

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

“RIGA SHIPYARD” JSC
financial statements for 6 months of the year 2011

(not audited)

Riga, 2011

Content

	<i>Pages</i>
Information on the company	3
Directorship report	4
Notification of directorship’s liability	5
Profit or Loss Statement	6
Balance Sheet	7
Cash flow statement	9
Own capital changes report	10
Supplements to Annual Report	11

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 Reg.No. 42103022837	
Address	42/44 Generala Baloza Street, Liepaja	
Partnership	49,72%	
Associate enterprise	“Remars Granula” SIA Reģ.Nr.54103022521	
Address	2 Gales street, Riga, LV-1015	
Partnership	49,80%	
Name, surnames and positions of members of the Board		
Vasilijš Melnikš	Chairman of the Board,	p. ID 310867 – 10726
Igors Komarovš	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
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 – 10656
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	1 January – 30 June 2011	
Tax authority	SRS Large tax payers department	
Name and address of an auditor	Natalija Zaiceva, p ID 140366-10722 LACA certificate. No. 138 Sworn auditors firm KSIA “ UHY ORIENTS N” LSAA certificate No 28	
Responsible person	Larisa Artemenko Member of the Board t. 67353411, E-mail: larisa@riga-shipyard.com	

**“Riga Shipyard” JSC Board of Directors statement to 2011 first 6
months report**

During first six months of 2011 JSC’s “Riga Shipyard” total net turnover made up 13 775 461, including shipbuilding – 8 490 950 LVL, ship repairing – 5 269 234 LVL (compared to six months of 2010 – 7 015 978 LVL, including ship building – 3 198 463 LVL, ship repairing – 3 785 784 LVL).

The gross profit of JSC “Riga Shipyard” made up 154 974 LVL (656 765 LVL gross loss in first six months of 2010). Loss in the first six months of 2011 made up 402 454 LVL (in 2010 loss for the same period of time was 651 810 LVL).

In total JSC “Riga Shipyard” repaired 30 ships during six months of 2011 (if compared to six months of 2010 their number was 39), and also were built and launched into the water 2 hulls, (compared to six months of 2010 there were built 3 hulls).

Two vessels were delivered to owners, first- prototype of the ocean energy converter, and the second - “SKRUNDA” first of five SWATH type patrol vessels also has been delivered to Ministry of Defense of Latvia.

In spring 2011 “Riga Shipyard” successfully completed the modernization (the extension) of vessel “Mehanik Makarin” that belongs to the Russian company. “Riga Shipyard” expects that there will be similar orders, because the owner of “Mehanik Makarin” has a fleet of 11 similar vessels, which might need the same type of modernization.

As well a unique project was completed by “Riga Shipyard”, the ocean energy converter 500W that was built by our Shipyard is now being tested and once it shows positive results, it is expected that these orders may become persistent.

In May 2011 there was a contract concluded for building two floating restaurants for Russia, the execution of order has already been started. Negotiations about building floating restaurants in series up to 10 are under way.

There were no significant changes in list of suppliers for products and services, as well as for raw material suppliers in first six month of 2011 and mostly remain the same traditional countries like: Western Europe, Russia, Ukraine, Lithuania as well as Latvia.

Traditionally, the main ship repairing customers were from Western Europe, Russia, and Latvia.

However shipbuilding customers for ship hulls have been mainly from the Scandinavian countries, for floating restaurants from Russia, for SWATH type patrol vessels – from Latvia.

To continue optimizing the manufacturing process as well as the costs, it is more attention being paid to look through various projects on investments.

During first six month of 2011 “Riga Shipyard” JSC has invested 419 thousand LVL into purchase and repairs of fixed assets (compared to 773 thousand LVL in the year six months of 2010). Was established the section for big-size metal constructions production. The section for producing aluminum construction was also modernized, by setting up modern systems of ventilation and heating. Old welding equipment was replaced by the new one, that is not only lighter, but also have modern additional functions.

In 2011 it has been planned to sustain a development, especially regarding actions to reduce environment pollution, to invest in modernization of production equipment, as well as the modernization process, which leads us to improve competitiveness of enterprise in its own market share.

JSC “Riga Shipyard”

Chairman of the Board _____

August 31st, 2011

V.Melniks

Notification on liability of the board

The Board of JSC “Riga Shipyard” (The Company) endorses that, according to information available at the time of preparing this report, Financial statements give a true picture of the Company’s financial situation on June 30th 2011 and its performance and cash flow in all significant aspects. The above mentioned financial statements are as per requirements of legislation of Latvian Republic.

