

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

**“RIGA SHIPYARD” JSC**

***financial statements for 9 months of the year 2012***

***(not audited)***

***Content***

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**Information on the company**

Name of the company	<b>Joint stock company “Riga shipyard”</b>
Legal status	Joint stock company
Incorporation number, place and date	000304589, 5 December 1991, companies register, Riga 40003045892, 26 August 2004, commercial register, Riga
Registered office	2 Gales street, Riga, LV-1015
Stock capital of the enterprise	Ls 11 672 107
Core business of the enterprise	– building and repair of ships, yachts, catamarans, roll trailers and technological equipment – Port services  – Wood processing, manufacturing of furniture designed for various functional purposes etc.
Subsidiary company	Northsale Logistics Limited
Address	No. 1 Cornhill London EC3V 3ND Great Britain (United Kingdom)
Partnership	100 %
Associate enterprise	“Tosmare Shipyard” JSC Reg.No. 42103022837
Address	42/44 Generala Baloza Street, Liepaya
Partnership	49,72%
Associate enterprise	“Remars Granula” SIA Reg.Nr.54103022521
Address	2 Gales street, Riga, LV-1015
Partnership	49,80%

Name, surnames and positions of members of the Board

Vasilijs Melniks	Chairman of the Board,
Igors Komarovs	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 Ustinovs	Deputy Chairman of the Council,
Aleksandrs Cernavskis	Member of the Council,
Jekaterina Melnika	Member of the Council, (appointed on 27.04.2012)
Gaidis Andrejs Zeibots	Member of the Council

Annual report **1 January – 30 September 2012**

Tax authority SRS Large tax payers department

Name and address of an auditor Sworn auditors firm KSIA “ UHY ORIENTS N”  
LSAA certificate No 28  
G.Astras 8b street ,  
Riga, LV-1082  
Latvija

Natalija Zaiceva, LACA certificate. No. 138

***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 September 30th 2012 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***

November 30<sup>st</sup>, 2012

**Profit or Loss statement**

**For the 30<sup>th</sup> of September 2012 and 30<sup>th</sup> of September 2011**

		2012 9 months	2011 9 months	2012 9 months	2011 9 months
		Ls	Ls	EUR	EUR
Net turnover	1	31720484	23691025	45134183	33709292
Sold production operating costs	2	31913061	23256209	45408195	33090604
<b>Gross profit or losses</b>		<b>(192577)</b>	<b>434816</b>	<b>(274012)</b>	<b>618688</b>
Selling costs	3	63538	32249	90406	45886
Administration costs	4	564685	610721	803474	868978
Other enterprise's business activity's income	5	1807045	1214739	2571193	1728418
Other enterprise's business activity's costs	6	1222247	1144716	1739101	1628784
<b>Profit &amp; Losses of business activity's</b>		<b>(236002)</b>	<b>(138131)</b>	<b>(335800)</b>	<b>(196542)</b>
Other percents and the like income	7	9774	49097	13907	69859
Payment of interest and the like costs	8	114011	121605	162223	173028
<b>Profit &amp; Losses prior to extra ordinary items and taxes</b>		<b>(340239)</b>	<b>(210639)</b>	<b>(484116)</b>	<b>(299711)</b>
<b>Profit &amp; loss prior to taxes</b>		<b>(340239)</b>	<b>(210639)</b>	<b>(484116)</b>	<b>(299711)</b>
Income taxes of the enterprise	9	18724	0	26643	0
Other taxes	10	79292	78387	112822	111535
<b>Year of account profit &amp; loss (net income)</b>		<b>(438255)</b>	<b>(289026)</b>	<b>(623581)</b>	<b>(411246)</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**

