

***JSC “RĪGAS KUĢU BŪVĒTAVA”***

***Financial statements for 9 months of the year 2004***

*Riga, 2004*

**RIGA SHIPYARD**

Reg.Nr. 40003045892

**Profit and loss statement**

	No.	30.09.2004.	30.09.2003.	30.09.2004.	30.09.2003.
		LVL	LVL	EUR	EUR
1	2	3	4	5	6
Net turnover	10	14 437 887	16 243 670	21 516 970	24 208 152
Production costs	20	-13 220 038	-15 110 589	-19 701 994	-22 519 507
<b>Gross profit and loss</b>	30	1 217 849	1 133 081	1 814 976	1 688 645
Selling costs	40	-54 525	-63 692	-81 259	-94 921
Administrative costs	50	-497 585	-455 491	-741 557	-678 824
Other operating income	60	1 348 872	1 687 449	2 010 241	2 514 827
Other operating expenses	70	-1 158 455	-1 134 508	-1 726 461	-1 690 772
Income from participating interests	80				
Income from other capital participation, securities and loans forming part of the long term assets	90				
Other interests receivable and similar income	100	71 576	37 687	106 671	56 165
	110				
Interest payable and similar charges	120	-77 523	-79 403	-115 534	-118 335
<b>Profit and loss before extraordinary items and taxes</b>	<b>130</b>	<b>850 209</b>	<b>1 125 123</b>	<b>1 267 077</b>	<b>1 676 785</b>
Extraordinary income	140				
Extraordinary charges	150				
<b>Extraordinary profit and loss before taxes</b>	<b>160</b>	<b>850 209</b>	<b>1 125 123</b>	<b>1 267 077</b>	<b>1 676 785</b>
Tax on profit or loss for the financial year	170	-99 441	-174 081	-148 198	-259 435
Other taxes	180	-34 058	-33 764	-50 757	-50 319
<b>Profit and loss for the financial year after taxes</b>	<b>190</b>	<b>716 710</b>	<b>917 278</b>	<b>1 068 122</b>	<b>1 367 031</b>

,Responsible person

<b>RIGA SHIPYARD</b>						
<b>Balance Sheets (non-audited)</b>						
		<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>	
	<b>Line code</b>	<b>30.09.2004.</b>	<b>01.01.2004.</b>	<b>30.09.2004.</b>	<b>01.01.2004.</b>	
<b>ASSETS</b>						
<b>1. Long - term investments</b>						
<i>I Intangible investments</i>						
1.Research and development costs	010					
2.Concessions, patents, licences,trade-marks and similar rights	020					
3.Other intangible rights	021					
4.Intangible value of enterprise	030					
5.Advance payments of intangible investments	040					
<b>I TOTAL</b>	<b>050</b>					
<i>II Fixed assets</i>						
1.Lands, buildings, constructions and prennial plantations	060	2 144 188	2 038 741	3 195 511	3 038 362	
2.Long-term leased fixed	070	15 535	15 535	23 152	23 152	
3.Machinery and equipment	080	2 577 841	2 628 916	3 841 790	3 917 908	
4.Other fixed assets and inventory	090	291 794	261 659	434 864	389 954	
5.Fixed assets formation costs	100	261 628	144 533	389 908	215 399	
6.Advance payments for fixed assets	110	12 187	49 187	18 162	73 304	
<b>II TOTAL</b>	<b>120</b>	<b>5 303 173</b>	<b>5 138 571</b>	<b>7 903 387</b>	<b>7 658 079</b>	
<i>III Long - term financial investments</i>						
1.Participation in capital of related companies	130					
2.Loans to related companies	140					
3.Participation in the associated companies capital	150	2 164 782	2 164 782	3 226 203	3 226 203	
4.Loans to the associated companies	160					
5.Other securities and investments	170	165	165	246	246	
6.Other loans	180	405 105	400 312	603 734	596 590	
7.Owners' stocks and shares	190					
8.Loans of the Company to joint owners and management	200	497 000	497 000	740 686	740 686	
<b>III TOTAL</b>	<b>210</b>	<b>3 067 052</b>	<b>3 062 259</b>	<b>4 570 869</b>	<b>4 563 725</b>	
<b>1. TOTAL AMOUNT ACCORDING TO THE PART</b>	<b>220</b>	<b>8 370 225</b>	<b>8 200 830</b>	<b>12 474 256</b>	<b>12 221 804</b>	
<b>2. Current assets</b>						
<i>I Stocks</i>						
1.Raw materials, direct materials and auxiliary materials	230	2 896 799	2 046 888	4 317 137	3 050 503	
2.Unfinished products	240	2 110 306	1 172 112	3 145 016	1 746 814	
3.Finished products and goods for sales	250					
4.Ongoing orders	260					
5.Advance payments for goods	270	648 856	220 084	966 999	327 994	
6.Working livestock and productive livestock	280					
<b>I TOTAL</b>	<b>290</b>	<b>5 655 961</b>	<b>3 439 084</b>	<b>8 429 152</b>	<b>5 125 311</b>	
<i>II Debtors</i>						
1.Buyers and customers' debts	300	2 160 349	2 664 072	3 219 596	3 970 301	
2.Related companies debts	310					
3.Associated companies debts	320	124 613		185 712		
4.Other accounts receivable	330	1 346 943	1 418 009	2 007 366	2 113 277	
5.Unpaid part of the company capital	340					
6.Short - term loans of an enterprise to joint owners and managem	350	1 044 979	1 056 104	1 557 346	1 573 925	
7.Prepaid expenses	360	46 286	60 030	68 981	89 463	
<b>II TOTAL</b>	<b>370</b>	<b>4 723 170</b>	<b>5 198 215</b>	<b>7 039 001</b>	<b>7 746 966</b>	
<i>III Securities and sharing in capitals</i>						
1.Participation in capital of related companies capital	380	2 077 806	2 077 806	3 096 581	3 096 581	
2.Owners' stocks and shares	390					
3.Other securities and participation in capitals	400					
<b>III TOTAL</b>	<b>410</b>	<b>2 077 806</b>	<b>2 077 806</b>	<b>3 096 581</b>	<b>3 096 581</b>	
IV.Cash	<b>IV TOTAL</b>	420	495 620	464 160	738 629	691 744
<b>2. TOTALL AMOUNT ACCORDING TO THE PART</b>	<b>430</b>	<b>12 952 557</b>	<b>11 179 265</b>	<b>19 303 363</b>	<b>16 660 602</b>	
<b>BALANCE</b>	<b>440</b>	<b>21 322 782</b>	<b>19 380 095</b>	<b>31 777 619</b>	<b>28 882 406</b>	