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, and ensures the financial report has been prepared complying with Latvian Legislation.

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.

JSC “Riga Shipyard”
Chairman of the Board

_____ **V. MELNIKS**

August 31st, 2011

“Riga shipyard” JSC
financial statements for 6 months of the year 2011

Profit or Loss statement

		2011 6 months Ls	2010 6 months Ls	2011 6 months EUR	2010 6 months EUR
Net turnover	1	13775461	7015978	19600715	9982837
Sold production operating costs	2	13620487	7672743	19380207	10917330
Gross profit or losses		154974	(656765)	220508	(934493)
Selling costs	3	17222	7062	24505	10048
Administration costs	4	403429	320032	574028	455365
Other enterprise's business activity's income	5	902251	692761	1283788	985710
Other enterprise's business activity's costs	6	950850	428604	1352938	609849
Profit or Losses of business activity's		(314276)	(719702)	(447175)	(1024045)
Income from other capital participation, securities and loans forming part of the fixed assets					
Other percents and the like income	7	37515	200872	53379	285815
Payment of interest and the like costs	8	73506	71654	104589	101954
Profit or Losses prior to extra ordinary items and taxes		(350267)	(590484)	(498385)	(840184)
Profit or Loss prior to taxes		(350267)	(590484)	(498385)	(840184)
Income taxes of the enterprise	9		9100		12948
Other taxes	10	52187	52226	74255	74311
Year of account profit or Loss (net income)		(402454)	(651810)	(572640)	(927443)

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

August 31st, 2011

“Riga shipyard” JSC
financial statements for 6 months of the year 2011

Balance Sheet at 30th of June 2011 year

ASSETS	Remarks	30.06.2011 Ls	30.06.2010 Ls	30.06.2011 EUR	30.06.2010 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
Other intangible investments		2412	10974	3432	15617
Advance payments of intangible investments		167895	167895	238894	238894
<i>Intangible investments in total</i>	11	170307	178869	242326	254511
<i>II Fixed assets</i>					
Lands, buildings, constructions, perennial plants		3972308	3943178	5652085	5610637
Long-term investments into leased fixed assets		21348	560	30375	796
Equipment and machinery		14074494	14258509	20026201	20288029
Other fixed assets and stock		251332	314257	357613	447149
Up building of fixed assets and unfinished building objects costs		337352	522735	480009	743784
Advanced payments for fixed assets		41640	6063	59248	8627
<i>Fixed assets in total</i>		18698474	19045302	26605531	27099022
<i>III Property deposit</i>					
		425269	445826	605103	634353
Fixed assets and property deposit in total	12	19123743	19491128	27210634	27733375
<i>IV Long-term financial investments</i>					
Participation in capital of related companies	13	3394958	3394958	4830590	4830590
Participation in capital of associated companies					
Other equities and investments	14	165	165	235	235
Other loans and other long-term debtors	15	536600	546764	763513	777975
Loans to copartners of the enterprises and to the directorship	16	312284	322284	444340	458569
Long-term deposit	17	1447776	4322245	2060000	6150000
<i>Long-term financial investments in total</i>		5691783	8586416	8098678	12217369
<i>Long-term investments in total</i>		24985833	28256413	35551638	40205255
<i>Current assets</i>					
<i>I Reserves</i>					
Raw materials, direct materials and auxiliary materials	18	4564592	4474753	6494829	6367000
Unfinished production	19	91626	1550707	130372	2206457
Unfinished order	20	1482891	340691	2109964	484760
Advance payments for goods	21	4647524	9060393	6612831	12891778
<i>Reserves in total</i>		10786633	15426544	15347996	21949995
<i>II Debts of debtors</i>					
Debts of buyers and customers	22	4221910	3082919	6007237	4386599
Associated companies debts	23	884786	449057	1258937	638951
Other debtors	24	932300	924234	1326543	1315067
Short-term loans to copartners of the enterprise's and to the directorship	25	10000	10000	14229	14229
Next period costs	26	43472	49262	61855	70093
Accrued proceeds	27	11149089	2068212	15863724	2942800
Debtors in total		17241557	6583684	24532525	9367739
<i>III Short-term financial investments</i>					
<i>Short-term deposit</i>					
<i>Cash assets</i>					
<i>Short-term deposit and cash assets in total</i>	28	3802673	7025558	5410716	9996467
<i>Current assets in total</i>		31830863	29035786	45291237	41314201
<i>Assets in total</i>		56816696	57292199	80842875	81519456

