax	78338	71740	111465	102077
Total	78338	71740	111465	102077

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						
30.09.2010	0	0	74372		167895	242267
Depreciation						
01.01.2010			58421			58421
Estimated			7464			7464
Written off						
30.09.2010	0	0	65885			65885
Balance value 01.01.2010	0	0	15951		167895	183846
Balance value 30.09.2010	0	0	8487		167895	176382

(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						
30.09.2010	0	0	105822		238894	344716
Depreciation						
01.01.2010			83125			83125
Estimated			10620			10620
Written off						
30.09.2010	0	0	93746			93746
Balance value 01.01.2010	0	0	22697		238894	261591
Balance value 30.09.2010	0	0	12076		238894	250970

“Riga shipyard” JSC
Financial statement for 9 months of the year 2010

Supplements to the balance sheet September 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	142834			915415	16139	1247475	39267	2361130
Written off	8258	1126		162370	115	1074388	28830	1275087
Relocated								
30.09.2010	6275765	542913	560	19739418	986243	347095	10437	27902431
Depreciation								
01.01.2010	2147537	94985		5107590	629199			7979311
Estimated	137975	4842		339010	58458			540285
Written off	7384	1126		161918	114			170542
Relocated				174609				174609
30.06.2010	2278128	98701		5459291	687543			8523663
Balance value								
01.01.2010	3993652	449054	560	13878783	341020	174008		18837077
Balance value								
30.09.2010	3997637	444212	560	14280127	298700	347095	10437	19378768

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	203234			1302518	22964	1774997	55872	3359585
Written off	11750	1602		231032	164	1528716	41021	1814285
Relocated								
30.09.2010	8929609	772495	796	28086661	1403298	493871	14851	39701581
Depreciation								
01.01.2010	3055670	135151	0	7267447	895270	0	0	11353538
Estimated	196321	6890	0	482368	83178	0	0	768757
Written off	10506	1602	0	230389	162	0	0	242659
Relocated				248446				248446
30.09.2010	3241485	140439	0	7767872	978286			12128082
Balance value								
01.01.2010	5682455	638946	796	19747728	485228	247590	0	26802743
Balance value								
30.09.2010	5688124	632056	796	20318789	425012	493871	14851	27573499

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

	30.09.2010. Ls	30.09.2009. Ls	30.09.2010. EUR	30.09.2009. EUR
Branch enterprise “Tosmare shipyard” JSC investment value	2164782	2164782	3080208	3080208
SIA “Remars Granula”	843365	843365	1200000	1200000
Investments	3008147	3008147	4280208	4280208

(14) Other equities and investments

Name enterprise	Parts or shares	Parts or shares value		30.09.2010			30.09.2009		
		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 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Student loan payout	63302	56952	90071	81035
Shares loan payout	483462	498442	687905	709219
Total	546764	555394	777976	790254

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 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 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 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
	2909608	12861314	4140000	18300001
Total	2909608	12861314	4140000	18300001

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 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
1. Metal ware	61029	68662	86836	97697
2. Timbering	4026	3599	5728	5121
3. Metal, non-ferrous metals, pipes	2010198	2107010	2860254	2998005
4. Wire cables	5587	5689	7950	8095
5. Fuel	7643	6703	10875	9538
6. Coveralls	6430	5519	9149	7853
7. Equipment	309879	5130	440918	7299
8. Cables	76426	28986	108744	41243
9. Varnish and paint	121823	101790	173339	144834
10. Tools	6060	5974	8623	8500
11. Technical rubber ware	13550	12064	19280	17166
12. Other	1981449	698832	2819348	994348
Total	4604100	3049958	6551044	4339699

(19) Unfinished production

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Shipbuilding orders	126248	1017841	179635	1448257
Total	126248	1017841	179635	1448257

(20) Finished goods and goods for resale

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
	70280	0	100000	0
Total	70280	0	100000	0

(21) Unfinished orders

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
1) Ship repair orders	681345	404437	969467	575462
2) Mechanical engineering orders	6213	96014	8840	136616
3) Various	5635	8758	8018	12461
Total	693193	509209	986325	724539

Supplement to the balance sheet

(22) Advance payments for goods

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
	3931820	6469646	5594476	9205477
Total	3931820	6469646	5594476	9205477

(23) Debts of buyers and customers

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Buyers and customers accounting value	3916936	3176536	5573298	4519803
Generated reserves	(236738)	(228216)	(336848)	(324722)
Balance net value	3680198	2948320	5236450	4195081