<b>RIGA SHIPYARD.</b>					
<b>Balance Sheets (non-audited)</b>					
		<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
	<b>Line code</b>	<b>30.09.2004.</b>	<b>01.01.2004.</b>	<b>30.09.2004.</b>	<b>01.01.2004.</b>
<b>LIABILITIES</b>					
<i>1. OWNERS' EQUITY</i>					
1.Share capital	450	11 672 107	11 672 107	17 395 092	17 395 092
2.Share issue extra charge	460				
3.Long - term investment revaluation reserve	470				
4. Reserves					
a) reserves set by law	480				
b) owners' shares reserves	490				
c) reserves provided for by the company Articles of Association	500				
d) other reserves	510				
<b>IV TOTAL</b>					
5. Undivided profit:					
a) undivided profit for the previous year	530	2 718 069	2 951 511	4 050 773	4 398 675
b) undivided profit for the year of account	540	716 710		1 068 122	0
<b>TOTAL AMOUNT ACCORDING TO THE PART 1</b>	<b>550</b>	<b>15 106 886</b>	<b>14 623 618</b>	<b>22 513 987</b>	<b>21 793 767</b>
<b>2. PROVISIONS</b>					
1.Provision for pensions and similar obligations	560				
2.Provision for contingent taxes	570				
3.Other provisions	580				
<b>TOTAL AMOUNT ACCORDING TO THE PART 2</b>	<b>590</b>				
<b>3. CREDITORS</b>					
<i>I Long - term accounts payable</i>					
1.Funded borrowings	600				
2.Borrowings for shares	610				
3.Bank borrowings	620			0	0
4.Other borrowings	630				
5.Customers advanced payments	640				
6.Debts to suppliers and contractors	650				
7.Bills to be paid	660				
8.Borrowings from related companies	670				
9.Borrowings from affiliated companies	680				
10.Tax and social security payments	690				
11.Other creditors	700				
12.Prepaid income	710	91 809	91 809	136 824	136 824
13.Dividends of the year of account	720				
14.Unpaid dividends of previous years	730				
<b>I TOTAL</b>	<b>740</b>	<b>91 809</b>	<b>91 809</b>	<b>136 824</b>	<b>136 824</b>
<i>II Short - term debts</i>					
1.Funded borrowings	750				
2.Borrowings for shares	760				
3.Lons from credit institutions	770	1 306 822	1 569 488	1 947 574	2 339 028
4.Other borrowings	780				
5.Customers advanced payments	790	1 302 149	623 635	1 940 610	929 411
6.Debts to suppliers and contractors	800	2 464 356	1 634 473	3 672 662	2 435 876
7.Bills to be paid	810				
8.Borrowings from related companies	820	351 859	243 450	524 380	362 817
9.Borrowings from affiliated companies	830		65 775		98 026
10.Taxes and social security payments	840	179 482	163 493	267 484	243 656
11.Other creditors	850	188 941	175 445	281 582	261 468
12. Prepaid income	860	91 810	183 620	136 826	273 651
13.Dividends of the year of account	870				
14.Unpaid dividends of previous years	880	238 668	5 289	355 690	7 882
<b>II TOTAL</b>	<b>890</b>	<b>6 124 087</b>	<b>4 664 668</b>	<b>9 126 808</b>	<b>6 951 815</b>
<b>TOTAL AMOUNT ACCORDING TO THE PART 3</b>	<b>900</b>	<b>6 215 896</b>	<b>4 756 477</b>	<b>9 263 632</b>	<b>7 088 639</b>
<b>BALANCE</b>	<b>910</b>	<b>21 322 782</b>	<b>19 380 095</b>	<b>31 777 619</b>	<b>28 882 406</b>