“Riga shipyard” JSC  
report on period till 30<sup>th</sup> of September 2012

**Balance Sheet at 30<sup>th</sup> September 2012**

ASSETS	Remarks	30.09.2012 Ls	30.09.2011 Ls	30.09.2012 EUR	30.09.2011 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
Other intangible investments		143910	2125	204765	3024
Advance payments of intangible investments			167895		238894
<b><i>Intangible investments in total</i></b>	<b>11</b>	<b>143910</b>	<b>170020</b>	<b>204765</b>	<b>241918</b>
<i>II Fixed assets</i>					
Buildings, constructions, perennial plants		4210446	3953679	5990925	5625578
Long-term investments into leased fixed assets		16487	21348	23459	30375
Equipment and machinery		14165839	14024565	20156173	19955158
Other fixed assets and stock		203266	236841	289221	336994
Up building of fixed assets and unfinished building objects costs		590953	723381	840850	1029278
Advanced payments for fixed assets		3970	2190	5649	3116
<b><i>Fixed assets in total</i></b>		<b>19190961</b>	<b>18962004</b>	<b>27306277</b>	<b>26980499</b>
<i>III Property deposit</i>					
		<b>411485</b>	418691	585490	595744
<b>Fixed assets and property deposit in total</b>	<b>12</b>	<b>19602446</b>	<b>19380695</b>	<b>27891767</b>	<b>27576243</b>
<i>IV Long-term financial investments</i>					
Partnership in capital of related companies	13	2390		3400	
Partnership 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	522450	536470	743379	763328
Loans to copartners of the enterprises and to the directorship	17	302284	312284	430111	444340
Long-term deposit			1447776		2060000
<b><i>Long-term financial investments in total</i></b>		<b>4222247</b>	<b>5691653</b>	<b>6007715</b>	<b>8098493</b>
<b><i>Long-term investments in total</i></b>		<b>23968603</b>	<b>25242368</b>	<b>34104247</b>	<b>35916654</b>
<i>Current assets</i>					
<i>I Reserves</i>					
Raw materials, direct materials and auxiliary materials	18	4173269	4885262	5938027	6951102
Unfinished production	19	1812540	68985	2579012	98157
Unfinished order	20	197696	1275920	281296	1815471
Advance payments for goods	21	125123305	6500531	178034424	9249422
<b><i>Reserves in total</i></b>		<b>131306810</b>	<b>12730698</b>	<b>186832759</b>	<b>18114152</b>
<i>II Debts of debtors</i>					
Debts of buyers and customers	22	3066835	3712610	4363713	5282568
Associated companies debts	23	1147997	910888	1633453	1296077
Other debtors	24	2928629	2815113	4167064	4005544
Short-term loans to share holders and management of the	25	10000	10000	14229	14229
Next period costs	26	45367	33075	64552	47061
Accrued proceeds	27	85220120	13776595	121257306	19602329
<b>Debtors in total</b>		<b>92418948</b>	<b>21258281</b>	<b>131500317</b>	<b>30247808</b>
<i>III Short-term financial investments</i>					
<i>Short-term deposit</i>					
<i>Cash assets</i>					
<b><i>Short-term deposit and cash assets in total</i></b>	<b>28</b>	<b>8574251</b>	<b>1174337</b>	<b>12200060</b>	<b>1670931</b>
<b><i>Current assets in total</i></b>		<b>232300009</b>	<b>35163316</b>	<b>330533136</b>	<b>50032891</b>
<b><i>Assets in total</i></b>		<b>256268612</b>	<b>60405684</b>	<b>364637383</b>	<b>85949545</b>

**Balance Sheet at 30<sup>th</sup> September 2012**

<b>LIABILITIES</b>		Remarks	<b>30.09.2012 Ls</b>	<b>30.09.2011 Ls</b>	<b>30.09.2012 EUR</b>	<b>30.09.2011 EUR</b>
<b>I</b>	<b>Equity capital</b>					
	<b>Stock or share capital (equity capital)</b>	29	11672107	11672107	16607912	16607912
	Overrate reserved of financial fixed assets	30	8473199	8298588	12056273	11807824
	Retained earnings					
	a) previous years retained earnings		3621090	3566130	5152348	5074147
	b) year of account retained earnings		(438255)	(289026)	(623581)	(411246)
	<i>Retained earnings in total</i>		<i>3182835</i>	<i>3277104</i>	<i>4528767</i>	<i>4662901</i>
	<b>Equity capital in total</b>		<b>23328141</b>	<b>23247799</b>	<b>33192952</b>	<b>33078637</b>
<b>II</b>	<b>Reserves</b>					
	<i>Reserves in total</i>					
<b>III</b>	<b>Creditors</b>					
<b>I</b>	<b>Long-term debts</b>					
	Liability of Liability of leasing		95620	139843	136055	198979
	Deferred taxation reserves liabilities		2085456	1982723	2967337	2821161
	<b>Long-term debts in total</b>		<b>2181076</b>	<b>2122566</b>	<b>3103392</b>	<b>3020140</b>
<b>II</b>	<b>Short-term debts</b>					
	Loans from credit institutions	31	3114709	4082725	4431832	5809194
	Liability of leasing	32	9994	10197	14220	14509
	Advance payments received from buyers	33	222971714	28243885	317260166	40187428
	Debts to suppliers and contractors	34	3228483	1763192	4593718	2508796
	Debts to associated companies	35	898		1278	
	Taxes and social insurance payments	36	222006	166221	315886	236511
	Other creditors	37	226206	236568	321862	336607
	Unpaid previous years dividends	38	834	2834	1187	4032
	Next period income	39	24649	24652	35072	35077
	Accrued liabilities	40	959902	505045	1365818	718614
	<b>Short-term creditors in total</b>		<b>230759395</b>	<b>35035319</b>	<b>328341039</b>	<b>49850768</b>
	<b>Creditors in total</b>		<b>232940471</b>	<b>37157885</b>	<b>331444431</b>	<b>52870908</b>
	<b>Liabilities total</b>		<b>256268612</b>	<b>60405684</b>	<b>364637383</b>	<b>85949545</b>

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**

November 30<sup>st</sup>, 2012

“Riga shipyard” JSC  
report on period till 30<sup>th</sup> of September 2012

Cash flow Statement for 9 months of the year 2012 and 2011(as per direct method)