(24) Associated companies debts

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
"Tosmare shipyard" JSC	39703	34977	56492	49768
SIA "Remars Granula" debt for service and credit	317272	353989	451438	503681
Total	356975	388966	507930	553449

(25) Other debtors

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Accounting value	1009760	501399	1436759	713426
Generated reserves	(141479)	(141479)	(201306)	(201306)
Balance net value	868281	359920	1235453	512120

Other debtors debts are as following:

Accounted VAT	2816	2816	4007	4007
Overpaid taxes				
– Value added tax	613216	92324	872528	131365
– Enterprise income tax	40436	29960	57535	42629
Payments personal debts	126	1029	179	1464
Payment of salary				
Short-term loans for "Tosmare Shipyard" JSC'S shares	14942	14961	21261	21288
Advance payment of service	196532	216580	279640	308166
Other debtors	213	2250	303	3201
Total	868281	359920	1235453	512120

Supplement to the balance sheet

(26) Short-term loans to the enterprise's copartners and directorship

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
	10000	224366	14229	319244
Total	10000	224366	14229	319244

	Directorship, Ls	Directorship, copartners EUR
JSC "Remars Rīga"		
Leaders debt for shares	10000	14229
30.09.2010.	10000	14229

(27) Next period costs

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Enterprise's property insurance premium sum	2308	10138	3284	14425
Subscription to the press	223	259	317	369
Health Insurance	7244	4298	10307	6116
Test of floating means	5405	13188	7691	18765
Expenses for repair of the rented basic means	16929	16083	24088	22884
Commercial	405	4311	576	6134
Land rental fee	5978	5978	8506	8506
Transport representative costs	4093	5677	5824	8078
Others	7850	12592	11170	17915
Total	50435	72524	71763	103192

(28) Accrued proceeds

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Shipbuilding	10674745	2185874	15188794	3110218
Total	10674745	2185874	15188794	3110218

Supplement to the balance sheet

(29) Cash assets

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Money at a cash department	1696	1975	2413	2810
Money on current accounts	22652	84269	32231	119904
Short –term deposit	5083737	141970	7233506	202005
Total	5108085	228214	7268150	324719

(30) 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 30.09.2010

	2010 year 9 months Ls	%	2009 year 9 months Ls	%	2010 year 9 months EUR	2009 year 9 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

Supplement to the balance sheet

(31) Overrate reserved of financial fixed assets

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
	8496479	8694369	12089400	12370973
Total	8496479	8694369	12089400	12370973

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

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
	3697723	4312972	5261386	6136806
Total	3697723	4312972	5261386	6136806

(33) Liability of leasing

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Long-term	117627	6842	167368	9735
Short-term	49246	433	70071	616
Total	166873	7275	237439	10351

(34) Advance payments received from buyers

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
For shipbuilding	24644139	21635834	35065451	30785018
For ship repair	46077	10937	65562	15562
Others	1956	2665	2782	3792
Total	24692172	21649436	35133795	30804372

Supplement to the balance sheet

(35) Debts to suppliers and contractors

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Debts for materials	876797	322218	1247570	458475
Debts subcontractors	1229755	798678	1749783	1136416
Total	2106552	1120896	2997353	1594891

(36) Debts to associated companies

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
“Tosmare shipyard” JSC	182	1961	259	2790
Total	182	1961	259	2790

(37) Taxes and social insurance payments

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Social insurance payments	121267	116270	172547	165437
Residents income tax	34377	45046	48914	64095
Risk charge	175	170	249	242
Corporate income tax	0	118	0	168
Natural resources tax	8857	2183	12603	3106
Total	164676	163787	234313	233048

(38) Other creditors

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Salary	214295	198215	304914	282035
Payments for deductions from salary	1341	932	1908	1326
Payments for debts to other enterprises	37819	44433	53815	63222
Total	253455	243580	360637	346583

Supplement to the balance sheet

(39) Next period income

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
Free of charge received base means had been formed that will be referred to incomings at the period of base means use.	4833	6833	6877	9722
Total	4833	6833	6877	9722

(40) Unpaid dividends for previous years

	Ls	EUR
31.12.2010.	24789	35272
Calculated	0	0
Paid off	6	9
30.09.2010.	24783	35263

(41) Accrued liabilities

	2010 year 9 months Ls	2009 year 9 months Ls	2010 year 9 months EUR	2009 year 9 months EUR
For services	343019	293470	488072	417570
Accruals for vocations	173595	262992	247003	374204
Total	516614	556462	735075	791774

Hereby we approve the Financial Statement for 9 month of year 2010

Pages: 1 to 28

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

November 30th 2010