## Cash flow statement for 9 months of the year 2004

	y.2004.LVL	y.2003 LVL	y.2004.EUR	y..2003. EUR
<b>A. Net cash flow from primary activity</b>	<b>-744481</b>	<b>-44971</b>	<b>-1109510</b>	<b>-67021</b>
1.Received from buyers (+)	14241743	14231112	21224654	21208811
2.Penalty received (+)	36	104	54	156
3.Interest received (+)	3067	37583	4571	56010
4. Paid to suppliers (-)	-12041311	-11436499	-17945322	-17043963
5.Wages and the related taxes paid (-)	-2800781	-2648643	-4174040	-3947307
6. Interest paid (-)	-77523	-79096	-115534	-117878
7.Corporate income tax (-)	-69417	-149225	-103453	-222392
8.Penalty paid (-)	-295	-307	-440	-458
<b>B. Net cash flow from investment activities:</b>	<b>-530818</b>	<b>-729450</b>	<b>-791084</b>	<b>-1087109</b>
1. Paid for fixed assets acquisition (-)	-512131	-427569	-763235	-637212
2.Received for the fixed assets sold (+)	51966	11369	77446	16944
3.Loans granted (-)	-70653	-313042	-105295	-466531
4.Shares purchasing (-)	0	-208	0	-310
<b>C.Net cash flow from financial activities:</b>	<b>1306759</b>	<b>1402534</b>	<b>1947479</b>	<b>2090215</b>
1.Loan received (+)	1569488	1402537	2339028	2090219
2.Loan repaid (-)	-262666	0	-391455	0
3.Dividend paid (-)	-63	-3	-94	-4
<b>Net cash flow and equivalent shanger thereof ( A+B+C)</b>	<b>31460</b>	<b>628113</b>	<b>46885</b>	<b>936085</b>
<b>Cash and equivalent thereof at beginning of the period of account</b>	<b>464160</b>	<b>205299</b>	<b>691744</b>	<b>305960</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>495620</b>	<b>833412</b>	<b>738629</b>	<b>1242045</b>

,Responsible person

**REPORT ON EQUITY CAPITAL SHANGE FOR 9 MONTHS OF 2003,2004.**

Types of shanger		Stock or share capital	Reserves set by law	Long-term investment revaluation reserve	Other reserves	Undivided Profit	Total
<b>Balance as of 31.12.2002.</b>	<b>LVL</b>	<b>11672107</b>				<b>2663749</b>	<b>14335856</b>
	<b>EUR</b>	<b>17395092</b>				<b>3 969 820</b>	<b>21364912</b>
Net profit or loss for the period of account	LVL					804815	<b>804815</b>
	EUR					1199426	<b>1199426</b>
<b>Balance as of 30.06.2003.</b>	<b>LVL</b>	<b>11672107</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3468564</b>	<b>15140671</b>
	<b>EUR</b>	<b>17395092</b>				<b>5169246</b>	<b>22564338</b>
<b>Balance as of 31.12.2003.</b>	<b>LVL</b>	<b>11672107</b>				<b>2951511</b>	<b>14623618</b>
	<b>EUR</b>	<b>17395092</b>				<b>4398675</b>	<b>21793767</b>
Dividend	LVL					-233442	<b>-233442</b>
	EUR					-347902	<b>-347902</b>
Net profit or loss for the period of account	LVL					716710	<b>716710</b>
	EUR					1068122	<b>1068122</b>
<b>Balance as of 30.09.2004.</b>	<b>LVL</b>	<b>11672107</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3434779</b>	<b>15106886</b>
	<b>EUR</b>	<b>17395092</b>				<b>5118895</b>	<b>22513987</b>

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.09.2004.

\_\_\_\_\_, Responsible person