

*“Riga shipyard” JSC
financial statements for 6 months of the year 2007*

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

***“RIGA SHIPYARD” JSC
financial statements for 6 months of the year 2007
(not audited)
(not consolidated)***

Riga, 2007

“Riga shipyard” JSC
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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	“Tosmare Shipyard” JSC
Address	42/44 Generala Baloza Street, Liepaya
Partnership	49,72%
Name, surnames and positions of members of the Board	
Vasilijš Melnikš	Chairman of the Board, p. ID 310867-10726
Aivars Stolders	Member of the Board, p. ID 060569-10634
Igorš Komarovš	Member of the Board, p. ID 040756-10902
Larisa Artemenko	Member of the Board, p. ID 030349-12926
Name, surnames and positions of members of the Council	
Sergejs Golicins	Chairman of the Council p.ID 250154-10952
Anatolijs Ustinovš	Deputy Chairman of the Council p.ID 010146-10964
Aleksandrs Cernavskis	Member of the Council, p. ID 230770-10102
Andris Kravalis	Member of the Council, p. ID 250977-11002
Juris Kaksitis	Member of the Council, p. ID 270443-10124
Chief accountant	Marina Pudova, phone 7080868
Annual report	1 January – 30 June 2007
Tax authority	SRS Riga regional institution Ziemeļu district division
Name and address of an auditor	Sworn auditors firm KSIA “ORIENTS N” LSAA certificate No 28
Responsible person	Larisa Artemenko Member of the board t.7353411 E-mail :larisa@riga-shipyard.com

Dear Shareholders !

JSC "Riga shipyard" business during 6 months of the year 2007 was persistent and stable, it continued the previous years set in course of development.

In the past 6 months of the year 2007 "Riga shipyard" JSC's total net turnover made up Ls 13997378, including shipbuilding - Ls 8329983, ship repairing - Ls 5522943 (compared to 2006 6 months Ls 18004975, including ship building - Ls 9295520, ship repairing - Ls 8428875). Gross losses made up Ls 624943 (compared to 2006 6 months - Ls 492566). The net losses in 2007 6 months made up Ls 990759, accordingly to Ls 801774 in 2006 6 months.

Increase of the losses has taken place in connection with the net turnover decrease as a result of high-level inflation in the country, an unpredicted rise in prices on metal and all other kinds of power resources. All the previously mentioned circumstances had an effect on the orders in the field of shipbuilding where market condition dictated the long-term contract's close with fixed rates. However, nowadays, the administration has worked out a new approach allowing reducing cost price to finish the year with better results. As in the previous period "Riga Shipyard's" ship building department has been mostly involved with the hull building that at the present moment is not so profitable, the enterprise has concentrated its activity on the complete building of vessels that has turned out to be more profitable from the financial aspect.

During the 6 months of the year 2007 JSC "Riga Shipyard" repaired 34 ships in total (compared to 41 ship in 2006 6 months), also it has built up and launched on water 5 hulls (in comparison to 8 hulls in 2006 6 months).

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

During the period of 6 months of the year 2007 JSC "Riga shipyard" has invested approximately 458 thousands Ls into a new technological equipment acquisition and reconstruction (compared to approximately 596 thousands Ls in 2006 6 months). "Riga Shipyard" JSC continues to work on the projects that have started in the year 2006 related to the sphere of energy resources reduction such as boiler-house reconstruction that leads to the heating energy losses reduction as well as cutting of heating energy production cost, to start workshop's heating and ventilation system reconstruction.

In the future "Riga shipyard" JSC will pay the most attention to the enterprise's technical provision, especially to more available technological processes and equipment with a lower energy power expenditure.

August 31st, 2007
"Riga Shipyard" JSC

Chairmen of the Board

V. Melniks

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Notification on liability of the board

The board of the enterprise is liable for preparation of a financial report, grounding on initial accountancy per each accounting period, which correctly reflects financial situation of the enterprise as at the end of the year of account, as well as results and cash flow for this period.

The board endorses that, preparing this report for the period ended on June 30th 2007, there were used corresponding accounting methods, their application was consequent, there were made reasonable and prudent resolutions. The board endorses that corresponding International Accounting standards are observed and financial reports are prepared in compliance with principle of continuation of business.

