

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

“RIGA SHIPYARD” JSC
2011 annual report

(not audited)
(not consolidated)

Riga, 2012

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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.	
Subsidiary company Address	Northsale Logistics Limited Cornwall Buildings 45-51 Newhall Street Office B3, Birmingham United Kingdom B3 3QR	
Partnership	100 %	
Associate enterprise Address Partnership	“Tosmare Shipyard” JSC Reg.No. 42103022837 42/44 Generala Baloza Street, Liepaya 49,72%	
Associate enterprise Address Partnership	“Remars Granula” SIA Reġ.Nr.54103022521 2 Gales street, Riga, LV-1015 49,80%	
Name, surnames and positions of members of the Board		
Vasilijš Melnikš	Chairman of the Board,	
Igorš Komarovš	Member of the Board,	
Larisa Artemenko	Member of the Board,	
Irina Rudzate	Member of the Board,	
Einars Buks	Member of the Board	
Name, surnames and positions of members of the Council		
Sergejs Golicins	Chairman of the Council,	
Anatolijs Ustinovš	Deputy Chairman of the Council,	
Aleksandrs Cernavskis	Member of the Council,	
Juris Kaksitis	Member of the Council, (Resigned on 21.10.2011)	
Gaidis Andrejs Zeibots	Member of the Council,	
Chief accountant	Marina Pudova	Phone 67080868
Annual report	1 January – 31 December 2011	
Tax authority	SRS Large tax payers department	
Name and address of an auditor	Natalija Zaiceva, 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 Directorship statement to
2011 annual report**

During the year 2011 JSC's "Riga Shipyard" total net turnover made up 98 602 185 LVL, including shipbuilding – 86 799 771 LVL, ship repairing – 11 573 115 LVL (compared to the year 2010 – 31 174 503 LVL, including ship building –18 730 796 LVL, ship repairing – 12 365 165 LVL).

In total there were 64 ships repaired in 2011 (compared to year 2010 –84 ships were repaired) and 6 hulls were built and launched (if compared to year 2010 there were 6 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.

Gross profit of the enterprise was 3 628 172 LVL (compared to year 2010 Gross profit was – 755 814 LVL), profit in year 2011 was 53 036 LVL, (compared to year 2010 profit was 159 519 LVL).

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 2011 there was a contract concluded for building five floating restaurants for Russia, the execution of order has already been started.

In November 2nd of 2011 there was a contract concluded on building and delivery of self elevating floating drilling unit to national joint stock company of Ukraine "CHORNOMORNAFTOGAZ", the value of contract is 399 800 000 USD.

Due to beginning and the end of the completion of the contract is within two different periods, deposit income are made up according to level of completion, as a result net turnover and gross profit increases significantly.

There were no significant changes in list of suppliers for products and services, as well as for raw material suppliers in 2011 and mostly remain the same traditional countries like: from 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; for self elevating floating drilling unit – from Ukraine.

During the year 2011 "Riga Shipyard" JSC has invested 1mln. 372 thousand LVL into purchase of and repairs of fixed assets (compared to 934, 5 thousand LVL in the year 2010).

The section for producing aluminum construction was also modernized, by setting up modern systems of ventilation and heating. Enterprise has purchased another floating crane to increase the capacity of production. To improve the materially technical base there was a hoist purchased, roll trailer for 140t and old welding equipment was replaced by the new one, that is not only lighter, but also have modern additional functions. The overhauls of workshops, floating docks, portal cranes, tug boats and other fixed assets are still going on.

JSC's "Riga Shipyard" work and procedures are made according to the international quality management system standards – EN ISO 9001:2008. The quality assurance certificate has been received in 2001 already. Quality management system is continuously improved.

The measures are taken each year to reduce environment pollution.

It has been planned to proceed with the development, to invest in modernization of production equipment, as well as the process, which leads us to improve competitiveness of enterprise in its own market share.

In the period of time since the Report's last day till the day of signing the report by the board, no any exceptional or significant circumstances affecting annual results or the Company's financial statement happened.

JSC "Riga Shipyard"

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

February 29th, 2012

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 31st December, 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 as at the end of the year of account, 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**

February 29th, 2012

Profit or Loss statement
For the years ending 31st of December 2011 and 31st of December 2010

		2011	2010	2011	2010
		Ls	Ls	EUR	EUR
Net turnover	1	98602185	31174503	140298270	44357322
Sold production operating costs	2	94974013	30418689	135135846	43281895
Gross profit or losses		3628172	755814	5162424	1075427
Selling costs	3	67144	34509	95537	49102
Administration costs	4	828979	737522	1179531	1049399
Other enterprise's business activity's income	5	2110048	1679105	3002328	2389151
Other enterprise's business activity's costs	6	4550413	1333287	6474655	1897098
Profit & Losses of business activity's		291684	329601	415029	468979
Income from other capital participation, securities and loans forming part of the fixed assets					
Other percents and the like income	7	96282	267272	136997	380294
Payment of interest and the like costs	8	155352	361146	221046	513864
Profit & Losses prior to extra ordinary items and taxes		232614	235727	330980	335409
Profit & loss prior to taxes		232614	235727	330980	335409
Income taxes of the enterprise					
Deferred income	9(a)	74777	(28500)	106398	(40552)
Other taxes	10	104801	104708	149119	148986
Year of account profit & loss (net income)		53036	159519	75463	226975
Profit or loss per share		0.01	0.01	0.02	0.02