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
<b>A. Cash flow from primary activity</b>				
Sales and service income	147160348	23375165	209390311	33259863
Cash to suppliers, personnel and others primary activity costs	158964603	30293948	226185252	43104405
<b>Gross cash flow from primary activity</b>	<b>(11804255)</b>	<b>(6918783)</b>	<b>(16795941)</b>	<b>(9844542)</b>
Interest paid	114011	121605	162223	173028
Corporate income tax	4076		5799	
Primary activity before extraordinary items	(11922342)	(7040388)	(16963963)	(10017570)
Cash flow from extraordinary items				
<b>Net cash flow from primary activity</b>	<b>(11922342)</b>	<b>(7040388)</b>	<b>(16963963)</b>	<b>(10017570)</b>
<b>B. Cash flow from investment activity</b>				
Related enterprises shares acquisition				
Selling out of shares				
Paid for fixed assets acquisition	257034	433617	365728	616981
Proceeds from tangible and intangible investment sales	19875	72500	28280	103158
Received for the fixed assets sold				
Loans granted		2769		3940
Decrease of long-term deposit		1855473		2640100
Repayment of loans	250	827	355	1177
Interest received	9774	49097	13907	69859
<b>Net cash flow from investment activity</b>	<b>(227135)</b>	<b>1541511</b>	<b>(323186)</b>	<b>2193373</b>
<b>C. Cash flow from financial activities</b>				
Loan received				
Loan repaid	2523227	396318	3590230	563910
Loan received		421682		600000
Expenditure on debt repayment				
Dividend paid	3	7	5	10
<b>Net cash flow from financial activities</b>	<b>2523224</b>	<b>(25371)</b>	<b>3590225</b>	<b>(36100)</b>
Result of currency exchange rates changing	(192601)	(22091)	(274047)	(31433)
<b>Net cash flow and equivalent increase or decrease (A+B+C)</b>	<b>(9818854)</b>	<b>(5546339)</b>	<b>(13970971)</b>	<b>(7891730)</b>
<b>Cash and equivalent thereof at beginning of the period of accounts</b>	<b>18393105</b>	<b>6720676</b>	<b>26171031</b>	<b>9562661</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>8574251</b>	<b>1174337</b>	<b>12200060</b>	<b>1670931</b>

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**

November 30<sup>th</sup>, 2012



**Changes in own capital report for 9 months 2012 and 2011**

Types of changes	Stock or Share Capital		Long-term asset reevaluation reserve		Retained earnings		Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<b>Balance as at 31.12.2010</b>	<b>11672107</b>	<b>16607912</b>	<b>8473199</b>	<b>12056273</b>	<b>3566130</b>	<b>5074147</b>	<b>23711436</b>	<b>33738332</b>
Wear of revaluated part of the equipment			(174611)	(248449)			(174611)	(248449)
Changes in bonds of postponed taxes								
Period of account net profit & loss					(289026)	(411246)	(289026)	(411246)
<b>Balance as at 30.09.2011</b>	<b>11672107</b>	<b>16607912</b>	<b>8298588</b>	<b>11807824</b>	<b>3277104</b>	<b>4662901</b>	<b>23247799</b>	<b>33078637</b>
<b>Balance as at 31.12.2011</b>	<b>11672107</b>	<b>16607912</b>	<b>8473199</b>	<b>12056273</b>	<b>3621090</b>	<b>5152348</b>	<b>23766396</b>	<b>33816533</b>
Wear of revaluated part of the equipment								
Changes in bonds of postponed taxes								
Period of account net profit & loss					(438255)	(623581)	(438255)	(623581)
<b>Balance as at 30.09.2012</b>	<b>11672107</b>	<b>16607912</b>	<b>8473199</b>	<b>12056273</b>	<b>3182835</b>	<b>4528767</b>	<b>23328141</b>	<b>33192952</b>

EPS for 30.09.2012      *LVL (438255) :11672107 =(0,04) LVL or (0,06) EUR;*

EPS for 30.09.2011      *(0,03) LVL or ( 0,05) EUR*

Chairman of the Board

**V. MELNIKS**

Member of the Board

**L.ARTEMENKO**

November 30<sup>th</sup>, 2012

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.09.2012

*Notes mentioned on pages 10<sup>th</sup> - 30<sup>nd</sup> 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 since July 1<sup>st</sup> of year 2011. The sums included in Financial Statements are gained, based on prior costs method. Compared to previous report year the methods used by the Enterprise and the methods of evaluating have not been changed. Profit & Loss calculation has been prepared as per turnover costs scheme. Cash flow statement has been prepared as per direct method. The enclosed financial statements are made in Latvian national currency – lats (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;
- Revenue from shipbuilding - 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;
- dividends – when there is legal basis for them

The revenue from ship repair is recognized based on level of completion. Costs related to repair services contracts are recognized by the moment of their appearance. If it is not possible to estimate believably the result of service contract, the income is recognized just as much as costs arising from the contract are possible to get back. If it is possible to estimate the result and there is a large possibility that contract will result as profit, the income of such contract are recognized during the contract time. If there is possibility that total of contract costs will exceed total of contract incomes, than the expected loss is to be recognized as expenses at once.

#### **(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 (LVL), 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 September 30<sup>st</sup> were as follows:

	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>Ls</b>	<b>Ls</b>
1 USD	0,546	0,516
1 EUR	0,702804	0,702804
1 NOK	0,095	0,0895
1 GBP	0,883	0,807
1 RUB	0,0175	0,0163

#### **(6) Fixed assets and low-grade stock**

Intangible and fixed assets are initially defined at the purchase cost, excluding the wear accumulated. The accusation value includes the expenditures, which are directly related to the acquisition of the fixed asset. 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:

	<b>Depreciation % per annum</b>
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, 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. The reserves are valued at the lowest net sales value, purchase or production first cost.

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 recognized 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**

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

**(17) Savings**

Savings are possible bonds, caused by happening of report year or in previous years and by the moment of preparing the report, probably it will be necessary, that operational goods will flow away and the amount can be quite believably determined. Savings are estimated according to current value of costs, which will be necessary to solve the bonds after valuation.

**(18) 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.

**(19) 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.

**(20) 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.

**(21) 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.

**(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.

**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.

**Percentage risk**

Enterprise is subjected from credit interest rate changing risk.