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

Chairman of the Board _____ ***V. MELNIKS***

August 31st, 2007

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Profit & Loss calculation for 2007 year 6 months and 2006 year 6 months

	Remarks	2007 6 months Ls	2006 6 months Ls	2007 6 months EUR	2006 6 months EUR
1. Net turnover	(1)	13997378	18004957	19916475	25618771
2. Sold production operating costs	(2)	14622321	18497541	20805688	26319630
3. Gross profit or losses		(624943)	(492566)	(889213)	(700859)
4. Selling costs	(3)	27383	35996	38962	51218
5. Administration costs	(4)	394755	315962	561686	449573
6. Other enterprise's business activity's income	(5)	472332	523919	672068	745470
7. Other enterprise's business activity's costs	(6)	255811	309529	363986	440420
8. Profit & Losses of business activity's		(830560)	(630134)	(1181779)	(896600)
9. Income from investments in capital of related and associated companies					
10. Other percents and the like income	(7)	26016	1070	37017	1522
11. Write-offs of the value of long-term financial investments and short-term securities					
12. Payment off percents and the like costs	(8)	139416	82181	198371	116933
13. Profit & Losses prior to extra ordinary items and taxes		(943960)	(711245)	(1343133)	(1012011)
14. Extraordinary income					
15. Extraordinary expense					
16. Profit & loss prior to taxes		(943960)	(711245)	(1343133)	(1012011)
17. Income taxes of the enterprise	(9)	34602	65532	49235	93243
18. Other taxes	(10)	12197	24997	17355	35568
19. Year of account profit & loss (net income)		(990759)	(801774)	(1409723)	(1140822)

Chairman of the Board _____ *V. Melniks*

Member of the Board _____ *L.Artemenko*

August 31st, 2007

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Balance as is at June 30th, 2007 year

ASSETS	Remarks	30.06.2007 Ls	30.06.2006 Ls	30.06.2007 EUR	30.06.2006 EUR
Long-term investments					
I Intangible investments					
1. Research and development costs					
2. Concessions, patents, licenses, trade-marks and similar right					
3. Other intangible investments		47494	40965	67578	58288
4. Goodwill					
5. Advance payments of intangible investments		170535	121890	242649	173434
Intangible investments in total	(11)	218029	162855	310227	231722
II Fixed assets					
1. Lands, buildings, constructions, perennial plants		3033668	2706091	4316521	3850421
2. Long-term investments into leased fixed assets		9484	17074	13495	24294
3. Equipment and machinery		3461589	3560760	4925397	5066505
4. Other fixed assets and stock		434699	400840	618521	570344
5. Up building of fixed assets and unfinished building objects costs		408848	664556	581738	945578
6. Advanced payments for fixed assets		9817	18901	13968	26894
Fixed assets in total		7358105	7368222	10469640	10484036
III Property deposit		441028	404689	627526	575821
Fixed assets and property deposit in total	(12)	7799133	7772911	11097166	11059857
IV Long-term financial investments					
1. Participation in capital of related companies					
2. Participation in capital of associated companies	(13)	2164782	2164782	3080207	3080207
3. Other equities and investments	(14)	165	165	235	235
4. Other loans and other long-term debtors	(15)	862167	602223	1226753	856886
5. Loans to copartners of the enterprises and to the directorship	(16)	352284	362284	501255	515484
Long-term financial investments in total		3379398	3129454	4808450	4452812
Long-term investments in total		11396560	11065220	16215843	15744390
Current assets					
I Reserves					
1. Raw materials, direct materials and auxiliary materials	(17)	5806955	3455023	8262553	4916055
2. Unfinished production	(18)	51837	42319	73757	60215
3. Unfinished order	(19)	837426	513816	1191550	731094
4. Advance payments for goods	(20)	453636	650843	645466	926066
Reserves in total		7149854	4662001	10173326	6633430
II Debts of debtors					
1. Debts of buyers and customers	(21)	2999785	2929115	4268310	4167755
2. Debts of related companies					
3. Associated companies debts	(22)	16449		23405	
4. Other debtors	(23)	608235	737974	865440	1050042
5. Short-term loans to copartners of the enterprise's and to the directorship	(24)	1064239	1137446	1514276	1618440
6. Next period costs	(25)	69037	64727	98231	92098
7. Accrued proceeds	(26)	9927542	4824017	14125620	6863958
Debtors in total		14685287	9693279	20895282	13792293
III Short-term financial investments					
1. Participation in capital of related companies					
Short-term financial investments in total					
IV. Cash assets	(27)	47674	11919	67834	16959
Current assets in total		21882815	14367199	31136442	20442682
Assets in total		33279375	25432419	47352285	36187073

