

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

***“RIGA SHIPYARD” JSC***  
***financial statements for 6 months of the year 2005***  
***(not audited)***  
***(not consolidated)***

***Riga, 2005***

<b><i>Content</i></b>	<i>pages</i>
Information on the company	3
Directorship report	4
Profit & loss calculation	5
Balance sheet	6
Cash flow statement	8
Equity changes report	9
Notes to the financial statements	10

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

---

**Information on the company**

Name of the company	<b>Joint stock company “Riga shipyard”</b>
Legal status	Joint stock company
Incorporation number, place and date	000304589, 5 December 1991, companies register, Riga 40003045892, 26 August 2004, commercial register, Riga
Registered office	2 Gales street, Riga, LV-1015
Stock capital of the enterprise	Ls 11 672 107
Core business of the enterprise	- building and repair of ships, yachts, catamarans, roll trailers and technological equipment -Port services -Wood processing, manufacturing of furniture designed for various functional purposes etc.
Associate enterprise	“Tosmare Shipyard” JSC
Address	42/44 Generala Baloza Street, Liepaya
Partnership	49,72%
Name, surnames and positions of members of the Board	
Vasilijs Melniks	Chairman of the Board, p. ID 310867-10726
Aivars Stolders	Member of the Board, p. ID 060569-10634
Igors Komarovs	Member of the Board, p. ID 040756-10902
Larisa Artemenko	Member of the Board, p. ID 030349-12926
Janis Davidovics	Member of the Board, p. ID 060363-11507(appointed on 27.05.2005)
Name, surnames and positions of members of the Council	
Janis Davidovics	Chairman of the Council, p. ID 060363-11507(resigned on 26.05.2005)
Sergejs Golicins	Deputy Chairman of the Council, p. ID 250154-10952(resigned on 29.07.2005) Chairman of the Council (appointed on 29.07.2005)
Anatolijs Ustinovs	Member of the Council, p. ID 010146-10964(resigned 29.07.2005) Deputy Chairman of the Council (appointed on 29.07.2005)
Girts Stelbovics	Member of the Council, p. ID 280566-10102
Aleksandrs Cernavskis	Member of the Council, p. ID 230770-10102
Andris Kravalis	Member of the Council, p. ID 250977-11002 ( appointed on 29.07.2005)
Chief accountant	Marina Pudova, phone 7080868
Annual report	1 January – 30 June 2005
Tax authority	SRS Riga regional institution Ziemelu district division
Name and address of an auditor	Natalija Zaiceva, p ID 140366-10722 A sworn auditor (LSAA certificate No 138)
Responsible person	Sworn auditors firm KSIA “ORIENTS N” LSAA certificate No 28 Larisa Artemenko Member of the board t.7353411 E-mail :larisa@riga-shipyard.com

## **"Riga shipyard" JSC directorship statement to 2005 6 months annual report**

Dear shareholders!

JSC "Riga shipyard" business in year 2005 6 months was persistent, it continued the previous years set in course of development.

In the past 2005 6 month "Riga shipyard" JSC'S total net turnover made up Ls 14 342 480 (compared to 2004 6 months Ls 5 791 361). Gross profit is Ls 636 807 (year 2004 6 months - Ls 440 875). The net profit for 2005 6 months has made Ls 337 629, accordingly in 2004 year - Ls 168 597. In year 2005 6 months has been made and launched on water of 4 halls ( accordingly in 2004 - 3).

In year 2005 6 months JSC "Riga shipyard" in total repaired 47 ships (in 2004 6 months there had been repaired 50 ships).

"Riga shipyard" JSC'S products and services, as well as material's suppliers did not change essentially: Western Europe, Russia, Ukraine, Lithuania as well as Latvia. Traditionally main customers for ships repair were Western European, Russian, Lithuanian and Latvian ship owners, but shipbuilding customers are from Scandinavian states.

In year 2005 6 months JSC "Riga shipyard" invested into acquisition of new technological facilities and repair Ls 538 361 (in 2004 6 months - LVL 530465), owing to which it was possible to increase quality of products and services and decrease the cost price of products.

In future "Riga shipyard" JSC shall pay the most attention to the enterprise's technical provision, especially in equipments and technological process with great expenditure of resources. In year 2006 will be mounted cogeneration equipment for possibility to produce cheaper electricity and warm supply.

Means shall be invested into further development so that in future it will be possible to compete successfully at the market of the Baltic region and worldwide.