**Currency risk**

The enterprise is having international operations and it is a subject to foreign currencies risk, which is generally caused by US dollar (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.

**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

**(25) Retraining**

In order to meet post classification for year 2012 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**

	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Shipbuilding	23290838	14778852	33139876	21028412
Ship repair	8361529	8718285	11897384	12405002
Mechanical engineering	25087	182417	35696	259556
Other works	43030	11471	61227	16322
<b>Total</b>	<b>31720484</b>	<b>23691025</b>	<b>45134183</b>	<b>33709292</b>

**(2) Sold products operating costs**

	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Material costs (raw materials and materials, value of goods, services from outside)	27421404	19026706	39017143	27072564
Salary	2646283	2515501	3765321	3579236
Social tax	620011	586942	882196	835143
Depreciation of fixed assets	806029	756448	1146876	1076329
Other costs	419334	370612	596659	527332
<b>Total</b>	<b>31913061</b>	<b>23256209</b>	<b>45408195</b>	<b>33090604</b>

**(3) Selling costs**

	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
<b>Advertisement</b>	63538	32249	90406	45886
<b>Total</b>	<b>63538</b>	<b>32249</b>	<b>90406</b>	<b>45886</b>

**(4) Administration costs**

	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>	<b>9 months</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Liaison costs	12418	14201	17669	20206
Office maintenance costs	1503	714	2139	1016
Salary of administration	35646	35646	50720	50720
Remuneration of the board	186874	177952	265898	253203
Remuneration of the council	122400	135000	174160	192088
Social insurance costs	80255	80247	114193	114181
Depreciation of fixed assets	9951	16995	14159	24182
Transport costs, travel allowances	31111	75016	44267	106738
Legal services	3050	254	4340	361
Assurance	1988	1909	2829	2716
Representation costs	10730	11765	15266	16740
Representation costs of the car	68759	61022	97834	86827
<b>Total</b>	<b>564685</b>	<b>610721</b>	<b>803474</b>	<b>868978</b>



**Supplement to Profit or Loss Statement (continuation)**

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

	<b>2012</b> <b>9 months</b> <b>Ls</b>	<b>2011</b> <b>9 months</b> <b>Ls</b>	<b>2012</b> <b>9 months</b> <b>EUR</b>	<b>2011</b> <b>9 months</b> <b>EUR</b>
Income generated by leased FA payments and public services	748244	697535	1064655	992503
Tugboat services income	90981	189793	129454	270051
Selling out of raw materials and materials	579927	269420	825162	383350
Income generated by education services	846	619	1204	881
Income generated by chemical analyses	14823	16501	21091	23479
Proceeds from previous year	19303	1021	27466	1453
Currency selling income	0	7935	0	11290
Revenue from its creditors a debt write-off	0	2504	0	3563
Agency services	309234	0	440000	0
Loss consideration	0	24680	0	35116
Other income	43687	4731	62161	6732
<b>Total</b>	<b>1807045</b>	<b>1214739</b>	<b>2571193</b>	<b>1728418</b>

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

	<b>2012</b> <b>9 months</b> <b>Ls</b>	<b>2011</b> <b>9 months</b> <b>Ls</b>	<b>2012</b> <b>9 months</b> <b>EUR</b>	<b>2011</b> <b>9 months</b> <b>EUR</b>
Material purchase costs	454533	246345	646742	350517
Losses incurred by currency exchange rate fluctuations	75302	32994	107145	46946
Losses from currency sales	117299	0	166901	0
Medical services	6495	7458	9242	10612
Costs on tugboat services	54683	90676	77807	129020
The donations	4001	4507	5693	6413
Material benefits	40	320	57	455
Burial costs	1634	2046	2325	2911
Net loss incurred by fixed assets’ exclusion	1450	146780	2063	208849
Representation costs	17235	19176	24523	27285
Costs on maintenance of leased FA	488051	428309	694434	609429
Special reserved sum provider for unsecured debts	0	163824	0	233101
Other costs	1524	2281	2169	3246
<b>Total</b>	<b>1222247</b>	<b>1144716</b>	<b>1739101</b>	<b>1628784</b>

**Supplement to Profit or Loss Statement (continuation)**

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

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Depositing percentage	8073	48916	11487	69601
Bank interests	1016	144	1446	205
Interests income for loans	11	37	16	53
Received penalty payments	674	0	958	0
<b>Total</b>	<b>9774</b>	<b>49097</b>	<b>13907</b>	<b>69859</b>

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

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Paid off penalty	141	2035	201	2896
Paid off interests	57304	73644	81536	104786
Guarantee maintenance	56566	45806	80486	65176
State fee	0	120	0	170
<b>Total</b>	<b>114011</b>	<b>121605</b>	<b>162223</b>	<b>173028</b>

**(9) Income taxes of the enterprise**

	2012 year 9 months Ls	2011 year 9 months Ls	2012 year 9 months EUR	2011 year 9 months EUR
Income tax advance payments	18724	0	26643	0
<b>Total</b>	<b>18724</b>	<b>0</b>	<b>26643</b>	<b>0</b>

**(10) Other taxes**

	2012 year 9 months Ls	2011 year 9 months Ls	2012 year 9 months EUR	2011 year 9 months EUR
Real estate tax	79292	78387	112822	111535
<b>Total</b>	<b>79292</b>	<b>78387</b>	<b>112822</b>	<b>111535</b>