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

February 29th, 2012

Balance Sheet at 31 December 2011

ASSETS	Remarks	31.12.2011 Ls	31.12.2010 Ls	31.12.2011 EUR	31.12.2010 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
Other intangible investments		169733	5999	241509	8537
Advance payments of intangible investments			167895		238894
Intangible investments in total		169733	173894	241509	247431
<i>II Fixed assets</i>					
Lands, buildings, constructions, perennial plants		4319530	4025639	6146138	5727968
Long-term investments into leased fixed assets		16487	363	23459	516
Equipment and machinery		14229298	14302319	20246466	20350365
Other fixed assets and stock		234429	280598	333563	399255
Up building of fixed assets and unfinished building objects costs		295020	227462	419775	323648
Advanced payments for fixed assets		18567	4758	26419	6770
Fixed assets in total		19113331	18841139	27195820	26808522
<i>III Property deposit</i>					
Fixed assets and property deposit in total		19543866	19277419	27808416	27429292
<i>IV Long-term financial investments</i>					
Participation in capital of related companies	13	2390		3400	
Participation in capital of associated companies	14	3394958	3394958	4830590	4830590
Other equities and investments	15	165	165	235	235
Other loans and other long-term debtors	16	522699	534528	743731	760562
Loans to copartners of the enterprises and to the directorship	17	302284	312284	430111	444340
Long-term deposit	18	0	1447776	0	2060000
Long-term financial investments in total		4222496	5689711	6008067	8095727
Long-term investments in total		23936095	25141024	34057992	35772450
<i>Current assets</i>					
<i>I Reserves</i>					
Raw materials, direct materials and auxiliary materials	19	4503459	4310807	6407845	6133727
Unfinished production	20	532620	252823	757850	359735
Unfinished order	21	622645	170212	885944	242193
Advance payments for goods	22	5563946	5158963	7916782	7340543
Reserves in total		11222670	9892805	15968421	14076198
<i>II Debts of debtors</i>					
Debts of buyers and customers	23	2433222	3321108	3462163	4725511
Associated companies debts	24	1153652	327094	1641499	465413
Other debtors	25	1648946	604940	2346241	860752
Short-term loans to copartners of the enterprise's and to the directorship	26	10000	10000	14229	14229
Next period costs	27	39164	34260	55725	48748
Accrued proceeds	28	84307078	14132897	119958164	20109301
Debtors in total		89592062	18430299	127478021	26223954
<i>III Short-term financial investments</i>					
<i>Short-term deposit</i>					
Cash assets		18393105	6720676	26171031	9562661
Short-term deposit and cash assets in total		18393105	8576149	26171031	12202761
Current assets in total		119207837	36899253	169617473	52502913
Assets in total		143143932	62040277	203675465	88275363

Chairman of the Board

V. MELNIKS

Member of the Board

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Balance Sheet at 31 December 2011

LIABILITIES	Remarks	31.12.2011 Ls	31.12.2010 Ls	31.12.2011 EUR	31.12.2010 EUR
I Equity capital					
Stock or share capital (equity capital)	29	11672107	11672107	16607912	16607912
Overrate reserved of financial fixed assets	30	8473199	8473199	12056273	12056273
Retained earnings					
a) previous years retained earnings		3566130	3406611	5074147	4847172
b) year of account retained earnings		53036	159519	75463	226975
<i>Retained earnings in total</i>		<i>3619166</i>	<i>3566130</i>	<i>5149610</i>	<i>5074147</i>
Equity capital in total		23764472	23711436	33813795	33738332
II Reserves					
<i>Reserves in total</i>					
III Creditors					
I Long-term debts					
Liability of Liability of leasing		91113	111395	129642	158501
Deferred taxation reserves liabilities	9b	2057499	1982722	2927557	2821159
Long-term debts in total		2148612	2094117	3057199	2979660
II Short-term debts					
Loans from credit institutions	32	591482	3686407	841603	5245285
Liability of leasing	33	46927	42029	66771	59802
Other credit			421682		600000
Advance payments received from buyers	34	113765371	29949028	161873539	42613628
Debts to suppliers and contractors	35	1876427	1331641	2669915	1894754
Debts to associated companies			182		259
Taxes and social insurance payments	36	103860	2398	147780	3412
Other creditors	37	229406	212454	326417	302295
Unpaid previous years dividends	38	24652	24659	35077	35087
Next period income	39	834	2834	1187	4033
Accrued liabilities	40	591889	561410	842182	798816
Short-term creditors in total		117230848	36234724	166804471	51557371
Creditors in total		119379460	38328841	169861670	54537031
Liabilities total		143143932	62040277	203675465	88275363