31 August 2005

"Riga shipyard" JSC  
Chairmen of the Board

*V. Melniks*

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

Profit & Loss calculation for 2005 year 6 months and 2004 year 6 months

	Remarks	2005 6 months Ls	2004 6 months Ls	2005 6 months EUR	2004 6 months EUR
1. Net turnover	(1)	14 342 480	5 791 361	20 407 510	8 240 364
2. Sold production operating costs	(2)	13 705 673	5 350 486	19 501 416	7 613 056
<b>3. Gross profit or losses</b>		<b>636 807</b>	<b>440 875</b>	<b>906 094</b>	<b>627 308</b>
4. Selling costs	(3)	20 809	37 335	29 609	53 123
5. Administration costs	(4)	346 269	305 915	492 696	435 278
6. Other enterprise's business activity's income	(5)	964 264	1 005 699	1 372 024	1 430 981
7. Other enterprise's business activity's costs	(6)	756 208	871 716	1 075 987	1 240 340
<b>8. Profit &amp; Loss off business activity's</b>		<b>477 785</b>	<b>231 608</b>	<b>679 826</b>	<b>329 548</b>
9. Income from investments in capital of related and associated companies					
10. Other percents and the like income	(7)	1 076	71 208	1 531	101 320
11. Write-offs of the value of long-term financial investments and short-term securities					
12. Payment off percents and the like costs	(8)	68 193	53 588	97 030	76 249
<b>13. Profit &amp; Loss prior to extra ordinary items and taxes</b>		<b>410 668</b>	<b>249 228</b>	<b>584 327</b>	<b>354 619</b>
14. Extraordinary income					
15. Extraordinary expense					
<b>16. Profit &amp; loss prior to taxes</b>		<b>410 668</b>	<b>249 228</b>	<b>584 327</b>	<b>354 619</b>
17. Income taxes of the enterprise for the year of account		49 720	58 598	70 745	83 377
18. Other taxes	(9)	23 319	22 033	33 179	31 350
<b>19. Year of account profit &amp; loss (net income)</b>		<b>337 629</b>	<b>168 597</b>	<b>480 403</b>	<b>239 892</b>

Chairman of the Board \_\_\_\_\_ V. Melniks

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

**Balance as at 30 June 2005 year**

<b>ASSETS</b>	Remarks	30.06.2005 Ls	30.06.2004 Ls	30.06.2005 EUR	30.06.2004 EUR
<b>Long-term investments</b>					
<b>I Intangible investments</b>					
1. Research and development costs					
2. Concessions, patents, licences, trade-marks and similar right					
3. Other intangible investments	(10)	22 150		31 516	
4. Goodwill					
5. Advance payments of intangible investments					
<b>Intangible investments in total</b>		<b>22 150</b>		<b>31 516</b>	
<b>II Fixed assets</b>					
1. Lands, buildings, constructions, perennial plants		2 404 915	2 125 292	3 421 886	3 024 018
2. Long-term investments into leased fixed assets		24 664	15 535	35 094	22 104
3. Equipment and machinery		3 169 214	2 667 301	4 509 385	3 795 227
4. Other fixed assets and stock		317 058	295 866	451 133	420 979
5. Up building of fixed assets and unfinished building objects costs		863 087	124 941	1 228 062	177 775
6. Advanced payments for fixed assets		53 807	24 059	76 560	34 233
<b>Fixed assets in total</b>	(11)	<b>6 832 745</b>	<b>5 252 994</b>	<b>9 722 120</b>	<b>7 474 336</b>
<b>III Long-term financial investments</b>					
1. Participation in capital of related companies					
2. Participation in capital of associated companies	(12)	2 268 417	2 164 782	3 227 667	3 080 207
3. Other equities and investments	(13)	165	165	235	235
4. Other loans and other long-term debtors	(14)	530 746	405 105	755 184	576 412
5. Loans to copartners of the enterprises and to the directorship	(15)	326 381	497 000	464 398	707 168
<b>Long-term financial investments in total</b>		<b>3 125 709</b>	<b>3 067 052</b>	<b>4 447 484</b>	<b>4 364 022</b>
<b>Long-term investments in total</b>		<b>9 980 604</b>	<b>8 320 046</b>	<b>14 201 120</b>	<b>11 838 358</b>
<b>Current assets</b>					
<b>I Reserves</b>					
1. Raw materials, direct materials and auxiliary materials	(16)	2 884 890	2 197 201	4 104 829	3 126 335
2. Unfinished production	(17)	1 163 287	3 428 878	1 655 208	4 878 854
3. Production and goods ready for sale					
4. Advance payments for goods	(18)	1 170 674	1 401 312	1 665 719	1 993 887
<b>Reserves in total</b>		<b>5 218 851</b>	<b>7 027 391</b>	<b>7 425 756</b>	<b>9 999 076</b>
<b>II Debts of debtors</b>					
1. Debts of buyers and customers	(19)	2 860 998	2 008 534	4 070 833	2 857 886
2. Debts of related companies		-			
3. Associated companies debts	(20)	156 644	174 529	222 884	248 332
4. Other debtors	(21)	1 587 120	1 386 850	2 258 268	1 973 310
5. Short-term loans to copartners of the enterprise's and to the directorship	(22)	1 129 058	1 008 195	1 606 504	1 434 532
6. Next period costs	(23)	40 705	44 963	57 918	63 977
7. Recognized incomes		2 277 798		3 241 015	
<b>Debtors in total</b>		<b>8 052 323</b>	<b>4 623 071</b>	<b>11 457 422</b>	<b>6 578 037</b>
<b>III Short-term financial investments</b>					
1. Participation in capital of related companies			2 077 806		2 956 452
<b>Short-term financial investments in total</b>		<b>0</b>	<b>2 077 806</b>	<b>0</b>	<b>2 956 452</b>
<b>IV. Cash assets</b>	(24)	<b>54 942</b>	<b>27 902</b>	<b>78 176</b>	<b>39 701</b>
<b>Current assets in total</b>		<b>13 326 116</b>	<b>13 756 170</b>	<b>18 961 354</b>	<b>19 573 266</b>
<b>Assets in total</b>		<b>23 306 720</b>	<b>22 076 216</b>	<b>33 162 474</b>	<b>31 411 624</b>