Chairman of the Board _____ *V. Melniks*

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LIABILITIES	Remarks	30.06.2007	30.06.2006	30.06.2007	30.06.2006
		Ls	Ls	EUR	EUR
Equity capital		11672107	11672107	16607912	16607912
1. Stock or share capital (equity capital)					
2. Retained earnings					
a) previous years retained earnings		2908190	3135441	4137982	4461331
b) year of account retained earnings		-990759	-801774	-1409723	-1140822
Retained earnings in total		1917431	2333667	2728259	3320509
Equity capital in total	(28)	13589538	14005774	19336171	19928421
II Provision for liabilities and charges					
1. Provision for pensions and similar obligations					
2. Provision for contingent tax					
3. Other provisions					
Provision for liabilities and charges in total					
III Creditors					
I Long-term debts					
1. Liability of leasing		2954	8660	4203	12322
2. Deferred taxation reserves liabilities		386791	319634	550354	454798
Long-term debts in total		389745	328294	554557	467120
II Short-term debts					
1. Loans from credit institutions	(29)	5797614	2787721	8249262	3966570
2. Liability of leasing	(30)	2886	2756	4106	3921
3. Advance payments received from buyers	(31)	9481221	4828026	13490562	6869662
4. Debts to suppliers and contractors	(32)	2677686	2681900	3810004	3816000
5. Debts to related companies					
6. Debts to associated companies	(33)	787		1120	
7. Taxes and social insurance payments	(34)	195400	207390	278029	295089
8. Other creditors	(35)	283945	316644	404017	450544
9. Next period income					
10. Unpaid previous years dividends	(36)	253451	14997	360628	21339
11. Accrued liabilities	(37)	607102	258917	863829	368407
Short-term creditors in total		19300092	11098351	27461557	1579532
Creditors in total		19689837	11426645	28016114	16258652
Total		33279375	25432419	47352285	36187073

Chairman of the Board _____ *V. Melniks*

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Cash flow statement for 2007 year 6 months and 2006 year 6 months

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
A. Cash flow from primary activity				
- Sales income	11283192	14281063	16054536	20320122
- Cash to suppliers, personnel and others primary activity costs	14037601	15030328	19973707	21386230
Gross cash flow from primary activity	(2754409)	(749265)	(3919171)	(1066108)
- Interest paid	89787	82181	127755	116933
- Corporate income tax	5048	44568	7183	63415
- Primary activity before extraordinary items	(2849244)	(876014)	(4054109)	(1246456)
- Cash flow from extraordinary items				
Net cash flow from primary activity	(2849244)	(876014)	(4054109)	(1246456)
B. Cash flow from investment activity				
- Selling out of shares				
- Paid for fixed assets acquisition	159359	146262	226747	208112
- Received for the fixed assets sold	0	9755	0	13880
- Loans granted	2610	6763	3714	9623
- Repayment of loans	5241		7457	
- Interest received	894	1070	1272	1522
Net cash flow from investment activity	(155834)	(142200)	(221732)	(202333)
C. Cash flow from financial activities				
- Loan received	3009893	975887	4282692	13288562
- Loan repaid	3019	2517	4296	3581
- Dividend paid	173	680	246	968
Net cash flow from financial activities	3006701	972690	4278150	1384013
Result of currency exchange rates changing	17608	43398	25054	61751
Net cash flow and equivalent increase or decrease (A+B+C)	19231	(2126)	27363	(3025)
Cash and equivalent thereof at beginning of the period of accounts	28443	14045	40471	19984
Cash and equivalent thereof at the end of the period of account	47674	11919	67834	16959

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Changes in own capital report for 2007 year 6 months and 2006 year 6 months						
Types of changes	Stock or		Retained		Total	
	Share		earnings			
	capital					
	LVL	EUR	LVL	EUR	LVL	EUR
Balance as at 31.12.2006.	11672107	16607912	3135441	4461331	14807548	21069243
Stock or share capital						
increase/decrease						
Increase/decrease of reserves						
Dividends						
Period of account net profit & loss			(801774)	(1140822)	(801774)	(1140822)
Balance as at 31.06.2006.	11672107	16607912	2333667	3320509	14005774	19928421
Balance as at 31.12.2007.	11672107	16607912	3141632	4470140	14813739	21078052
Stock or share capital						
increase/decrease						
Increase/decrease of reserves						
Dividends			(233442)	(332158)	(233442)	(332158)
Period of account net profit & loss			(990759)	(1409723)	(990759)	(1409723)
Balance as at 30.06.2007.	11672107	16607912	1917431	2728259	13589538	

EPS to 30.06.2007. LVL (990759):11672107= (0,08) LVL or (0,11) EUR;
EPS to 30.06.2006. (0,07) LVL or (0,10) EUR

Chairman of the Board _____ **V. Melniks**

Member of the Board _____ **L.Artemenko**

August 31st, 2007

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.06.2007.