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February 29th, 2012

Cash flow Statement for 12 months of the year 2011 and 2010

	2011 Ls	2010 Ls	2011 EUR	2010 EUR
A Cash flow from primary activity				
Sales income	117700961	29526300	167473379	42012140
Cash to suppliers, personnel and others primary activity costs	103959027	31230840	147920369	44437482
Gross cash flow from primary activity	13741934	-1704540	19553010	-2425342
Interest paid	155352	360647	221046	513154
Corporate income tax		0		0
Primary activity before extraordinary items	13586582	-2065187	19331964	-2938496
Cash flow from extraordinary items				
Net cash flow from primary activity	13586582	-2065187	19331964	-2938496
B Cash flow from investment activity				
Related and associated enterprises shares acquisition				
Selling out of shares	25000	25000	35572	35572
Paid for fixed assets acquisition	654567	554206	931365	788564
Received for the fixed assets sold	67731	11306	96373	16087
Loans granted	916519	15033	1304089	21390
Decrease of long-term deposit	1855473	2424603	2640100	3449900
Repayment of loans	914547	33005	1301283	46962
Interest received	96282	265112	136997	377220
Received dividend				
Net cash flow from financial activity	1387947	2189787	1974871	3115787
C Cash flow from financial activities				
Loan repaid		421682		600000
Loan received	3516607	1056812	5003681	1503708
Dividend paid	7	130	10	185
Net cash flow from financial activities	-3516614	-635260	-5003691	-903893
Result of currency exchange rates changing	214514	45370	305226	64555
Net cash flow and equivalent increase or decrease (A+B+C)	11672429	-465290	16608370	-662047
Cash and equivalent thereof at beginning of the period of accounts	6720676	7185966	9562661	10224708
Cash and equivalent thereof at the end of the period of account	18393105	6720676	26171031	9562661

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February 29th, 2012

Changes in own capital report for 2011 and 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	4847172	23749807	33792930
Revaluation reserve			(232813)	(331264)			(232813)	(331264)
Dividends			34923	49691			34923	49691
Period of account net profit & loss					159519	226975	159519	226975
Balance as at 31.12.2010	11672107	16607912	8473199	12056273	3566130	5074147	23711436	33738332
Revaluation reserve								
Dividends								
Period of account net profit & loss					53036	75463	53036	75463
Balance as at 31.12.2011	11672107	16607912	8473199	12056273	3619166	5149610	23764472	33813795

EPS for 31.12.2011. $LVL\ 53036 : 11672107 = 0,01\ LVL\ or\ 0,02\ EUR$;
 EPS for 31.12.2010. $0,01\ LVL\ or\ 0,02\ EUR$

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February 29th, 2012

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.12.2011.

Notes mentioned on pages 12th - 37th are to be an integral part of this annual report.

Notes to the financial statements

Accounting policy

(1) General principles

Annual report has been prepared according to laws of Latvian Republic „Regarding Accountancy” and „Regarding Annual report”, rules of cabinet of Ministers of Latvian Republic No. 481 „On cash flow report and report on changes of contents of own equity and the order of preparing”; and according to Rules of Cabinet of Ministers Latvian Republic No. 488 enforcement of law “Regarding Annual Report”, which must be used starting from July 1st of reports year. Profit & Loss calculation has been prepared as per turnover costs scheme.

Cash flow statement has been prepared as per direct method.

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

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

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

Pursuant to the company’s order No. 110 dated 29 November 2011, there was conducted the balance items’ inventory.

(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.

Year-end exchange rates of most often used currencies were as follows:

	31.12.2011 Ls	30.12.2010 Ls
1 USD	0,544	0,535
1 EUR	0,702804	0,702804
1 NOK	0,0903	0,09
1 GBP	0,84	0,824
1 RUB	0,017	0,0176

(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 than 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 is 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. Debtor's debt check has been executed on December 31st 2010.

(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

. The growth of revaluation value is decreased, when revaluated fixed asset is eliminated or disposed.

(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 USD currency as well as trade receivables is also in USD. 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. As at the end of the reporting year the total available amount of loan facilities equals Ls 3 935 702 (31.12.2010. Ls 4 919 628).

As on December 31st, 2011 the unused portion of the loan facility amounted to Ls 3 344 220 (31.12.2010. -Ls 1 233 232). 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 2011 the comparative readings for year 2010 in necessary cases individual post classification has changed.

Supplements to Annual Report

Supplement to Profit or Loss Statement

Information on segments.

According to the standard demands No 14 “Information on segments presenting”, management defined the following kinds of industrial works:

- a) The 1st type – operating segment
- b) Additional format – geographical segment.