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

“Riga shipyard” JSC
financial statements for 6 months of the year 2011

Balance Sheet at 30th of June 2011 year

LIABILITIES		Remarks	30.06.2011	30.06.2010	30.06.2011	30.06.2010
			Ls	Ls	EUR	EUR
I	Equity capital					
	Stock or share capital (equity capital)	29	11672107	11672107	16607912	16607912
	Overrate reserved of financial fixed assets	30	8356792	8554682	11890642	12172215
	Retained earnings					
	a) previous years retained earnings		3566130	3406611	5074147	4847171
	b) year of account retained earnings		-402454	-651810	-572640	-927443
	<i>Retained earnings in total</i>		<i>3163676</i>	<i>2754801</i>	<i>4501507</i>	<i>3919728</i>
	Equity capital in total		23192575	22981590	33000061	32699855
II	Reserves					
	<i>Reserves in total</i>					
III	Creditors					
I	Long-term debts					
	Liability of leasing		114976	4139	163596	5889
	Deferred taxation reserves liabilities		1982723	2046145	2821161	2911402
	Long-term debts in total		2097699	2050284	2984757	2917291
II	Short-term debts					
	Loans from credit institutions	31	4194078	4321387	5967635	6148780
	Liability of leasing	32	20866	1350	29690	1921
	Other loans					
	Advance payments received from buyers	33	24241376	24830781	34492371	35331018
	Debts to suppliers and contractors	34	2217235	1954182	3154841	2780549
	Debts to associated companies	35	182	363	259	517
	Taxes and social insurance payments	36	23526	346741	33474	493368
	Other creditors	37	256894	233229	365526	331857
	Unpaid previous years dividends	38	24659	24783	35087	35263
	Next period income	39	2834	4833	4033	6877
	Accrued liabilities	40	544772	542676	775141	772160
	Short-term creditors in total		31526422	32260325	44858057	45902310
	Creditors in total		33624121	34310609	47842814	48819601
	Liabilities total		56816696	57292199	80842875	81519456

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

August 31st, 2011

“Riga shipyard” JSC
financial statements for 6 months of the year 2011

Cash flow statement for 6 months of year 2011 and 6 months of year 2010

	30.06.2011 Ls	30.06.2010 Ls	30.06.2011 EUR	30.06.2010 EUR
A Cash flow from primary activity				
Sales income	12203356	11934187	17363811	16980818
Cash to suppliers, personnel and others primary activity costs	16960996	12827050	24133323	18251248
Gross cash flow from primary activity	(4757640)	(892863)	(6769512)	(1270430)
Interest paid	37506	71654	53366	101954
Corporate income tax				
Primary activity before extraordinary items	(4795146)	(964517)	(6822878)	(1372384)
Cash flow from extraordinary items	(4795146)	(964517)	(6822878)	(1372384)
Net cash flow from primary activity	(4795146)	(964517)	(6822878)	(1372384)
B Cash flow from investment activity				
Related and associated enterprises shares acquisition				
Selling out of shares				
Intangible and fixed assets acquisition	169057	386893	240546	550499
Proceeds from tangible and intangible investment sales	46091	1742	65582	2479
Loans granted	2769	18692	3940	26596
Decrease of long-term deposit		1405608		2000000
Income from loan repayment	697		992	
Interest received	37515	200872	53379	285815
Received dividend				
Net cash flow from financial activity	(87523)	1202637	(124533)	1711199
C Cash flow from financial activities				
Loan repaid				
Loan received	507671		722351	
Expenditure on debt repayment	421682	421821	600000	600197
Dividend paid		6		9
Net cash flow from financial activities	85989	(421827)	122351	(600206)
Result of currency exchange rates changing	23204	23299	33015	33150
Net cash flow and equivalent increase or decrease (A+B+C)	(4773476)	(160408)	(6792045)	(228241)
Cash and equivalent thereof at beginning of the period of accounts	8576149	7185966	12202761	10224708
Cash and equivalent thereof at the end of the period of account	3802673	7025558	5410716	9996467

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

August 31st, 2011

Changes in own capital report for 6 months of year 2011 and 6 months of year 2010