Chairman of the Board \_\_\_\_\_ V. Melniks

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

<b>LIABILITIES</b>	Remarks	30.06.2005 Ls	30.06.2004 Ls	30.06.2005 EUR	30.06.2004 EUR
<b>Equity capital</b>					
1. Stock or share capital (equity capital)	(25)	11 672 107	11 672 107	16 607 912	16 607 912
2. Retained earnings					
a) previous years retained earnings		3 102 929	2 951 511	4 415 070	4 199 622
b) year of account retained earnings		337 629	168 597	480 403	239 892
<b>Retained earnings in total</b>		<b>3 440 558</b>	<b>3 120 108</b>	<b>4 895 473</b>	<b>4 439 514</b>
<b>Equity capital in total</b>		<b>15 112 665</b>	<b>14 792 215</b>	<b>21 503 385</b>	<b>21 047 426</b>
<b>II Provision for liabilities and charges</b>					
1. Provision for pensions and similar obligations					
2. Provision for contingent tax					
3. Other provisions	(26)	197 107		280 458	
<b>Provision for liabilities and charges in total</b>		<b>197 107</b>	<b>0</b>	<b>280 458</b>	<b>0</b>
<b>III Creditors</b>					
<b>I Long-term debts</b>					
1. Next period income			91 809		130 632
<b>Long-term debts in total</b>		<b>0</b>	<b>91 809</b>	<b>0</b>	<b>130 632</b>
<b>II Short-term debts</b>					
1. Loans from credit institutions	(27)	2 064 416	2 335 516	2 937 399	3 323 140
2. Other loans					
3. Liability of leasing	(28)	17 994		25 603	
4. Advance payments received from buyers	(29)	2 736 071	2 105 858	3 893 079	2 996 366
5. Debts to suppliers and contractors	(30)	2 687 292	1 908 707	3 823 672	2 715 845
6. Debts to related companies			351 859		500 650
7. Debts to associated companies	(31)	15 594	-	22 188	-
8. Taxes and social insurance payments	(32)	221 519	187 769	315 193	267 171
9. Other creditors	(33)	243 515	205 444	346 490	292 320
10. Next period income			91 809		130 632
11. Unpaid previous years dividends	(34)	10 547	5 230	15 007	7 442
12. Accrued liabilities					
<b>Short-term creditors in total</b>		<b>7 996 948</b>	<b>7 192 192</b>	<b>11 378 631</b>	<b>10 233 566</b>
<b>Creditors in total</b>		<b>7 996 948</b>	<b>7 284 001</b>	<b>11 378 631</b>	<b>10 364 198</b>
<b>Total</b>		<b>23 306 720</b>	<b>22 076 216</b>	<b>33 162 474</b>	<b>31 411 624</b>