According to the standard demands No 14 “Information on segments presenting”, management defined the following kinds of industrial works:

(1) Net turnover

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
(a)				
Shipbuilding	86799771	18730796	123504948	26651522
Ship repair	11573115	12365165	16467059	17594045
Mechanical engineering	197496	75247	281011	107067
Other works	31803	3295	45252	4688
Total	98602185	31174503	140298270	44357322
(b)				
Latvia	8058566	11908033	11466307	16943604
Russia	1311443	355182	1866015	505378
Great Britain	0	216530	0	308094
Norway	7607821	5438580	10824954	7738402
Cyprus	1345887	1007736	1915025	1433879
Belize	0	87187	0	124056
Malta	3395263	921704	4831024	1311467
Panama	336832	1524806	479269	2169603
Liberia	0	706272	0	1004935
Sweden	1489599	421681	2119508	599998
Finland	1228151	1478912	1747501	2104303
Iceland	136851	353222	194721	502590
Denmark	13485	922481	19187	1312572
Bahamas	0	420250	0	597962
The Netherlands	15335	27490	21820	39115
St.Vincent	418283	505846	595163	719754
Cambodia	893129	0	1270808	0
Antigua and Barbuda	742576	421826	1056590	600204
Gibraltar	0	7212	0	10262
Marshall Island	128689	1572904	183108	2238041
Estonia	40763	482575	58000	686642
St.Kitts&Nevis	40439	411790	57540	585926
Italy	185020	323290	263260	460000
Saudi Arabia	0	282429	0	401860
Singapore	572978	211663	815274	301169
USA	0	420356	0	598113
Belgium	1049004	231499	1492598	329393
Lithuania	12111	513047	17232	730000
Israel	2975981	0	4234439	0
Ukraine	65247360	0	92838630	0
Liberia	308982	0	439642	0
Luxembourg	1047637	0	1490655	0
Total	98602185	31174503	140298270	44357322

Supplement to Profit or Loss Statement (continuation)

(2) Sold products operating costs

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Material costs (raw materials and materials, value of goods, services from outside)	89187168	25113219	126901907	35732891
Salary	3397010	3220841	4833510	4582844
Social tax	796194	755618	1132882	1067862
Depreciation of fixed assets	908655	755618	1292900	1075148
Accruals for vocations	628	20792	894	29584
Other costs	684358	557722	973753	793566
Total	94974013	30418689	135135846	43281895

(3) Selling costs

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Advertisement	67144	34509	95537	49102
Total	67144	34509	95537	49102

(4) Administration costs

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Liaison costs	22262	15290	31676	21756
Office maintenance costs	1313	5804	1868	8257
Annual report costs	8000	8000	11383	11383
Salary of administration	49689	52846	70701	75193
Remuneration of the board	238702	215217	339642	306226
Remuneration of the council	174857	165248	248799	235127
Social insurance costs	106670	99618	151778	141744
Depreciation of fixed assets	21320	25911	30336	36868
Transport costs, travel allowances	103511	89081	147283	126751
Legal services	3304	334	4701	475
Insurance	2691	2989	3829	4253
Representation costs	15244	8245	21690	11732
Representation costs of the car	81416	48939	115845	69634
Total	828979	737522	1179531	1049399

Remuneration of sworn auditor for revision of annual report – LVL 8000

Supplement to Profit or Loss Statement (continuation)

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

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Income generated by transport services rendering	9818	9820	13970	13973
Income generated by leased FA payments and public services	959953	980844	1365890	1395615
Tugboat services income	224402	111743	319295	158996
Selling out of raw materials and materials	591346	445692	841410	634163
Income generated by fluctuation of currency rate	0	120	0	171
Income generated by chemical analyses	1553	1201	2210	1709
Income generated by realization of fixed assets	18623	11306	26498	16087
Previous year income	1837	10609	2614	15095
Incomes from writing off accounts payable to limit expiration	4709	16982	6700	24163
Currency selling income	0	12913	0	18374
Currency selling revenue	119377	41211	169858	58638
Income from write-off provision for vocations	0	0	0	0
Loss consideration	25254	23441	35933	33354
Mediation services	140561	0	200000	0
Other income	12615	13223	17950	18813
Total	2110048	1679105	3002328	2389151

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

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Material purchase costs	549881	400521	782410	569890
Losses incurred by currency selling out	2917606	0	4151380	0
Social infrastructure objects costs (medical services)	9613	7785	13678	11077
Costs on tugboat services	113251	44370	161142	63133
The donations	8807	5202	12531	7402
Material benefits	14048	14675	19989	20881
Burial costs	2366	2186	3366	3110
Costs incurred by fixed assets' exclusion	149387	1726	212559	2456
Representation costs	24838	13043	35341	18559
Costs on maintenance of leased FA	588424	584805	837252	832103
Special reserved sum provided for unsecured debts	163824	202063	233101	287510
Preceding year costs	879	43108	1251	61337
Other costs	7489	13803	10655	19640
Total	4550413	1333287	6474655	1897098

Supplement to Profit or Loss Statement (continuation)

(7) Other percents and the like income

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Depositing percentage	56720	257472	80705	366350
Bank interests	154	258	219	367
Interests income for loans	35853	9249	51014	13160
Received penalty payments	3555	293	5059	417
Total	96282	267272	136997	380294