Types of changes	Stock or Share capital		Long-term asset reevaluation reserve		Retained earnings		Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Balance as at 31.12.2009	11672107	16607912	8671089	12337846	3406611	4847171	23749807	33792929
Revaluation reserve			(116407)	(165631)			(116407)	(165631)
Dividends								
Period of account net profit & loss					(651810)	(927443)	(651810)	(927443)
Balance as at 30.06.2010	11672107	16607912	8554682	12172215	2754801	3919728	22981590	32699855
Balance as at 31.12.2010	11672107	16607912	8473199	12056273	3566130	5074147	23711436	33738332
Revaluation reserve			(116407)	(165631)			(116407)	(165631)
Dividends								
Period of account net profit & loss					(402454)	(572640)	(402454)	(572640)
Balance as at 30.06.2011	11672107	16607912	8356792	11890642	3163676	4501507	23192575	33000061

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

EPS uz 30.06.2011. LVL (402454):11672107 = -0,03 LVL or - 0,05 EUR ;
EPS uz 30.06.2010. - 0,06 LVL or -0,08 EUR

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

August 31st, 2011

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.06.2011.

Notes mentioned on pages 10th - 32th are to be an integral part of this annual report.

Notes to the financial statements

Accounting policy

(1) General principles

The report has been prepared in compliance with laws of Latvian Republic “Regarding accountancy” “Regarding Annual Reports” and Latvian Ministries of Finance standards on Accountancy, applicable in year of report. The amounts in Financial Statements are generated based on prior costs method. If compared to previous year, the methods of accountancy and valuation, used in the company have not been changed.

Profit or 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 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.

(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) Income recognition and net sales

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

Income is recognized according to the following principles:

revenue from ship repair are recognised in the reporting period when the relevant services were provided;

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

rendering of services - under the percentage of completion method (also see the remark 11 to policy of accountancy);

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) Revaluation of foreign currency in lats

(a) Currency used in transactions and accounting

Items of the Company financial reports are accounted for in the currency of the economic environment, in which the Company operates (accounting currency). Items of financial reports are expressed in Latvian Lats (Ls), which is the Company accounting currency and reporting currency.

(b) Transactions and balances

All transactions in foreign currencies are converted to the accounting currency based upon the currency exchange rate of the relevant transaction date. Profit or Loss obtained in the result of converting these transactions and monetary assets and liabilities in foreign currencies into Lats based upon the year-end currency exchange rate are reflected in the Profit/ Loss Statement.

Exchange rates of most often used currencies, by June 30st were as follows:

	30.06.2011.	30.06.2010.
	Ls	Ls
1 USD	0,489	0,573
1 EUR	0,702804	0,702804
1 NOK	0,09	0,0888
1 GBP	0,782	0,865
1 RUB	0,0174	0,0184

(6) Fixed assets and low-grade stock

Intangible and fixed assets are initially defined at the purchase cost. 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 output, 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.

(8) Affiliated undertaking deposits.

Affiliated undertaking deposits are accounted complying with “cost” method. Accordingly to this method the value of the investment is created by value of affiliated purchase and the costs related to the purchase.

(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 as costs related to employees, purchase of raw materials and services, excluding administration costs.

(11) Long-term contract

Due to the character to the contract on establishing an asset and performed activities the dates of starting and completing the contract performance falls within different reporting periods. Revenues and costs related to the contract are recognised as revenues and expenditure, accordingly, taking into account the percentage volume of completion of contract works as on the Balance Sheet date. In compliance to the above method the Company determines the degree of completion of the work by relating the costs related to the contract and incurred until the Balance Sheet date to the total estimated contract costs and expressing this relation as percentage or by assessing the physical level of completion of the work, depending on which of the above methods is more suitable. Expected loss from a long-term contract are recognised as expenditure immediately. Costs incurred during the reporting period and related to future operation of the contract are excluded from costs related to the contract when the degree of completion of the work is calculated. They are presented as raw materials and materials or other assets depending on their character. The orders of Shipbuilding with the completion level up to 10% (zero cycle) are not valued under level of completion and are shown like unfinished production.

(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 executive degree (see remark 11 “Long - term contracts”).

(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 with term to 90 days.

(15) Equity capital and dividends

Base shares are classified as equity capital. Dividends payable to the Company shareholders are recorded as liabilities during the Company financial reporting period when the Company shareholders approve the relevant dividends.

(16) Revaluation reserve

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 of 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.

(17) Reserves for unused vocations

Vocation cost reserves was calculated: average earning of past six month of the period reported per number of days of unused days of vacation by the end of year of period.

(18) Income tax of the enterprise

Enterprise income tax was calculated according to Latvia Republic tax laws. Tax laws in 2011 and further fixed tax rate is 15%.