**Supplement to Profit or Loss Statement (continuation)**

**(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
<b>Initial value</b>						
01.01.2011	0	0	74372		167895	<b>242267</b>
Purchased						
Relocated						
Written off						
30.09.2011	0	0	74372		167895	<b>242267</b>
<b>Depreciation</b>						
01.01.2011	0	0	68373			<b>68373</b>
Estimated			3874			<b>3874</b>
Written off						
30.09.2011	0	0	72247			<b>72247</b>
<b>Balance value 01.01.2011</b>	<b>0</b>	<b>0</b>	<b>5999</b>		<b>167895</b>	<b>173894</b>
<b>Balance value 30.09.2011</b>	<b>0</b>	<b>0</b>	<b>2125</b>		<b>167895</b>	<b>170020</b>

**(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
<b>Initial value</b>						
01.01.2011	0	0	105822		238894	<b>344716</b>
Purchased						
Written off						
Relocated						
Revaluated						
30.09.2011	0	0	105822		23894	<b>344716</b>
<b>Depreciation</b>						
01.01.2011	0	0	97285			<b>97285</b>
Estimated			5513			<b>5513</b>
Written off						
30.09.2011	0	0	102798			<b>102798</b>
<b>Balance value 01.01.2011</b>	<b>0</b>	<b>0</b>	<b>8537</b>		<b>238894</b>	<b>247231</b>
<b>Balance value 30.09.2011</b>	<b>0</b>	<b>0</b>	<b>3024</b>		<b>238894</b>	<b>241918</b>

**(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
<b>Initial value</b>						
01.01.2012	0	0	242267			<b>242267</b>
Bought						
Relocated						
Written off						
30.09.2012	0	0	242267			<b>242267</b>
<b>Depreciation</b>						
01.01.2012	0	0	72534			<b>72534</b>
Estimated			25823			<b>25823</b>
Written off						
30.09.2012	0	0	98357			<b>98357</b>
<b>Balance value 01.01.2012</b>	<b>0</b>	<b>0</b>	<b>169733</b>			<b>169733</b>
<b>Balance value 30.09.2012</b>	<b>0</b>	<b>0</b>	<b>143910</b>			<b>143910</b>

**(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
<b>Initial value</b>						
01.01.2012	0	0	344716			<b>344716</b>
Bought						
Written off						
Relocated						
Revaluated						
30.09.2012	0	0	344716			<b>344716</b>
<b>Depreciation</b>						
01.01.2012			103207			<b>103207</b>
Estimated			36744			<b>36744</b>
30.09.2012	0	0	139951			<b>139951</b>
<b>Balance value 01.01.2012</b>	<b>0</b>	<b>0</b>	<b>241508</b>			<b>241508</b>
<b>Balance value 30.09.2012</b>	<b>0</b>	<b>0</b>	<b>204765</b>			<b>204765</b>

**Supplement to Profit or Loss Statement (continuation)**

**(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
<b>Initial value</b>								
<b>01.01.2011</b>	<b>6359468</b>	<b>555836</b>	<b>363</b>	<b>19915170</b>	<b>965050</b>	<b>227462</b>	<b>4758</b>	<b>28028107</b>
Purchased	70201	2138	20985	488878	11803	1068939	49586	<b>1712530</b>
Written off				265684	8554	573020	52154	<b>899412</b>
Relocated								
<b>30.09.2011</b>	<b>6429669</b>	<b>557974</b>	<b>21348</b>	<b>20138364</b>	<b>968299</b>	<b>723381</b>	<b>2190</b>	<b>28841225</b>
<b>Depreciation</b>								
<b>01.01.2011</b>	<b>2333829</b>	<b>119556</b>		<b>5612851</b>	<b>684452</b>			<b>8750688</b>
Estimated	142161	19727		397031	53401			<b>612320</b>
Written off				70694	6395			<b>77089</b>
Relocated				174611				<b>174611</b>
<b>30.09.2011</b>	<b>2475990</b>	<b>139283</b>		<b>6113799</b>	<b>731458</b>			<b>9460530</b>
<b>Balance value 01.01.2011</b>	<b>4025639</b>	<b>436280</b>	<b>363</b>	<b>14302319</b>	<b>280598</b>	<b>227462</b>	<b>4758</b>	<b>19277419</b>
<b>Balance value 30.09.2011</b>	<b>3953679</b>	<b>418691</b>	<b>21348</b>	<b>14024565</b>	<b>236841</b>	<b>723381</b>	<b>2190</b>	<b>19380695</b>

**(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
<b>Initial value</b>								
<b>01.01.2011</b>	<b>9048708</b>	<b>790883</b>	<b>516</b>	<b>28336734</b>	<b>1373143</b>	<b>323648</b>	<b>6770</b>	<b>39880402</b>
Purchased	99887	3042	29859	695611	16794	1520963	70555	<b>2436711</b>
Written off				378035	12172	815333	74209	<b>1279749</b>
Relocated								
<b>30.09.2011</b>	<b>9148595</b>	<b>793925</b>	<b>30375</b>	<b>28654310</b>	<b>1377765</b>	<b>1029278</b>	<b>3116</b>	<b>41037364</b>
<b>Depreciation</b>								
<b>01.01.2011</b>	<b>3320740</b>	<b>170113</b>		<b>7986369</b>	<b>973888</b>			<b>12451110</b>
Estimated	202277	28068		564924	75982			<b>871251</b>
Written off				100590	9099			<b>109689</b>
Relocated				248449				<b>248449</b>
<b>30.09.2011</b>	<b>3523017</b>	<b>198181</b>		<b>8699152</b>	<b>1040771</b>			<b>13461121</b>
<b>Balance value 01.01.2011</b>	<b>5727968</b>	<b>620770</b>	<b>516</b>	<b>20350365</b>	<b>399255</b>	<b>323648</b>	<b>6770</b>	<b>27429292</b>
<b>Balance value 30.09.2011</b>	<b>5625578</b>	<b>595744</b>	<b>30375</b>	<b>19955158</b>	<b>336994</b>	<b>1029278</b>	<b>3116</b>	<b>27576243</b>