(8) Payment off percents and the like costs

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Paid off penalty	3003	195867	4273	278694
Paid off interests	95981	112405	136569	159938
Guarantee maintenance	56248	52874	80034	75232
State fee	120	0	170	0
Total	155352	361146	221046	513864

(9a) The most significant parts of enterprises Income tax

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Income tax	0	0	0	0
Increase of deferred taxation	74777	(28500)	106398	(40552)
Total	74777	(28500)	106398	(40552)

Deferred taxation calculation

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Deferred taxation liabilities:				
Difference between capital assets residual value in financial accountancy and for tax collections	13930157	13412540	19820828	19084325
Deferred taxation assed:				
Reserves for vacations	195015	194387	277481	276588
Accumulated tax losses	18482		26298	
Provisional distinctions total	13716660	13218153	19517049	18807737
Deferred taxation liabilities/(assets), rate 15%	2057499	1982722	2927557	2821159
Deferred taxation liabilities	2057499	1982722	2927557	2821159

Supplement to Profit or Loss Statement (continuation)

9(b) Deferred taxation liability changes

	2011 year Ls	2010 year Ls	2009 year EUR	2010 year EUR
Rest at the beginning of year of account	1982722	2046145	2821159	2911402
Deferred taxation increase	74777	(28500)	106398	(40552)
Increase revaluation reserve	0	(34923)	0	(49691)
Deferred EIT income tax liabilities at the end of taxation year	2057499	1982722	2927557	2821159

(10) Other taxes

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Real estate tax	104801	104708	149119	148986
Total	104801	104708	149119	148986

Supplement to the balance sheet by December 31st 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			74372		167895	242267
Bought						
Relocated						
Written off						
31.12.2010	0	0	74372		167895	242267
Depreciation						
01.01.2010			58421			58421
Estimated			9952			9952
Written off						
31.12.2010	0	0	68373			68373
Balance value 01.01.2010	0	0	15951		167895	183846
Balance value 31.12.2010	0	0	5999		167895	173894

(11) Other intangible investments EUR

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
Initial value						
01.01.2010			105822		238894	344716
Bought						
Written off						
Relocated						
Revaluated						
31.12.2010	0	0	105822		238894	344716
Depreciation						
01.01.2010			83125			83125
Estimated			14160			14160
Written off						
31.12.2010	0	0	97285			97285
Balance value 01.01.2010	0	0	22697		238894	261591
Balance value 31.12.2010	0	0	8537		238894	247431

(11) Other intangible investments LVL by December 31st 2011

	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			74372		167895	242267
Bought			167895			167895
Relocated					167895	167895
Written off						
31.12.2011	0	0	242267		0	242267
Depreciation						
01.01.2011			68373			68373
Estimated			4161			4161
Written off						
31.12.2011	0	0	72534			72534
Balance value 01.01.2011	0	0	5999		167895	173894
Balance value 31.12.2011	0	0	169733		0	169733

(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			105822		238894	344716
Bought			238894			238894
Written off					238894	238894
Relocated						
Revaluated						
31.12.2011	0	0	344716		0	344716
Depreciation						
01.01.2011			97285			97285
Estimated			5922			5922
Written off						
31.12.2011	0	0	103207			103207
Balance value 01.01.2011	0	0	8537		238894	247431
Balance value 31.12.2011	0	0	241509		0	241509

Supplement to the balance sheet by December 31st 2010

(12) Report on long-term investments movement 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	0	26816388
Bought	226537	12923		1116253	16589	1425756	51376	2849434
Written off	8258	1126	197	187456	21758	1372302	46618	1637715
Relocated								
31.12.2010	6359468	555836	363	19915170	965050	227462	4758	28028107
Depreciation								
01.01.2010	2147537	94985		5107590	629199			7979311
Estimated	193677	25697		459233	77011			755618
Written off	7385	1126		186784	21758			217053
Relocated				232812				232812
31.12.2010	2333829	119556		5612851	684452			8750688
Balance value 01.01.2010	3993652	449054	560	13878783	341020	174008		18837077
Balance value 31.12.2010	4025639	436280	363	14302319	280598	227462	4758	19277419

Real Estate (building) cadastral value at 31.12.2010. is 3778627 LVL

(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	322333	18388		1588285	23604	2028668	73101	4054379
Written off	11750	1602	280	266726	30959	1952610	66331	2330258
Relocated								
31.12.2010	9048708	790883	516	28336734	1373143	323648	6770	39880402
Depreciation								
01.01.2010	3055670	135151	0	7267447	895270	0	0	11353538
Estimated	275578	36564		653430	109577			1075149
Written off	10508	1602		265770	30959			308839
Relocated				331262				331262
31.12.2010	3320740	170113	0	7986369	973888	0	0	12451110
Balance value 01.01.2010	5682455	638946	796	19747728	485228	247590	0	26802743
Balance value 31.12.2010	5727968	620770	516	20350365	399255	323648	6770	27429292