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.

(19) Profit per share

Profit per share is determined by dividing the net profit or loss attributable to the Company shareholders with the weighted average number of shares.

(20) 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.

(21) Taxes

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

(22) Bookkeeping arrangement

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

(23) 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.

(24) Financial risks

The principal financial instruments of the Company are 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, connected with 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.

(25) 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.

(26) Percentage risk

Enterprise is subjected from credit interest rate changing risk.

(27) 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.

As of 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.

(28) Liquidity risk

The Company follows cautious liquidity risk management and accordingly maintains sufficient amount of cash and ensures availability of financing by using loan

facilities granted by banks. The Company management monitors operative forecasts of liquidity reserves based upon expected cash flow. Most of the Company liabilities are short-term. The management considers that the Company will have sufficient liquid funds obtained from core operations and utilisation of loan facilities with the Latvian banks.

(29) Retraining

In order to meet post classification for year 2010 the comparative readings for year 2011 in necessary cases individual post classification has changed.

Supplements to Annual Report
Supplement to Profit or Loss Statement

(1) Net turnover	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Shipbuilding	8490950	3198463	12081533	4551003
Ship repair	5269234	3785784	7497445	5386685
Mechanical engineering	14055	30967	19998	44062
Other works	1222	764	1739	1087
Total	13775461	7015978	19600715	9982837
(2) Sold products operating costs	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Material costs (raw materials and materials, value of goods, services from outside)	11063725	5338072	15742262	7595392
Salary	1584764	1474891	2254916	2098581
Social insurance costs	372062	344367	529397	489990
Depreciation of fixed assets	445615	405873	634053	577505
Other costs	154321	109540	219579	155862
Total	13620487	7672743	19380207	10917330
(3) Selling costs	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Advertisement	17222	7062	24505	10048
Total	17222	7062	24505	10048
(4) Administration costs	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Liaison costs	9457	5258	13456	7481
Office maintenance costs	604	1084	859	1542
Salary of administration	24880	28721	35401	40866
Remuneration of the board	117202	92997	166763	132323
Remuneration of the council	90000	74923	128058	106606
Social insurance costs	53544	45009	76186	64042
Depreciation of fixed assets	11489	14286	16347	20327
Transport costs, travel allowances	47232	38385	67205	54617
Legal services	228	232	324	330
Assurance	1562	1605	2223	2284
Entertainment expenses	7676	2580	10922	3671
Costs of the representation cars	39555	14952	56284	21276
Total	403429	320032	574028	455365

Supplement to Profit or Loss Statement (continuation)

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

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Income generated by transport services rendering	479187	495051	681822	704394
Tugboat services income	153551	40390	218483	57470
Sales of raw materials and materials	207372	107102	295064	152392
Income generated by chemical analyses	564	246	802	350
Income generated by realization of fixed assets	8400	1922	11952	2735
Fluctuation of currency rate income	14968	7342	21298	10447
Income incurred by currency selling	8011	22949	11399	32653
Revenue from its creditors a debt write-off	2168	14548	3085	20700
Other income	28030	3211	39883	4569
Total	902251	692761	1283788	985710

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

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Material purchase costs	193312	97480	275058	138702
Medical services	4638	3166	6599	4505
Costs on tugboat services	73043	13636	103931	19402
The donations	4507	1401	6413	1993
Material benefits	127	170	181	242
Burial costs	975	996	1387	1417
Costs incurred by fixed assets’ exclusion	140222	1504	199518	2140
Entertainment expenses	12440	3962	17701	5637
Costs on maintenance of leased FA	356530	306285	507296	435804
Special reserved sum provided for unsecured debts	163824	0	233101	0
Other costs	1232	4	1753	7
Total	950850	428604	1352938	609849

Supplement to Profit or Loss Statement (continuation)

(7) Other percents and the like income

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Depositing percentage	37347	200410	53140	285158
Bank interests	131	107	186	152
Interest income on loans	37	63	53	90
Fines received	0	292	0	415
Total	37515	200872	53379	285815

(8) Payment off percents and the like costs

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Paid off penalty	2035	77	2896	110
Paid off interests	48431	50975	68911	72531
Guarantee maintenance	23040	20602	32782	29313
Total	73506	71654	104589	101954

(9) Income taxes of the enterprise

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Income tax advance payments	0	9100	0	12948
Total	0	9100	0	12948

(10) Other taxes

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Real estate tax	52187	52226	74255	74311
Total	52187	52226	74255	74311