**Supplement to Profit or Loss Statement (continuation)**

**(12) Report on long-term investments movement LVL**

	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
<b>Initial value</b>								
<b>01.01.2012</b>	<b>6842006</b>	<b>576395</b>	<b>16487</b>	<b>20495036</b>	<b>983153</b>	<b>295020</b>	<b>18567</b>	<b>29226664</b>
Bought	38150	1143		512630	17305	865161	103111	<b>137500</b>
Written off				31023	55	569228	117708	<b>718014</b>
Relocated								
<b>30.09.2012</b>	<b>6880156</b>	<b>577538</b>	<b>16487</b>	<b>20976643</b>	<b>1000403</b>	<b>590953</b>	<b>3970</b>	<b>30046150</b>
<b>Depreciation</b>								
<b>01.01.2012</b>	<b>2522476</b>	<b>145860</b>		<b>6265738</b>	<b>748724</b>			<b>9682798</b>
Estimated	147234	20193		574264	48468			<b>790159</b>
Written off				29198	55			<b>29253</b>
Relocated								
<b>30.09.2011</b>	<b>2669710</b>	<b>166053</b>		<b>6810804</b>	<b>797137</b>			<b>10443704</b>
<b>Balance value 01.01.2012</b>	<b>4319530</b>	<b>430535</b>	<b>16487</b>	<b>14229298</b>	<b>234429</b>	<b>295020</b>	<b>18567</b>	<b>19543866</b>
<b>Balance value 30.09.2012</b>	<b>4210446</b>	<b>411485</b>	<b>16487</b>	<b>14165839</b>	<b>203266</b>	<b>590953</b>	<b>3970</b>	<b>19602446</b>

**(12) Fixed assets (EUR)**

	Buildings, constructions	Investment assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction	Advance Payment for FA	Total
<b>Initial value</b>								
<b>01.01.2012</b>	<b>9735298</b>	<b>820136</b>	<b>23459</b>	<b>29161809</b>	<b>1398901</b>	<b>419775</b>	<b>26419</b>	<b>41585797</b>
Bought	54282	1626	0	729407	24623	1231013	146714	<b>2187665</b>
Written off				44142	79	809938	167484	<b>1021643</b>
Relocated								
<b>30.09.2012</b>	<b>9789580</b>	<b>821762</b>	<b>23459</b>	<b>29847074</b>	<b>1423445</b>	<b>840850</b>	<b>5649</b>	<b>42751819</b>
<b>Depreciation</b>								
<b>01.01.2012</b>	<b>3589160</b>	<b>207540</b>	<b>0</b>	<b>8915343</b>	<b>1065338</b>	<b>0</b>	<b>0</b>	<b>13777381</b>
Estimated	209495	28732	0	817104	68965	0	0	<b>1124296</b>
Written off				41546	79			<b>41625</b>
Relocated								
<b>30.09.2012</b>	<b>3798655</b>	<b>236272</b>	<b>0</b>	<b>9690901</b>	<b>1134224</b>	<b>0</b>	<b>0</b>	<b>14860052</b>
<b>Balance value 01.01.2012</b>	<b>6146138</b>	<b>612596</b>	<b>23459</b>	<b>20246466</b>	<b>333563</b>	<b>419775</b>	<b>26419</b>	<b>27808416</b>
<b>Balance value 30.09.2012</b>	<b>5990925</b>	<b>585490</b>	<b>23459</b>	<b>20156173</b>	<b>289221</b>	<b>840850</b>	<b>5649</b>	<b>27891767</b>

**Supplement to the balance sheet (continuation)**

**(13) Partnership in capital of related companies**

	30.09.2012 Ls	Share capital %	30.09.2011. Ls	Share capital %	30.09.2012. EUR	30.09.2011. EUR
Northsale Logistics Limited	2390	100	0	0	3400	0
<b>Investments</b>	<b>2390</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>3400</b>	<b>0</b>

**(14) Partnership in capital of associated companies**

	30.09.2012. Ls	Share capital (%)	30.09.2011. Ls	Share capital (%)	30.09.2012 EUR	30.09.2011 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
<b>Investments</b>	<b>3394958</b>		<b>3394958</b>		<b>4830590</b>	<b>4830590</b>

**(15) Other equities and investments**

Name enterprise	Parts or shares value		30.09.2012			30.09.2011		
	2012	2011	Quantity	Ls	EUR	Quantity	Ls	EUR
"Baltic International Bank" JSC	5	5	33	165	235	33	165	235
<b>Total</b>	<b>5</b>	<b>5</b>	<b>33</b>	<b>165</b>	<b>235</b>	<b>33</b>	<b>165</b>	<b>235</b>

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

	2012 year 9 months Ls	2011 year 9 months Ls	2012 year 9 months EUR	2011 year 9 months EUR
Student loan payout	68988	68009	98162	96768
Shares loan payout	453462	468461	645217	666560
<b>Total</b>	<b>522450</b>	<b>536470</b>	<b>743379</b>	<b>763328</b>