Notes to the financial statements

Accounting policy

(1) General principles

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

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

Cash flow statement has been prepared as per third method.

Comparing to previous year of account methods of accountancy and evaluation applied in the Company have been changed.

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

Financial reports, which are applied to the given annual report, are made in the Latvian national currency - in an LVL and counted in EURO.

(2) Agency continuation

Present financial report has been prepared with reference to uninterrupted operation of company that an active realization and repayment liability is preceding in an ordinary way.

(3) Net turnover

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

(4) Revaluation of foreign currency in lats

All the company accounting is carried out into lats.

All monetary assets in foreign currency were revaluated in lats in the end of the year of account pursuant to the currency exchange rate officially established by the Bank of Latvia

Cash, debtors and creditors in currency at the end of the year was converted in Ls in accordance to the Bank of Latvia currency rate at the last day of year of the account. Net income or losses at the result of exchange rate fluctuations was reflected in profit-loss statement.

Currency rate for financial statements at June:

	30.06.2007.	30.06.2006.
	Ls	Ls
1 USD	0.522	0.56
1 EUR	0.702804	0.702804
1 NOK	0.0883	0.0889
1 GBP	1.044	1.018
1 RUB	0.0202	0.0207

(5) Fixed assets and low-grade stock

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

Company capitalizes permanent assets with value more Ls 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.

(6) Property deposit

There is some property that is hold in order to gain cost for the rent.

(7) Affiliated undertaking deposits.

Affiliated undertaking deposits are shown taking into account SGS Nr.27, 28, 36 as well as SFPS Nr.3 requirements. Though since year 2004 goodwill amortization and 36 SGS requirements were suspended.

(8) Other long-term investments.

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

(9) Reserves

Raw materials, materials and goods subject to sale were booked at the purchase price, including costs related to purchase, and were accounted as per FIFO methods. Sum of Illiquid assets', stored in the enterprise's warehouses, in comparison to total commodity stock was not essential.

Balance of reserves has been shown at the lowest costs.

Unfinished production has been reflected at the prime cost, excluding administration costs.

(10) Long-term contract

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

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

(11) Debtors

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

(12) Accumulated income

The incomes from Riga Shipyard's customers are acknowledged respective to its executive degree.

(13) Cash and cash equivalents

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

(14) Reserves for unused vocations

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

(15) Taxes

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

(16) Bookkeeping arrangement

The bookkeeping accountancy has been arranged with the help of computers using the software (Microsoft Business Solutions – NAVISION 4.0).

(17) Use of estimation

In financial reports enterprise management must make estimations, assumptions which influence presented assets and liabilities at the date of annual report processing. Real results can differ from estimations.

(18) Financial risks

In ordinary work enterprise was subjected to credit risk and currency risk.

(19) Credit risk

Financial plants potentially dangerous for enterprise are rest of money and its equivalents, account receivable, deposit.

(20) Percentage risk

Enterprise is subjected from credit interest rate changing risk.

(21) Currency risk

Enterprise is subjected from currency changing risk in marketing and purchases operations, borrowings in different currency. Financial risk is possible in relation of Ls to USD.

(22) Dividend

Dividend was reflex as fixed in announced period.

(23) Retraining

In comparative readings for year 2006 in necessary cases individual post classification is changed in order to meet post classification for year 2007.