Real Estate(building) cadastral value at 31.12.2010. is 5376502 EUR

Supplement to the balance sheet by December 31st 2011

Supplements to the balance sheet

(12) Report on long-term investments movement 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	482538	20559	20985	889976	26892	1487523	69997	2998470
Written off			4861	310110	8789	1419965	56188	1799913
Relocated								
31.12.2011	6842006	576395	16487	20495036	983153	295020	18567	29226664
Depreciation								
01.01.2011	2333829	119556		5612851	684452			8750688
Estimated	188647	26304		766661	70902			1052514
Written off				113774	6630			120404
Relocated								
31.12.2011	2522476	145860		6265738	748724			9682798
Balance value 01.01.2011	4025639	436280	363	14302319	280598	227462	4758	19277419
Balance value 31.12.2011	4319530	430535	16487	14229298	234429	295020	18567	19543866

Real Estate (building) cadastral value at 31.12.2011. is 3899261 LVL

(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	686590	29253	29859	1266322	38264	2116555	99597	4266440
Written off			6916	441247	12506	2020428	79948	2561045
Relocated								
31.12.2011	9735298	820136	23459	29161809	1398901	419775	26419	41585797
Depreciation								
01.01.2011	3320740	170113		7986369	973888			12451110
Estimated	268420	37427		1090861	100884			1497592
Written off				161887	9434			171321
Relocated								
31.12.2011	3589160	207540		8915343	1065338			13777381
Balance value 01.01.2011	5727968	620770	516	20350365	399255	323648	6770	27429292
Balance value 31.12.2011	6146138	612596	23459	20246466	333563	419775	26419	27808416

Real estate (building) cadastral value at 31.12.2011. is 5548149 EUR

Financial result of written off, liquidated and sold fixed assets:

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Initial value	318899	218598	453752	311037
Accumulated depreciation	120404	217052	171319	308837
Balance value	198495	1546	282433	2200
Permanent assets liquidation loss	198495	1546	282433	2200

Supplement to the balance sheet (continuation)

(13) Partnership in capital of related companies

	31.12.2011. Ls	Kapitāla daļas %	31.12.2010. Ls	Kapitāla daļas %	31.12.2011. EUR	31.12.2010. EUR
Nortsale Logistics Limited	2390	100	0		3400	
Investments	2390	100	0		3400	

(14) Partnership in capital of associated companies

	31.12.2011. Ls	Share capital (%)	31.12.2010. Ls	Share capital (%)	31.12.2011. EUR	31.12.2010. 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

(15) Other equities and investments

Name enterprise	Parts or shares value		31.12.2011			31.12.2010		
	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

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

Name enterprise	31.12.2010	Loans granted in 2011	Loans granted in 2011	Difference in currency rate	Reallocation at a short	31.12.2011	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	66067	2769	797	1199		69238	2013-2029	-
Shares loan payout	468461				15000	453461	2013-2015	-
Total	534528	2769	797	1199	15000	522699		

Amount to be paid in 5 years – 59503 Ls.

Supplement to the balance sheet (continuation)

(16) Other loans and other long-term debtors (EUR)

Name enterprise	31.12.2010	Loans granted in 2011	Loans granted in 2011	Difference in currency rate	Reallocation at a short	31.12.2011	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Student loan payout	94002	3940	1134	1706		98514	2013-2029	-
Shares loan payout	666560				21343	645217	2013-2015	-
Total	760562	3940	1134	1706	21343	743731		

Amount to be pay back after 5 years – 84665 EUR

(17) Loans to co-partners of the enterprises and to the directorship

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Long-term loans	302284	312284	430111	444340
Total	302284	312284	430111	444340

	Ls	Euro
Copartners and directorship		
Including: Long-term	302284	430111
Short-term	10000	14229
31.12.2011	312284	444340

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

Supplement to the balance sheet (continuation)

(18) Long-term deposit

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
	0	1447776	0	2060000
Total	0	1447776	0	2060000

(19) Raw materials, direct materials and auxiliary materials

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
1. Metal ware	60298	58978	85796	83918
2. Timbering	6065	2603	8630	3704
3. Metal, non-ferrous metals, pipes	2208190	1916207	3141971	2726517
4. Wire cables	4923	5108	7005	7268
5. Fuel	6364	5430	9055	7726
6. Coveralls	10121	4965	14401	7065
7. Equipment	447684	325100	636997	462576
8. Cables	60348	76054	85867	108215
9. Varnish and paint	183133	45964	260575	65401
10. Household goods	344	315	489	448
11. Technical rubber ware	12459	13152	17728	18714
12. Other	1503530	1856931	2139331	2642175
Total	4503459	4310807	6407845	6133727

(20) Unfinished production

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Shipbuilding orders	532620	252823	757850	359735
Total	532620	252823	757850	359735

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

Supplement to the balance sheet (continuation)

(21) Unfinished orders

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
1) Ship repair orders	604895	157824	860688	224563
2) Mechanical engineering orders	12245	6791	17423	9663
3) Various	5505	5597	7833	7967
Total	622645	170212	885944	242193

(22) Advance payments for goods

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
For goods	5563946	5158963	7916782	7340543
Total	5563946	5158963	7916782	7340543