Chairman of the Board \_\_\_\_\_ V. Melniks

31 August 2005

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

Cash flow statement for 6 months of the year 2005 and 2004

	2005 year 6 months Ls	2004 year 6 months Ls	2005 year 6 months EUR	2004 year 6 months EUR
<b>A. Cash flow from primary activity</b>				
- Sales income	12 410 929	8 714 879	17 659 161	12 400 156
- Cash to suppliers, personnel and others primary activity costs	12 354 590	9 351 701	17 578 998	13 306 272
- Gross cash flow from primary activity	56 339	-636 822	80 163	-906 116
- Interest paid	68 193	53 588	97 030	76 249
- Corporate income tax	41 434	56 091	58 955	79 810
- Primary activity before extraordinary items				
- Cash flow from extraordinary items				
<b>Net cash flow from primary activity</b>	<b>-53 288</b>	<b>-746 501</b>	<b>-75 822</b>	<b>-1 062 175</b>
<b>B. Cash flow from investment activity</b>				
- Selling out of shares				
- Paid for fixed assets acquisition	397 560	386 097	565 677	549 367
- Received for the fixed assets sold	3 120	1 024	4 440	1 457
- Loans granted	20 296	70 653	28 879	100 530
- Repayment of loans				
- Interest received	1 076		1 531	
<b>Net cash flow from investment activity</b>	<b>-413 660</b>	<b>-455 726</b>	<b>-588 585</b>	<b>-648 440</b>
<b>C. Cash flow from financial activities</b>				
- Loan received	654 116	766 028	930 723	1 089 960
- Loan repaid	159 600	-	227 090	-
- Dividend paid	97	59	138	84
<b>Net cash flow from financial activities</b>	<b>494 419</b>	<b>765 969</b>	<b>703 495</b>	<b>1 089 876</b>
<b>Net cash flow and equivalent increase or decrease (A+B+C)</b>	<b>27 471</b>	<b>-436 258</b>	<b>39 088</b>	<b>620 739</b>
<b>Cash and equivalent thereof at beginning of the period of accounts</b>	<b>27 471</b>	<b>464 160</b>	<b>39 088</b>	<b>660 440</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>54 942</b>	<b>27 902</b>	<b>78 176</b>	<b>39 701</b>

Chairman of the Board \_\_\_\_\_ V. Melniks

31 August 2005



Changes in own capital report for 2004 and 2005 year 6 months.						
Types of changes	Stock or		Retained		Total	
	Share		earnings			
	capital					
	LVL	EUR	LVL	EUR	LVL	EUR
<b>Balance as at 31.12.2003.</b>	<b>11672107</b>	<b>16607912</b>	<b>2951511</b>	<b>4199622</b>	<b>14623618</b>	<b>20807534</b>
Stock or share capital						
increase/decrease						
Increase/decrease of reserves						
Dividends						
Period of account net profit & loss			168597	239892	168597	239892
<b>Balance as at 30.06.2004.</b>	<b>11672107</b>	<b>16607912</b>	<b>3120108</b>	<b>4439514</b>	<b>14792215</b>	<b>21047426</b>
<b>Balance as at 31.12.2004.</b>	<b>11672107</b>	<b>16607912</b>	<b>3102929</b>	<b>4415070</b>	<b>14775036</b>	<b>21022982</b>
Stock or share capital						
increase/decrease						
Increase/decrease of reserves						
Dividends						
Period of account net profit & loss			337629	480403	337629	480403
<b>Balance as at 30.06.2005.</b>	<b>11672107</b>	<b>16607912</b>	<b>3440558</b>	<b>4895473</b>	<b>15112665</b>	<b>21503385</b>

EPS to 30.06.2005.  $337629 \text{ LVL} : 11672107 = 0,028 \text{ LVL}$  or  $0,040 \text{ EUR}$  to 30.06.2004. EPS  $-0,014$  or  $0,020 \text{ EUR}$

Chairman of the Board \_\_\_\_\_ V. Melniks

31 Augusta 2005

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.06.2005.

## Notes to the financial statements

### Accounting policy

#### (1) General principles

The annual report has been prepared in compliance with “International accounting standard

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

Cash flow statement has been prepared as per third method.