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Profit & Loss calculation supplement

(1) Net turnover

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
On aspects of business				
- Shipbuilding	8329983	9295520	11852498	13226332
- Ship repair	5522943	8428875	7858440	11993209
- Mechanical engineering	72833	235976	103632	335764
- Other works	71619	44604	101905	63466
Total	13997378	18004975	19916475	25618771

(2) Sold products operating costs

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Material costs (raw materials and materials, value of goods, services from outside)	11557781	14670735	16445241	20874575
Remuneration of labor	1978180	2534016	2814697	3605580
Social insurance costs	453283	588400	644964	837218
Depreciation of fixed assets	409265	441934	582332	628815
Other costs	223812	262456	318454	373442
Total	14622321	18497541	20805688	26319630

(3) Selling costs

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Advertisement	27383	35996	38962	51218
Total	27383	35996	38962	51218

(4) Administration costs

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Liaison costs	15571	6096	22156	8674
Office maintenance costs	8898	3819	12661	5434
Salary of administration	20991	34622	29868	49263
Remuneration of the board	126000	78414	179282	111573
Remuneration of the council	105000	72000	149402	102447
Social insurance costs	47987	43489	68279	61879
Depreciation of fixed assets	21687	20517	30858	29193
Transport costs, travel allowances	35148	37483	50011	53334
Legal services	3042	7321	4328	10417
Insurance	4017	0	5716	0
Representation costs	6414	12201	9125	17359
Total	394755	315962	561686	449573

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

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Income generated by transport services rendering	7363	4404	10477	6266
Income generated by leased FA payments and public services	306493	249865	436100	355526
Tugboat services income	48506	45126	69018	64209
Selling out of raw materials and materials	60901	106659	86654	151762
Income generated by fluctuation of currency rate	0	96634	0	137498
Educational services	882	508	1255	723
Income generated by chemical analyses	1139	2588	1621	3682
Income generated by realization of fixed assets	3786	9755	5387	13880
Education expenses recovery	2722	0	3873	0
Dubious debtor’s debts reimbursement	17392	0	24747	0
Previous year income	17180	0	24445	0
Other income	5968	8380	8491	11924
Total	472332	523919	672068	745470

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

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Material purchase costs	46933	92921	66780	132215
Losses due to currency rate fluctuation	2889	0	4111	0
Losses incurred by currency selling out	17275	59710	24580	84960
Compressed air purchase costs				
Social infrastructure objects costs (medical services)	5066	4766	7208	6781
Costs on tugboat services	25122	22025	35745	31339
Donations	5594	3802	7960	5410
Material benefits	210	110	299	157
Burial costs	1280	4466	1821	6355
Costs incurred by fixed assets’ exclusion	453	2064	645	2937
Representation costs	4401	7879	6262	11211
Costs on maintenance of leased FA	145447	110630	206952	157412
Other costs	1141	1156	1623	1643
Total	255811	309529	363986	440420

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(7) Other percents and the like income

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Depositing percentage	41	862	58	1227
Bank interests	57	151	81	215
Received penalty payments	1355	57	1928	80
Interests income for loans	24563	0	34950	0
Total	26016	1070	37017	1522

(8) Payment off percents and the like costs

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Paid off penalty	307	135	437	192
Paid off interests	90414	43179	128648	61438
Guarantee maintenance	48695	38867	69286	55303
Total	139416	82181	198371	116933

(9) Income taxes of the enterprise

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Income tax advance payments	34602	65532	49235	93243
Total	34602	65532	49235	93243

(10) Other taxes

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Buildings and constructions real estate tax	271	13052	386	18571
Real estate tax	11926	11945	16969	16997
Total	12197	24997	17355	35568

(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						
01.01.2007	0	0	68 377	0	154 587	222 964
Bought	0	0	1777	0	15948	17725
Written off	0	0	0	0	0	0
Relocated	0	0	0	0	0	0
Revaluated	0	0	0	0	0	0
31.06.2007	0	0	70 154	0	170535	240689
Depreciation						
01.01.2007	0	0	15 687	0	0	15 687
Estimated	0	0	6973	0	0	6973
Written off	0	0	0	0	0	0
30.06.2007	0	0	22660	0	0	22660
Balance value						
01.01.2007	0	0	52 690	0	154 587	207 277
Balance value						
30.06.2007	0	0	47494	0	170535	218029

(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						
01.01.2007	0	0	97292	0	219957	317249
Bought	0	0	2528	0	22692	25220
Written off	0	0	0	0	0	0
Relocated	0	0	0	0	0	0
Revaluated	0	0	0	0	0	0
31.06.2007	0	0	99820	0	242649	342469
Depreciation						
01.01.2007	0	0	22321	0	0	22321
Estimated	0	0	9921	0	0	9921
Written off	0	0	0	0	0	0
30.06.2007	0	0	32242	0	0	32242
Balance value						
01.01.2007	0	0	74971	0	219957	294928
Balance value						
30.06.2007	0	0	67578	0	242649	310227