Supplement to the balance sheet at 30th of June` 2010

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

(11) Other intangible investments EUR

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
Initial value						
01.01.2010	0	0	105822		238894	344716
Bought						
Written off						
Relocated						
Revaluated			105822		238894	344716
30.06.2010	0	0				
Depreciation						
			83125			83125
01.01.2010	0	0	7080			7080
Estimated						
Written off			90205			90205
30.06.2010	0	0				
Balance value 01.01.2010	0	0	22697		238894	261591
Balance value 30.06.2010	0	0	15617		238894	254511

Supplement to the balance sheet at 30st of June` 2011

(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						
01.01.2011	0	0	74372		167895	242267
Bought						
Relocated						
Written off						
30.06.2011	0	0	74372		167895	242267
Depreciation						
01.01.2011	0	0	68373			68373
Estimated			3587			3587
Written off						
30.06.2011	0	0	71960			71960
Balance value 01.01.2011	0	0	5999		167895	173894
Balance value 30.06.2011	0	0	2412		167895	170307

(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						
01.01.2011	0	0	105822		238894	344716
Bought						
Written off						
Relocated						
Revaluated						
30.06.2011	0	0	105822		238894	344716
Depreciation						
01.01.2011	0	0	97285			97285
Estimated			5105			5105
Written off						
30.06.2011	0	0	102390			102390
Balance value 01.01.2011	0	0	8537		238894	247431
Balance value 30.06.2011	0	0	3432		238894	242326

“Riga shipyard” JSC
financial statements for 6 months of the year 2011

Supplement to the balance sheet at 30th of June` 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
Bought	39027			721605	12481	1121840	27530	1922483
Written off	3060	1126		64369	115	773113	21467	863250
Relocated								
30.06.2010	6177156	542913	560	19643609	982585	522735	6063	27875621
Depreciation								
01.01.2010	2147537	94985		5107590	629199			7979311
Estimated	88628	3228		225021	39243			356120
Written off	2187	1126		63917	115			67345
Relocated				116406				116406
30.06.2010	2233978	97087		5385100	668328			8384493
Balance value 01.01.2010	3993652	449054	560	13878783	341020	174008		18837077
Balance value 30.06.2010	3943178	445826	560	14258509	314257	522735	6063	19491128

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

“Riga shipyard” JSC
financial statements for 6 months of the year 2011

Supplement to the balance sheet at 30th of June` 2011

(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								
01.01.2011	6359468	555836	363	19915170	965050	227462	4758	28028107
Bought	42298	2138	20985	344561	8675	507562	46584	972803
Written off				251552	8449	397672	9702	667375
Relocated								
30.06.2011	6401766	557974	21348	20008179	965276	337352	41640	28333535
Depreciation								
01.01.2011	2333829	119556		5612851	684452			8750688
Estimated	95629	13149		260941	35887			405606
Written off				56513	6395			62908
Relocated				116406				116406
30.06.2011	2429458	132705		5933685	713944			9209792
Balance value 01.01.2011	4025639	436280	363	14302319	280598	227462	4758	19277419
Balance value 30.06.2011	3972308	425269	21348	14074494	251332	337352	41640	19123743

(12) Fixed assets (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								
01.01.2011	9048708	790883	516	28336734	1373143	323648	6770	39880402
Bought	60185	3042	29859	490266	12343	722196	66283	1384174
Written off				357926	12022	565835	13805	949588
Relocated								
30.06.2011	9108893	793925	30375	28469074	1373464	480009	59248	40314988
Depreciation								
01.01.2011	3320740	170113		7986369	973888			12451110
Estimated	136068	18709		371286	51063			577126
Written off				80412	9100			89512
Relocated				165630				165630
30.06.2011	3456808	188822		8442873	1015851			13104354
Balance value 01.01.2011	5727968	620770	516	20350365	399255	323648	6770	27429292
Balance value 30.06.2011	5652085	605103	30375	20026201	357613	480009	59248	27210634

Supplement to the balance sheet (continuation)

(13) Partnership in capital of associated companies

	30.06.2011. Ls	Share capital (%)	30.06.2010. Ls	Share capital (%)	30.06.2011. EUR	30.06.2010. EUR
Branch enterprise "Tosmares kuģubūvetava" JSC investment value	2551593	49,72	2551593	49,72	3630590	3630590
SIA "Remars Granula"	843365	49,80	843365	49,80	1200000	1200000
Investments	3394958		3394958		4830590	4830590