Comparing to previous year of account methods of accountancy and evaluation applied in the Company haven't changed.

The annual report has been prepared basing on the conception of continuation of business.

#### (2) Net turnover

Net turnover is a total sum of services rendered and sold within the six months and services free from tax and granted trade discounts.

#### (3) Revaluation of foreign currency in lats

All the company accounting is carried out into lats.

All transactions within the year made in foreign currency have been converted into lats pursuant to the currency exchange rate officially established by the Bank of Latvia on a respective day of a transaction.

Foreign currency exchange rate as at the end of the year of account within last two years was as following:

	30.06.2005	30.06.2004
	Ls	Ls
1 USD	0,583	0,544
1 EUR	0,702804	0,663
1 NOK	0,0884	0,0797
1 GBP	1,059	0,995
1 RUB	0,0204	0,0188

#### (4) Fixed assets and low-grade stock

Fixed assets have been evaluated as per initial costs value, deducting accumulated depreciation. Depreciation has been calculated as per linear method, considering the rate established by the JSC order No.4 dated 8 January 2002. Calculation of depreciation of the fixed assets was commenced starting with the first date of the month next to commissioning and was finished on the first date of the month next to their exclusion from the fixed assets' number.

Company capitalizes permanent assets with value more Ls 50 and time of valid usage is more than 1 year. Increased value of revaluing permanent assets is reflected as moving towards long-term investments revaluation reserve. It is attributed to the dissolution of permanent assets in the calculation of profits, incomes, losses. To calculate enterprise's income tax the depreciation of the fixed assets was estimated pursuant to rates and requirements under article 13 of LR law “On enterprises' income tax”.

Low-grade stock booked at the purchase prices and costs was 100% written off after commissioning.

**(5) Participation in capitals of associated companies.**

Associated enterprise investment is valued in accordance with own capital methods.

Pursuant to the resolution of the board of directors the depreciation of positive incorporeal assets has been estimated as per the linear method, proceeding from a 20-year time of the provided appropriate exploitation. Depreciation deductions have been reflected in the profit & loss calculation item “Long-term financial investments’ writing off.”

**(6) Other long-term investments.**

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

**(7) 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.

**(8) Long-term contract**

Initial and final dates of execution of the contract about creation of an active are in the different accounting periods.

Incomes of long-term contracts admit according to a degree of their readiness. The degree of readiness is determined surveying results of work personally and physically ascertaining the termination of a part of works of the named contracts.

**(9) Debtors**

Debtors’ debts in the balance sheet have been shown at the net value. Debtors’ actual sum complies with contracts and other accounting basic documents.

**(10) Recognized incomes**

The recognized incomes of long-term contracts in conformity of a degree of their readiness.

**(11) Cash and cash equivalents**

In the report of cash flow consist of the money in cash-box and remnants of active bank cont.

**(12) Accumulation for holidays**

Accumulation for payments on holidays are formed, taking into account quantity of days of holiday to all workers and defining the average salary of workers in day.

**(13) Taxes**

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

**(14) Bookkeeping arrangement**

The bookkeeping has been arranged using a chart of accounts endorsed in the company.  
The bookkeeping accountancy has been arranged with the help of computers.

**(15) Comparative information**

Comparing to the period of previous report, accounting and appraisement methods is shanged in accordance to request of International accounting Standard.

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

**Profit & Loss calculation supplement**

**(1) Net turnover**

	2005 year 6 months Ls	2004 year 6 months Ls
On aspects of business		
- Shipbuilding	5 905 197	1 180 170
- Ship repair	8 286 559	4 374 774
- Mechanical engineering	149 481	228 896
- Other works	1 243	7 521
<b>Total</b>	<b>14 342 480</b>	<b>5 791 361</b>

**(2) Sold products operating costs**

	2005 year 6 months Ls	2004 year 6 months Ls
Material costs (raw materials and materials, value of goods, services from outside)	10 022 937	3 294 892
Remuneration of labor	2 481 787	1 275 715
Social insurance costs	586 511	294 677
Depreciation of fixed assets	367 323	192 271
Other costs	247 115	292 931
<b>Total</b>	<b>13 705 673</b>	<b>5 350 486</b>

**(3) Selling costs**

	2005 year 6 months Ls	2004 year 6 months Ls
Advertisement	20 809	37 335
<b>Total</b>	<b>20 809</b>	<b>37 335</b>