**Supplement to the balance sheet (continuation)**

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

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Long-term loans	302284	312284	430111	444340
<b>Total</b>	<b>302284</b>	<b>312284</b>	<b>430111</b>	<b>444340</b>

	Ls	Euro
<b>Copartners and directorship</b>		
Including: Long-term	302284	430111
Short-term	10000	14229
<b>30.09.2012</b>	<b>312284</b>	<b>444340</b>

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

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

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
1. Metal ware	57320	63110	81559	89797
2. Timbering	7461	2758	10616	3924
3. Metal, non-ferrous metals, pipes	2465922	2162804	3508691	3077393
4. Wire cables	148	5600	211	7968
5. Fuel	8495	7636	12087	10865
6. Coveralls	9301	8529	13234	12136
7. Equipment	110953	499623	157872	710899
8. Cables	92434	76552	131522	108924
9. Varnish and paint	87855	57227	125006	81427
10. Household goods	866	5375	1232	7648
11. Technical rubber ware	1248	13226	1776	18819
12. Other	1331266	1982822	1894221	2821302
<b>Total</b>	<b>4173269</b>	<b>4885262</b>	<b>5938027</b>	<b>6951102</b>

**(19) Unfinished production**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Shipbuilding orders	1812540	68985	2579012	98157
<b>Total</b>	<b>1812540</b>	<b>68985</b>	<b>2579012</b>	<b>98157</b>

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**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
1) Ship repair orders	180706	1256845	257121	1788329
2) Mechanical engineering orders	14242	12724	20265	18105
3) Various	2748	6351	3910	9037
<b>Total</b>	<b>197696</b>	<b>1275920</b>	<b>281296</b>	<b>1815471</b>

**(21) Advance payments for goods**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
For goods	125123305	6500531	178034424	9249422
<b>Total</b>	<b>125123305</b>	<b>6500531</b>	<b>178034424</b>	<b>9249422</b>

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

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Buyers and customers accounting value	3171135	4090726	4512119	5820579
Generated reserves for doubtful debtors	(104300)	(378116)	(148406)	(538011)
<b>Balance net value</b>	<b>3066835</b>	<b>3712610</b>	<b>4363713</b>	<b>5282568</b>

**(23) Associated companies debts**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
“Tosmares kuģu būvētava” JSC debt for service and materials	282777	42896	402355	61036
SIA “Remars Granula” debt for service	959	12917	1365	18379
SIA “Remars Granula” debt for credit*	323102	313916	459733	446662
SIA “Remars Granula” debt for credit According to assignment agreement **	541159	541159	770000	770000
<b>Total</b>	<b>1147997</b>	<b>910888</b>	<b>1633453</b>	<b>1296077</b>

\*According to the agreement the “Borrower” pays percentage at the end of the loan return.

\*\* the debt is secured by a pledge

**Supplement to the balance sheet (continuation)**

**(24) Other debtors**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Accounting value	2936108	2822592	4177705	4016185
Generated reserves	(7479)	(7479)	(10641)	(10641)
<b>Balance net value</b>	<b>2928629</b>	<b>2815113</b>	<b>4167064</b>	<b>4005544</b>

Other debtors debts are as following:

Accounted VAT	425	425	605	605
Overpaid taxes				
Value added tax	609807	469041	867677	667385
Enterprise income tax	8392	45751	11941	65098
Social insurance payments				
Payments personal debts	401	670	571	953
Payment of salary	338		480	
Short-term loans for “Tosmares kuģubūvetava” JSC’S shares	14941	14941	21261	21259
Advance payment of service	2149356	2283154	3058257	3248635
Account with other debtors	144969	1131	206272	1609
<b>Total</b>	<b>2928629</b>	<b>2815113</b>	<b>4167064</b>	<b>4005544</b>

**(25) Short-term loans to the enterprise’s share holders and management**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
<b>Total</b>	<b>10000</b>	<b>10000</b>	<b>14229</b>	<b>14229</b>

**(26) Next period costs**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Enterprise’s property insurance premium sum	16639	4727	23675	6726
Subscription to the press	278	330	396	470
Check of floating means	0	2072	0	2948
Expenses for repair of the rented basic means	7624	1215	10848	1729
Advertisements	139	297	198	423
Costs of Representative cars	5978	5978	8506	8506
Exhibition	925	2509	1316	3570
Others	13784	15947	19613	22689
<b>Total</b>	<b>45367</b>	<b>33075</b>	<b>64552</b>	<b>47061</b>

**Supplement to the balance sheet (continuation)**

**(27) Accrued proceeds**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Shipbuilding	84360563	13776595	120034267	19602329
Ship repairs	859557	0	1223039	0
<b>Total</b>	<b>85220120</b>	<b>13776595</b>	<b>121257306</b>	<b>19602329</b>

**(28) Cash assets**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Short –term deposit				
Money at a cash department	3061	2506	4355	3566
Money on current accounts	3514298	36802	5000396	52365
Other money means*	5056892	1135029	7195309	1615000
<b>Total</b>	<b>8574251</b>	<b>1174337</b>	<b>12200060</b>	<b>1670931</b>

\* Deposits up to 90 days

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

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

The joint stock company is public and its shares are quoted on exchange market A/S NASDAQ OMX SECOND LIST. 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 Statutes:

1. Growth of the equity capital up to Ls 11 000 000 on 30 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 30.09.2012**

	31.09.2012 Ls	%	31.09.2011 Ls	%	2012 year EUR	2011 year EUR
“Remars-Rīga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	1957952	16.77	2258286	28.57	2785915	3213251
Private personae	3894961	33.37	3594627	21.57	5542030	5114694
<b>Total</b>	<b>11672107</b>	<b>100</b>	<b>11672107</b>	<b>100</b>	<b>16607912</b>	<b>16607912</b>

**Supplement to the balance sheet (continuation)**

**(30) Long term investments revaluation reserves**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
	8473199	8298588	12056273	11807824
<b>Total</b>	<b>8473199</b>	<b>8298588</b>	<b>12056273</b>	<b>11807824</b>

Revaluation reserve was established due to revaluation of floating docks, by certified external evaluator.