(14) Other equities and investments

Name enterprise	Parts or shares value		30.06.2011			30.06.2010		
	2011	2010	Quantity	Ls	EUR	Quantity	Ls	EUR
"Baltic International Bank" JSC	5	5	33	165	235	33	165	235
Total	5	5	33	165	235	33	165	235

(15) Other loans and other long-term debtors (Ls)

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Student loan payout	68139	63302	96953	90071
Shares loan payout	468461	483462	666560	687904
Kopā	536600	546764	763513	777975

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

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Long-term loans	312284	322284	444340	458569
Total	312284	322284	444340	458569
	Ls		Euro	
Copartners and directorship				
Including: Long-term	312284		444340	
Short-term	10000		14229	
30.06.2011	322284		458569	

There is a debt of management for JSC "Tosmares kuģubūvētava" shares in this position.

Supplement to the balance sheet (continuation)

(17) Long-term deposit

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
	1447776	4322245	2060000	6150000
Total	1447776	4322245	2060000	6150000

The enterprise had made investments at JSC “UniCredit Bank” with final term February 24th 2012 that serves as a loan (financial guarantee) to signed guarantee agreement dated November 02th 2009 concluded between JSC “Rīgas kuģu būvētava” and JSC “UniCredit Bank” referring guarantee delivery based on May 30th 2008 agreement concluded between “JSC “Riga Shipyard” and "Abeking & Rasmussen Schiffs- und Yachtwerft Aktiengesellschaft" about 5 SWATH vessels building and delivery to the Ministry of Defense.

(18) Raw materials, direct materials and auxiliary materials

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
1. Metal ware	52725	62204	75021	88508
2. Timbering	5476	5552	7792	7900
3. Metal, non-ferrous metals, pipes	2180962	3541951	3103229	5039742
4. Wire cables	25245	5296	35920	7536
5. Fuel	7814	3666	11118	5216
6. Coveralls	3780	6743	5378	9594
7. Equipment	201596	4942	286845	7032
8. Cables	75484	26383	107404	37540
9. Varnish and paint	116218	81685	165363	116227
10. Household goods	6426	5833	9143	8300
11. Technical rubber ware	13169	11313	18738	16097
12. Other	1875697	719185	2668878	1023308
Total	4564592	4474753	6494829	6367000

(19) Unfinished production

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Shipbuilding orders	91626	1550707	130372	2206457
Total	91626	1550707	130372	2206457

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

Supplement to the balance sheet (continuation)

(20) Unfinished orders

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
1) Ship repair orders	1417924	321796	2017524	457874
2) Mechanical engineering orders	59374	12347	84481	17568
3) Various	5593	6548	7959	9318
Total	1482891	340691	2109964	484760

(21) Advance payments for goods

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
For goods	4647524	9060393	6612831	12891778
Total	4647524	9060393	6612831	12891778

(22) Debts of buyers and customers

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Buyers and customers accounting value	4600026	3322707	6545248	4727785
Generated reserves	(378116)	(239788)	(538011)	(341186)
Balance net value	4221910	3082919	6007237	4386599

(23) Associated companies debts

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
“Tosmares kuģu būvētava” JSC debt for service	16894	131881	24038	187650
SIA “Remars Granula” debt for service and credit	867892	317176	1234899	451301
Total	884786	449057	1258937	638951

Supplement to the balance sheet (continuation)

(24) Other debtors

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Accounting value	939779	1065713	1337184	1516373
Generated reserves	(7479)	(141479)	(10641)	(201306)
Balance net value	932300	924234	1326543	1315067

Other debtors debts are as following:

Accounted VAT	2815	2815	4005	4005
Overpaid taxes				
-Value added tax	458369	825835	652200	1175057
-Enterprise income tax	46368	40010	65976	56929
Social insurance payments	142933		203375	
Payments personal debts	509	36	724	51
Payment of salary	94	375	134	534
Short-term loans for shares of JSC "Tosmares kuģubūvetava"	14942	14942	21259	21261
Advance payment of service	257079	37394	365790	53207
Account with other debtors	9191	2827	13080	4023
Total	932300	924234	1326543	1315067

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

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Total	10000	10000	14229	14229

Supplement to the balance sheet (continuation)