**(4) Administration costs**

	2005 year 6 months Ls	2004 year 6 months Ls
Liaison costs	8 077	12 562
Office maintenance costs	3 532	3 642
Salary of administration	89 821	91 066
Remuneration of the board	66 293	54 951
Remuneration of the council	60 000	46 008
Social insurance costs	50 902	45 812
Depreciation of fixed assets	26 546	21 112
Transport costs, travel allowances	17 028	12 051
Legal services	14 745	6 161
Representation costs	9 325	12 550
<b>Total</b>	<b>346 269</b>	<b>305 915</b>

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

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

	2005 year 6 months Ls	2004 year 6 months Ls
Income generated by transport services rendering	2 432	2 970
Income generated by leased FA payments and public services	175 421	188 494
Tugboat services income	44 258	18 530
Selling out of raw materials and materials	317 565	540 247
Income generated by fluctuation of currency rate	280 471	111 098
Educational services	1 102	336
Income generated by chemical analyses	2 014	1 084
Income generated by realization of fixed assets	3 120	29 919
Income generated by difference between face value of certificates and costs on their acquisition	91 810	91 810
Increase of reserves due to inventory	2 498	0
Previous year income	0	16 213
Paying for enter to the territory	6 105	81
Reimbursement of losses	35 300	0
Decrease in reserves	-	-
Education expenses recovery	-	-
Currency selling income	0	2 568
Other income	2 168	2 349
<b>Total</b>	<b>964 264</b>	<b>1 005 699</b>

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

	2005 year 6 months Ls	2004 year 6 months Ls
Material purchase costs	279 566	505 653
Losses due to currency rate fluctuation	224 533	140 639
Losses incurred by currency selling out	52 218	39 531
Compressed air purchase costs		
Social infrastructure objects costs (medical services)	3 494	3 115
Costs on tugboat services	22 118	8 004
The donations	1 150	0
Material benefits	345	10 070
Burial costs	1 430	1 722
Damage	45 925	0
Costs incurred by fixed assets’ exclusion	3 099	11 387
Representation costs	6 206	7 968
Costs on maintenance of leased FA	115 995	142 286
Other costs	129	1 341
<b>Total</b>	<b>756 208</b>	<b>871 716</b>

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

---

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

	2005 year 6 months Ls	2004 year 6 months Ls
	_____	_____
Depositing percentage	892	2 460
Bank interests	152	215
Interests income for loans	0	68 509
Received penalty payments	32	24
<b>Total</b>	<b>1 076</b>	<b>71 208</b>

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

	2005 year 6 months Ls	2004 year 6 months Ls
	_____	_____
Paid off penalty	214	75
Paid off interests	29 541	24 884
Guarantee maintenance	38 438	28 629
<b>Total</b>	<b>68 193</b>	<b>53 588</b>

**(9) Other taxes**

	2005 year 6 months Ls	2004 year 6 months Ls
	_____	_____
Buildings and constructions real estate tax	11 374	10 088
Real estate tax	11 945	11 945
<b>Total</b>	<b>23 319</b>	<b>22 033</b>

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

---

**(10) Other intangible investments**

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
<b>Initial value</b>						
01.01.2005			24 611			24 611
Bought						
Written off						
Relocated						
Revaluated						
30.06.2005.	0	0	24 611	0	0	24 611
<b>Depreciation</b>						
01.01.2005			2 461			2 461
Estimated						
Written off						
30.06.2005			2 461			2 461
<b>Balance value</b>						
<b>01.01.2005</b>			<b>24 611</b>			<b>24 611</b>
<b>Balance value</b>						
<b>30.06.2005</b>			<b>22 150</b>			<b>22 150</b>