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Supplements to the balance sheet

(12) Report on long-term investments movement LVL

	Land, buildings, constructions Ls	Investment 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								
01.01.2007	4655983	565055	9484	10000997	872116	107894	0	16211529
Bought	29359	11611	0	68633	46216	474496	11224	641539
Written off	0	0	0	70453	3473	173542	1407	248875
Relocated	0	0	0	0	0	0	0	0
30.06.2007	4685342	576666	9484	9999177	914859	408848	9817	16604193
Depreciation								
01.01.2007	1577602	123366	0	6271510	440740	0	0	8413218
Estimated	74072	12272	0	329485	42785	0	0	458614
Written off	0	0	0	63407	3365	0	0	66772
30.06.2007	1651674	135638	0	6537588	480160	0	0	8805060
Balance value								
01.01.2007	3078381	441689	9484	3729487	431376	107894	0	7798311
Balance value								
30.06.2007	3033668	441028	9484	3461589	434699	408848	9817	7799133

(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								
01.01.2007	6624867	804001	13495	14230137	1240909	153519	0	23066928
Bought	41774	16521	0	97656	65759	675147	15970	912827
Written off	0	0	0	100246	4941	246928	2002	354117
Relocated	0	0	0	0	0	0	0	0
30.06.2007	6666641	820522	13495	14227547	1301727	581738	13968	23625638
Depreciation								
01.01.2007	2244725	175534	0	8923555	627117	0	0	11970931
Estimated	105395	17462	0	468815	60878	0	0	652550
Written off	0	0	0	90220	4789	0	0	95009
30.06.2007	2350120	192996	0	9302150	683206	0	0	12528472
Balance value								
01.01.2007	4380142	628467	13495	5306582	613792	153519	0	11095997
Balance value								
30.06.2007	4316521	627526	13495	4925397	618521	581738	13968	11097166

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(13) Partnership in capital of associated companies

	30.06.2007. Ls	Share capital (%)	30.06.2006. Ls	Share capital (%)	30.06.2007. EUR	30.06.2006. EUR
Branch enterprise “Tosmare shipyard” JSC	2164782		2164782		3080207	3080207
investment value	2164782		2164782		3080207	3080207
Investments	2164782		2164782		3080207	3080207

(14) Other equities and investments

Name enterprise	Parts or shares	Parts or shares value		30.06.2007			30.06.2006		
		2007	2006	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

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Student loan payout	56237	58797	80018	83661
Shares loan payout	528426	543426	751882	773225
Long-term loan	277504	0	394853	0
Total	862167	602223	1226753	856886

Amount to be pay back after 5 years – 518 446 Ls or 737 682 EUR

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

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Long-term loans	352284	362284	501255	515484
Total	352284	362284	501255	515484

Supplement to the balance sheet

(17) Raw materials, direct materials and auxiliary materials

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
1. Metal ware	68534	85852	97515	122156
2. Timbering	15451	8346	21985	11875
3. Metal, non-ferrous metals, pipes	2389131	2634716	3399427	3748863
4. Wire cables	6788	5177	9658	7366
5. Fuel	4802	35012	6833	49818
6. Coveralls	10747	4859	15292	6914
7. Equipment	265940	29743	378399	42320
8. Cables	63915	31712	90943	45122
9. Varnish and paint	122424	88251	174194	125570
10. Tools	23242	24815	33070	35309
11. Technical rubber ware	15219	42421	21655	60360
12. Other	2820762	464119	4013582	660382
Total	5806955	3455023	8262553	4916055

18) Unfinished production

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Unfinished production is shown in the balance sheet at production cost, excluding administration costs.				
Shipbuilding orders	51837	42319	73757	60215
Total	51837	42319	73757	60215

(19) Unfinished orders

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
1) Ship repair orders	757654	466954	1078045	664416
2) Mechanical engineering orders	77238	46508	109900	66175
3) Various	2534	354	3605	503
Total	837426	513816	1191550	731094

Supplement to the balance sheet

(20) Advance payments for goods

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
For materials	453636	650843	645466	926066
Total	453636	650843	645466	926066

(21) Debts of buyers and customers

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Buyers and customers accounting value	3200868	3594231	4554425	5114130
Generated reserves	201083	665116	286115	946375
Balance net value	2999785	2929115	4268310	4167755