(26) Next period costs

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Enterprise’s property insurance premium sum	9251	8966	13163	12757
Subscription to the press	471	357	670	508
Inviting of specialists				
Insurance of health	6786	7307	9656	10397
Check of floating means	2255	8197	3209	11663
Expenses for repair of the rented basic means	2429	13838	3456	19690
Advertisements	150	6108	213	8691
Payment lease of land				
Costs of Representative cars	2905	4489	4133	6387
Exhibition	9012	0	12823	0
Software maintenance services				
Others	10213	0	14532	0
Total	43472	49262	61855	70093

(27) Accrued proceeds

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Shipbuilding	11149089	2068212	15863724	2942800
Total	11149089	2068212	15863724	2942800

(28) Cash assets

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Short –term deposit				
Money at a cash department	2234	1561	3179	2221
Money on current accounts	22435	24611	31922	35018
Other money means*	3778004	6999386	5375615	9959228
Total	3802673	7025558	5410716	9996467

- Deposits up to 90 days

Supplement to the balance sheet (continuation)

(29) Stock or share capital (equity capital)

“Rīga 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 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.

“Rīgas kuģu būvētava” JSC shareholders on the 30.06.2011

	30.06.2011 Ls	%	30.06.2010 Ls	%	2011 year 6 months EUR	2010 year 6 months EUR
“Remars-Rīga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	2258286	19.35	3335061	28.57	3213251	4745364
Private personae	3594627	30.79	2517852	21.57	5114694	3582581
Total	11672107	100	11672107	100	16607912	16607912

(30) Long term investments reevaluation reserves

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
	8356792	8554682	11890642	12172215
Total	8356792	8554682	11890642	12172215

Reevaluation reserve was established due to valuation of floating docks. Reevaluation reserve is reduced by the amount that is 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.

Supplement to the balance sheet (continuation)

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

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
	4194078	4321387	5967635	6148780
Total	4194078	4321387	5967635	6148780

The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA with JSC “Nordea Bank Finland Plc.” On June 30st 2011 2 floating docks, 3 running new building project, all requirement rights belonging to the depositor, reserves and debtor debts had been pawned as a guarantee to the received loan.

(32) Liability of leasing

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Long-term	114976	4139	163596	5889
Short-term	20866	1350	29690	1921
Total	135842	5489	193286	7810

The average yearly interest in SIA „Nordea Finance Latvija Līzings” is 4,39 %, SIA „Unicredit Leasing ” is 4,85%. The interest of Lease is shown as costs of report year.

(33) Advance payments received from buyers

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
For shipbuilding	23764779	24812223	33814234	35304613
For ship repair	474642	10937	675355	15562
Others	1955	7621	2782	10843
Total	24241376	24830781	34492371	35331018

Supplement to the balance sheet (continuation)

(34) Debts to suppliers and contractors

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Debts for services	188059	74541	267584	106062
Debts for materials	999323	1066764	1421909	1517868
Debts subcontractors	1029853	812877	1465348	1156619
Total	2217235	1954182	3154841	2780549

(35) Debts to associated companies

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
“Tosmare Shipyard” JSC	182	363	259	517
Total	182	363	259	517

(36) Taxes and social insurance payments

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Social insurance payments	0	228934	0	325744
Residents income tax	19435	112057	27654	159443
Risk tax	175	172	249	245
Natural resources tax	3916	5578	5571	7936
Total	23526	346741	33474	493368

(37) Other creditors

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Salary	222690	202270	316859	287804
Payments for deductions from salary	634	1003	902	1427
Payments by return to personae	1939	2787	2759	3966
Payments for credit cards	6302	2526	8967	3594
Payments for debts to other enterprises	25329	24643	36039	35066
Total	256894	233229	365526	331857

Supplement to the balance sheet (continuation)

(38) Unpaid previous years dividends

	Ls	EUR
31.12.2010	24659	35087
Calculated	0	0
Paid off	0	0
30.06.2011	24659	35087

(39) Next period income

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
Free of charge received base means had been formed that will be referred to PL incomings at the period of base means use.	2834	4833	4033	6877
Total	2834	4833	4033	6877

(40) Accrued liabilities

	2011 year 6 months Ls	2010 year 6 months Ls	2011 year 6 months EUR	2010 year 6 months EUR
For services	350385	369082	498553	525156
Accruals for vocations	194387	173594	276588	247004
Total	544772	542676	775141	772160

The report for 6 months of year 2011 pages 1 to 32 we approve:

Chairman of the Board

V. MELNIKS

Member of the Board

I.KOMAROVS

Member of the Board

L.ARTEMENKO

Member of the Board

I.RUDZATE

Member of the Board

E.BUKS

August 31st, 2011