**(11) Report on long-term investments movement**

	Land, buildings, constructions Ls	Long-term investments into leased FA Ls	Equipment and machinery Ls	Other fixed assets Ls	Building of fixed assets Ls	Unfinished construction Ls	Advance Payment for FA Ls	Total Ls
<b>Initial value</b>								
01.01.2005	3 677 077	24 664	8 502 694	607 116	-	500 427	11 877	13 323 855
Bought	176 536		204 803	45 593	-	789 592	438 367	1 654 891
Written off			52 075	2 330	-	426 932	396 437	877 774
Relocated					-			
30.06.2005	3 853 613	24 664	8 655 422	650 379	-	863 087	53 807	14 100 972
<b>Depreciation</b>								
01.01.2005	1 376 606		5 240 208	304 246	-			6 921 060
Estimated	72 092		295 444	30 938	-			398 474
Written off			49 444	1 863	-			
30.06.2005	1 448 698	-	5 486 208	333 321	-	-	-	7 268 227
<b>Balance value</b>								
<b>01.01.2005</b>	<b>2 300 471</b>	<b>24 664</b>	<b>3 262 486</b>	<b>302 870</b>	<b>-</b>	<b>500 427</b>	<b>11 877</b>	<b>6 402 795</b>
<b>Balance value</b>								
<b>30.06.2005</b>	<b>2 404 915</b>	<b>24664</b>	<b>3 169 214</b>	<b>317 058</b>	<b>-</b>	<b>863 087</b>	<b>53 807</b>	<b>6 832 745</b>



*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

---

**Supplements to the balance sheet**

**(12) Participation in capital of associated companies**

	30.06.2005	30.06.2004
	Ls	Ls
Branch enterprise “Tosmare shipyard” JSC investment value	2 268 417	2 164 782
<b>Total</b>	<b>2 268 417</b>	<b>2 164 782</b>

**(13) Other equities and investments**

	30.06.2005	30.06.2004
	Ls	Ls
“Baltic International Bank” JSC                      33 shares	165	165
<b>Total</b>	<b>165</b>	<b>165</b>

**(14) Other loans and other long-term debtors**

	30.06.2005	30.06.2004
	Ls	Ls
Student loan payout	40 178	32 355
Shares loan payout	490 568	372 750
<b>Total</b>	<b>530 746</b>	<b>405 105</b>

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

	30.06.2005	30.06.2004
	Ls	Ls
Long-term loans	326 381	497 000
<b>Total</b>	<b>326 381</b>	<b>497 000</b>

**Supplement to the balance sheet**

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

	30.06.2005	30.06.2004
	Ls	Ls
1. Metal ware	78 015	81 427
2. Timbering	9 225	10 740
3. Metal	1 544 087	1 011 971
4. Pipes	241 856	184 045
5. Wire cables	7 230	7 624
6. Non-ferrous metals	113 369	123 016
7. Fuel	33 540	49 202
8. Coveralls	4 421	5 822
9. Equipment	371 773	100 282
10. Spare parts	9 245	9 044
11. Cables	33 332	45 041
12. Varnish and paint	32 563	88 296
13. Building materials	57 344	98 783
14. Household goods	4 939	5 854
15. Tools	27 730	36 006
16. Technical rubber ware	36 156	36 469
17. Other	280 065	303 579
<b>Total</b>	<b>2 884 890</b>	<b>2 197 201</b>

**(17) Unfinished production**

	30.06.2005	30.06.2004
	Ls	Ls
Unfinished production is shown in the balance sheet at production cost, excluding administration costs. Main unfinished production objects are as following:		
1) Shipbuilding orders	0	2 567 270
2) Ship repair orders	1 089 635	813 196
3) Mechanical engineering orders	69 834	46 365
4) Various	3 818	2 047
<b>Total</b>	<b>1 163 287</b>	<b>3 428 878</b>

**(18) Advance payments for goods**

	30.06.2005	30.06.2004
	Ls	Ls
For materials	1 170 674	1 401 312
<b>Total</b>	<b>1 170 674</b>	<b>1 401 312</b>

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

**Supplement to the balance sheet**

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

	30.06.2005	30.06.2004
	Ls	Ls
Buyers and customers accounting value	3 507 706	2 611 391
Generated reserves	-646 708	-602 857
<b>Balance net value</b>	<b>2 860 998</b>	<b>2 008 534</b>

**(20) Associated companies debts**

	30.06.2005	30.06.2004
	Ls	Ls
“Tosmare shipyard” JSC	156 644	174 529
<b>Total</b>	<b>156 644</b>	<b>174 529</b>

**(21) Other debtors**

	31.06.2005	30.06.2004
	Ls	Ls
Accounting value	1 738 512	1 538 476
Generated reserves	-151 392	-151 626
<b>Balance net value</b>	<b>1 587 120</b>	<b>1 386 850</b>

Other debtors debts are as following:

	30.06.2005	30.06.2004
	Ls	Ls
Accounted VAT	17 088	15 695
Overpaid taxes		
- Value added tax	154 117	112 396
- Enterprise income tax		93 530
Payments personal debts	16 335	2 815
Payment of salary	286	252
Short-term loans for “Tosmare Shipyard” JSC’S shares	72 358	38 340
Short-term loans	253 502	1 031 692
“Remars-Riga” Ltd. stricken debt	479 138	0
Advance payments:		
Shipbuilding	308 444	0
Ship repair	182 106	0
Other	24 851	0
Other debtors	78 895	92 130
<b>Total</b>	<b>1 587 120</b>	<b>1 386 850</b>

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

**Supplement to the balance sheet**

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

	30.06.2005 Ls	30.06.2004 Ls
<b>Total</b>	<b>1 129 058</b>	<b>1 008 195</b>

**(23) Next period costs**

	30.06.2005 Ls	30.06.2004 Ls
Enterprise’s property insurance premium sum	4 621	7 393
Subscription to the press	103	269
Inviting of specialists	14 945	17 884
Insurance of health	5 850	10 984
Check of floating means	8 029	0
Expenses for repair of the rented basic means	3 796	7 341
Advertisement	3 361	1 092
<b>Total</b>	<b>40 705</b>	<b>44 963</b>

**(24) Cash assets**

	30.06.2005 Ls	30.06.2004 Ls
Money at a cash department	3 573	975
Money on current accounts	51 369	26 927
<b>Total</b>	<b>54 942</b>	<b>27 902</b>

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

“Riga shipyard” JSC was founded in 1995 with the equity capital of Ls 10 000000, which was comprised of 10 000000 shares, face value of one share made up Ls 1.

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

Amendments to the Acts:

1. Growth of the equity capital up to Ls 11 000000 on 31 December 1998.
2. Growth of the equity capital up to Ls 11 672 107 on 30 December 1999.

**(26) Other provisions**

	30.06.2005 Ls	30.06.2004 Ls
Provision for leaves	197 107	0
<b>Total</b>	<b>197 107</b>	<b>0</b>

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

---

**Supplement to the balance sheet**

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

	30.06.2005	30.06.2004
	Ls	Ls
Nordea Bank Finland Plc. Latvian branch	2 064 416	2 335 516
<b>Total</b>	<b>2 064 416</b>	<b>2 335 516</b>

Overdraft and guarantee contract No 2003/4/OD/GA with the overdraft limit 5 500 000 Ls also overdraft – 1 500 000 EUR, overdraft contract No 2003/59/OD with the overdraft limit USD 2 500 000 Mortgage, session contracts and contract of pledge were signed, for the amplification of obligations.

**(28) Liability of leasing**

	30.06.2005	30.06.2004
	Ls	Ls
Hanza leasing	17 994	
<b>Total</b>	<b>17 994</b>	

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

	30.06.2005	30.06.2004
	Ls	Ls
For shipbuilding	23 744 475	1 934 679
For ship repair	353 252	163 496
Others	8 344	7 683
<b>Total</b>	<b>2 736 071</b>	<b>2 105 858</b>

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

	30.06.2005	30.06.2004
	Ls	Ls
Debts for services	86 530	77 612
Debts for materials	795 717	804 045
Debts subcontractors	1 805 045	1 027 050
<b>Total</b>	<b>2 687 292</b>	<b>1 908 707</b>

*“Riga shipyard” JSC*  
*financial statements for 6 months of the year 2005*

---

**(31) Debts to associated companies**

	30.06.2005	30.06.2004
	Ls	Ls
“Tosmare shipyard” JSC	15 594	
<b>Total</b>	<b>15 594</b>	

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

	30.06.2005	30.06.2004
	Ls	Ls
Social insurance payments	122 754	113 477
Residents income tax	79 272	73 194
Enterprise income tax	18 457	680
Risk tax	399	418
Natural resources tax	637	0
<b>Total</b>	<b>221 519</b>	<b>187 769</b>

**(33) Other creditors**

	30.06.2005	30.06.2004
	Ls	Ls
Salary	194 869	179 497
Payments for deductions from salary	2 865	2 632
Payments by return to personae	4 970	1 654
Payments for credit cards	3 612	5 819
Payments for debts to other enterprises	37 199	15 842
<b>Total</b>	<b>243 515</b>	<b>205 444</b>

**(34) Unpaid previous years dividends**

<b>31.12.2004</b>	10 644
Calculated	
Paid off	97
<b>30.06.2005</b>	<b>10 547</b>

Chairman of the Board \_\_\_\_\_ V. Melniks

31 Augusta 2005