(23) Debts of buyers and customers

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Buyers and customers accounting value	2811338	3535400	4000173	5030420
Generated reserves	-378116	-214292	-538010	-304909
Balance net value	2433222	3321108	3462163	4725511

Changes in savings (Ls)

	Debts of buyers and customers	Other debtors	Total
Savings 31.12.2010	214292	7479	221771
Decrease of savings	0	0	0
Increase of savings	163824	0	163824
Savings 31.12.2011	378116	0	385595

Supplement to the balance sheet (continuation)

Changes in provisions (EUR)

	Debts of buyers and customers	Other debtors	Total
Savings 31.12.2010	304909	10641	315550
Increase of savings	0	0	0
Decrease of savings	233101	0	233101
Savings 31.12.2011	538010	10641	548651

(24) Associated companies debts

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
"Tosmares kuģu būvētava" JSC debt for service	289291	540	411624	768
SIA "Remars Granula" debt for service	100	12638	142	17982
SIA "Remars Granula" debt for credit	864261	313916	1229733	446663
Total	1153652	327094	1641499	465413

According to the agreement the "Borrower" pays percentage at the end of the loan return.

(25) Other debtors

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Accounting value	1656425	612419	2356882	871393
Generated reserves	-7479	-7479	-10641	-10641
Balance net value	1648946	604940	2346241	860752

Other debtors debts are as following:

Accounted VAT	559	982	795	1397
Overpaid taxes				
Value added tax	379314	150680	539715	214398
Enterprise income tax	0	53325	0	75874
Social insurance payments	0	152622	0	217162
Enterprise income tax	44658	46368	63543	65976
Payments personal debts	12284	248	17479	353
Payment of salary	524	794	746	1130
Short-term loans for "Tosmares kuģubūvētava" JSC'S shares	14942	14942	21261	21261
Advance payment of service	1164686	166899	1657199	237476
Account with other debtors	31979	18080	45503	25725
Total	1648946	604940	2346241	860752

Supplement to the balance sheet (continuation)

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

	Directorship, copartners Ls	Directorship, copartners EUR
Managements debt for shares	10000	14229
31.12.2011	10000	14229

(27) Next period costs

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Enterprise's property insurance premium sum	9225	9769	13126	13900
Subscription to the press	272	531	387	756
Insurance of health	8792	8145	12510	11589
Check of floating means	5060	2620	7200	3728
Expenses for repair of the rented basic means	4861	197	6917	280
Advertisements	182	350	259	498
Others	10772	12648	15326	17997
Total	39164	34260	55725	48748

(28) Accrued proceeds

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Shipbuilding	83376147	14132897	118563568	20109301
Ship repair	834931	0	1188000	0
Mediation services	96000	0	136596	0
Total	84307078	14132897	119958164	20109301

(29) Cash assets

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Short-term deposit	0	1855473	0	2640100
Money at a cash department	2367	8729	3368	12420
Money on current accounts	91191	11203	129753	15941
Other money means*	18299547	6700744	26037910	9534300
Total	18393105	8576149	26171031	12202761

* The money means, which serves as guarantee (financial support) for contract as of 02nd of November year 2009 for issuance of guaranties and contract as of 28th of November year 2011 on issuance of LC by Unicredit Bank based on contract concluded between JSC "Rīgas kuģu būvētava" and Abeking & Rasmussen Schiffs- und Yachtwerft Aktiengesellschaft as of May 30th year 2008 on building and delivery of five patrol boats for needs of Latvian Ministry of Defense.

Supplement to the balance sheet (continuation)

(30) 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 31.12.2011

	31.12.2011 Ls	%	31.12.2010 Ls	%	2011 year EUR	2010 year EUR
“Remars-Rīga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	1957952	16.77	3335061	28.57	2785915	4745364
Private personae	3894961	33.37	2517852	21.57	5542030	3582581
Total	11672107	100	11672107	100	16607912	16607912

(31) Long term investments revaluation reserves

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
	8473199	8473199	12056273	12056273
Total	8473199	8473199	12056273	12056273

Revaluation reserve was established due to revaluation of floating docks.

Supplement to the balance sheet (continuation)

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

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
	591482	3686407	841603	5245285
Total	591482	3686407	841603	5245285

The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA with JSC "Nordea Bank Finland Plc." On December 31st 2010 2 floating docks, two 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. The balance value of pledged is Ls 24 824 212.