(22) Associated companies debts

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
“Tosmare shipyard” JSC	16449	0	23405	0
Total	16449	0	23405	0

(23) Other debtors

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Accounting value	742235	889366	1056105	1265454
Generated reserves	134000	151392	190665	215412
Balance net value	608235	737974	865440	1050042

Other debtors debts are as following:

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Accounted VAT	2816	23299	4007	33151
Overpaid taxes				
- Value added tax	365020	272607	519377	387885
- Enterprise income tax	117398	53529	167042	76165
Payments personal debts	3521	1768	5010	2516
Payment of salary				
Short-term loans for “Tosmare Shipyard” JSC’S shares	15000	15000	21343	21343
Short-term loans		260328		370413
Advance payment of service	91423	86499	130083	123077
Other debtors	13057	24944	18578	35492
Total	608235	737974	865440	1050042

Supplement to the balance sheet

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

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Total	1064239	1137446	1514276	1618440

**Loan JSC “Remars Riga”
leaders debt for shares
30.06.2007.**

	Directorship, copartners Ls	Directorship, copartners EUR
	1054239	1500047
	10000	14229
	1064239	1514276

(25) Next period costs

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Enterprise’s property insurance premium sum	7505	36311	10679	51666
Subscription to the press	110	88	157	125
Inviting of specialists	18390	9931	26167	14131
Insurance of health	17027	5850	24227	8324
Check of floating means	5225	7349	7435	10457
Expenses for repair of the rented basic means	5829	3794	8294	5398
Advertisement	691	711	983	1012
Payment lease of land				
Exhibition	12319	0	17528	0
Other costs	1941	693	2761	985
Total	69037	64727	98231	92098

(26) Accrued proceeds

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Shipbuilding	9927542	4824017	14125620	6863958
Total	9927542	4824017	14125620	6863958

(27) Cash assets

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Money at a cash department	4218	1913	6002	2722
Money on current accounts	43456	10006	61832	14237
Total	47674	11919	67834	16959

Supplement to the balance sheet

(28) Stock or share capital (equity capital)

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

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

Amendments to the Acts:

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

(29) Loans from credit institutions (short-term)

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Total	5797614	2787721	8249262	3966570
	5797614	2787721	8249262	3966570

Overdraft and guarantee contract No 2003/4/OD/GA with the overdraft limit 18 000 000 EUR, also overdraft 6 000 000 EUR, session contracts and contract of pledge were signed, for the amplification of obligations.

(30) Liability of leasing

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Hanza leasing including:				
Long (- term)	2954	8660	4204	12322
Short (-term)	2886	2756	4106	3922
Total	5840	11416	8310	16244

Supplement to the balance sheet

(31) Advance payments received from buyers

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
For shipbuilding	9457521	4744863	13456840	6751332
For ship repair	8427	68888	11991	98019
Others	15273	14275	21731	20311
Total	9481221	4828026	13490562	6869662

(32) Debts to suppliers and contractors

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Debts for services and materials	1206002	822465	1715986	1170262
Debts subcontractors	1471684	1859435	2094018	2645738
Total	2677686	2681900	3810004	3816000

(33) Debts to associated companies

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
“Tosmare shipyard” JSC	787	0	1120	0
Total	787	0	1120	0

(34) Taxes and social insurance payments

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Social insurance payments	107846	125157	153451	178082
Residents income tax	84346	80975	120014	115217
Risk tax	215	252	306	358
Natural resources tax	2993	1006	4258	1432
Total	195400	207390	278029	295089

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Supplement to the balance sheet

(35) Other creditors

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
Salary	250753	201502	356789	286712
Payments for deductions from salary	1572	1530	2237	2177
Payments for debts to other enterprises	31620	113612	44991	161655
Total	283945	316644	404017	450544

(36) Unpaid previous years dividends

	Ls	Eur
31.12.2006	20 182	28 716
Calculated	233442	332158
Paid off	173	246
30.06.2007	253451	360628

(37) Accrued liabilities

	2007 year 6 months Ls	2006 year 6 months Ls	2007 year 6 months EUR	2006 year 6 months EUR
For services	385628	35407	548699	50380
Accruals for vocations	221474	223510	315130	318027
Total	607102	258917	863829	368407

Chairman of the Board

V. MELNIKS

Member of the Board

I.KOMAROVS

Member of the Board

A.STOLDERS

Member of the Board

L.ARTEMENKO

August 31st, 2007