(33) Liability of leasing

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Long-term	91113	111395	129642	158501
Short-term	46927	42029	66771	59802
Total	138040	153424	196413	218303

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

(34) Advance payments received from buyers

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
For shipbuilding	113381818	29935783	161327792	42594782
For ship repair	377255	10937	536786	15562
Others	6298	2308	8961	3284
Total	113765371	29949028	161873539	42613628

Supplement to the balance sheet (continuation)

(35) Debts to suppliers and contractors

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Debts for services	124072	164213	176539	233654
Debts for materials	965208	334191	1373367	475510
Debts subcontractors	787147	833237	1120009	1185590
Total	1876427	1331641	2669915	1894754

(36) Movement of tax liabilities in 2011 (Ls)

	Balance as at 01.01.2011 Ls	Calculated In 2011 Ls	Paid In 2011 Ls	Refund In 2011 Ls	Deflected to other taxes Ls	Balance as at 31.12.2011 Ls
Social insurance payments	-152622	1336762		259	1127674	56725
Residents income tax	-53325	767016	60174		612265	41252
VAT	-150680	-3158840		1190267	-1739939	-379314
Real estate tax	257	104801	104843			215
Enterprise income tax	-46368			1710		-44658
EIT for nonresident		2258		-1710		548
Risk tax	165	2030	2020			175
Customs duty on import		305	305			
Natural resources tax	1976	19488	16519			4945
Total	-400597	-926180	183861	1190526	0	-320112
Ink.						
Overpay tax	402995					423972
Debt tax	2398					103860

Supplement to the balance sheet (continuation)

Movement of tax liabilities in 2011 (EUR)

	Balance as at 01.01.2011 EUR	Calculated In 2011 EUR	Paid In 2011 EUR	Refund In 2011 EUR	Deflected to other taxes EUR	Balance as at 31.12.2011 EUR
Social insurance payments	-217162	1902041		369	1604535	80713
Residents income tax	-75874	1091365	85620		871175	58696
VAT	-214398	-4494624		1693597	-2475710	-539715
Real estate tax	366	149118	149178			306
Enterprise income tax	-65976			-2433		-63543
EIT for nonresident		3213		2433		780
Risk tax	235	2888	2874			249
Customs duty on import		434	434			
Natural resources tax	2811	27729	23504			7036
Total	-569998	-1317836	261610	1693966	0	-455478

Ink.						
Overpay tax	573410					603258
Debt tax	3412					147780

(37) Other creditors

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Salary	193921	169447	275925	241101
Payments for deductions from salary	772	1007	1098	1433
Payments by return to personae	2404	5591	3421	7955
Payments for credit cards	2285	3171	3251	4512
Payments for debts to other enterprises	30024	33238	42722	47294
Total	229406	212454	326417	302295

(38) Unpaid previous years dividends

	Ls	EUR
31.12.2010.	24659	35087
Calculated		
Paid off	7	10
31.12.2011.	24652	35077

Supplement to the balance sheet (continuation)

(39) Next period income

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
Free of charge received base means had been formed that will be referred to PL incomings at the period of base means use.	834	2834	1187	4033
Total	834	2834	1187	4033

(40) Accrued liabilities

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
For services	396874	367023	564701	522229
Accruals for vocations	195015	194387	277481	276587
Total	591889	561410	842182	798816

(41) Transactions with associated parties.

Associated Company or Associated Person	Type of relation	Sold Goods or Provided Services	Acquired Goods or Received Services	Other transactions
		Ls	Ls	Ls
JSC „Remars –Rīga”		161520	1353186	0
JSC „Tosmares Kuģubūvetava”	Assoc.Comp.	339655	260	0
„Remars-Granula” Ltd.	Assoc.Comp.	377	0	554076
„Eiro Constructions” Ltd.		55657	24571	0
“Nortsale Logistics” Ltd.	Related Comp.	1835	0	0
Total		559044	1378017	554076

Associated Company or Associated Person	Type of relation	Sold Goods or Provided Services	Acquired Goods or Received Services	Other transactions
		EUR	EUR	EUR
JSC „Remars –Rīga”		63176	1925410	0
JSC „Tosmares Kuģubūvetava”	Assoc.Comp.	483286	370	0
„Remars-Granula” Ltd.	Assoc.Comp.	536	0	788379
„Eiro Constructions” Ltd.		79193	34961	0
“Nortsale Logistics” Ltd.	Related Comp.	2610	0	0
Total		795448	1960741	788379

Supplement to the balance sheet (continuation)

General remarks

	2011 year Ls	2010 year Ls	2011 year EUR	2010 year EUR
(1) Year average number of employees				
Average number of employees	639	619		
(2) Personnel payments	4843357	4503129	6891476	6407375
- Salary	3925258	3653229	5585139	5198076
- Social tax	918099	849900	1306337	1209299
Total:				
Including:				
Salary of employees working in production (core business)				
- Salary	3462010	3219918	4925996	4581531
- Social tax	811429	750282	1154560	1067555
Total:	4273439	3970200	6080556	5649086
Payment for work of Administration				
- Salary	49689	52846	70701	75193
- Social tax	11846	12671	16855	18029
Total:	61535	65517	87556	93222
Remuneration of the Board				
- Remuneration	238702	215217	339642	306226
- Social tax	56389	51846	80235	73770
Total:	295091	267063	419877	379996
Remuneration of the Council				
- Remuneration	174857	165248	248799	235127
- Social tax	38435	35101	54688	49944
Total:	213292	200349	303487	285071

The annual report of year 2011 pages 1 to 37 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

February 29th, 2012