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

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
	3114709	4082725	4431832	5809194
<b>Total</b>	<b>3114709</b>	<b>4082725</b>	<b>4431832</b>	<b>5809194</b>

The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA and Overdraft agreement No2012-187-OD with JSC “Nordea Bank Finland Plc.” On September 30<sup>st</sup> 2012 2 floating docks, two floating cranes, 14 portal cranes one running new building project and debtor debts had been pawned as a guarantee to the received loan.

**(32) Liability of leasing**

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
Long-term	95620	139843	136055	198979
Short-term	9994	10197	14220	14509
<b>Total</b>	<b>105614</b>	<b>150040</b>	<b>150275</b>	<b>213488</b>

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

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

	2012 9 months Ls	2011 9 months Ls	2012 9 months EUR	2011 9 months EUR
For shipbuilding	222445742	25966304	316511776	36946722
For ship repair	392758	177658	558844	252785
Others	133214	2099923	189546	2987921
<b>Total</b>	<b>222971714</b>	<b>28343885</b>	<b>317260166</b>	<b>40187428</b>

**Supplement to the balance sheet (continuation)**

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

	<b>2012</b> <b>9 months</b> Ls	<b>2011</b> <b>9 months</b> Ls	<b>2012</b> <b>9 months</b> EUR	<b>2011</b> <b>9 months</b> EUR
Debts for services	1695125	82978	2411946	118067
Debts for materials	1533358	1680214	2181772	2390729
<b>Total</b>	<b>3228483</b>	<b>1763192</b>	<b>4593718</b>	<b>2508796</b>

**(35) Debts to associated companies**

	<b>2012 year</b> <b>9 months</b> Ls	<b>2011 year</b> <b>9 months</b> Ls	<b>2012 year</b> <b>9 months</b> EUR	<b>2011 year</b> <b>9 months</b> EUR
“Tosmare Shipyard” JSC	898	0	1278	0
<b>Total</b>	<b>898</b>	<b>0</b>	<b>1278</b>	<b>0</b>

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

	<b>2012</b> <b>9 months</b> Ls	<b>2011</b> <b>9 months</b> Ls	<b>2012</b> <b>9 months</b> EUR	<b>2011</b> <b>9 months</b> EUR
Social insurance payments	109506	91918	155813	130788
Residents income tax	101641	65949	144622	93837
Risk tax	156	179	222	255
Natural resources tax	10703	8175	15229	11631
<b>Total</b>	<b>222006</b>	<b>166221</b>	<b>315886</b>	<b>236511</b>

**(37) Other creditors**

	<b>2012</b> <b>9 months</b> Ls	<b>2011</b> <b>9 months</b> Ls	<b>2012</b> <b>9 months</b> EUR	<b>2011</b> <b>9 months</b> EUR
Salary	198037	215398	281781	306484
Payments for deductions from salary	601	976	855	1389
Payments by return to personae	519	2254	738	3207
Payments for credit cards	1630	3852	2319	5481
Payments for debts to other enterprises	25419	14088	36169	20045
<b>Total</b>	<b>226206</b>	<b>236568</b>	<b>321862</b>	<b>336606</b>

**Supplement to the balance sheet (continuation)**

**(38) Next period income**

	<b>2012</b> <b>9 months</b> <b>Ls</b>	<b>2011</b> <b>9 months</b> <b>Ls</b>	<b>2012</b> <b>9 months</b> <b>EUR</b>	<b>2011</b> <b>9 months</b> <b>EUR</b>
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	4032
<b>Total</b>	<b>834</b>	<b>2834</b>	<b>1187</b>	<b>4032</b>

**(39) Unpaid previous years dividends**

	<b>Ls</b>	<b>EUR</b>
<b>31.12.2011.</b>	<b>24652</b>	<b>35077</b>
Calculated		
Paid off	3	5
<b>30.09.2012.</b>	<b>24649</b>	<b>35072</b>

**(40) Accrued liabilities**

	<b>2012</b> <b>9 months</b> <b>Ls</b>	<b>2011</b> <b>9 months</b> <b>Ls</b>	<b>2012</b> <b>9 months</b> <b>EUR</b>	<b>2011</b> <b>9 months</b> <b>EUR</b>
For services	764887	310658	1088337	442026
Accruals for vocations	195015	194387	277481	276588
<b>Total</b>	<b>959902</b>	<b>505045</b>	<b>1365818</b>	<b>718614</b>

**(41) Out of balance obligations**

The enterprise has concluded agreements for land and pier lease with Riga Free Port authority. The agreement is valid through On August 31<sup>st</sup> year 2028. The Enterprise has the priority to extend the agreement term.

The report for 9 month of 2012 pages 1 to 30 we approve:

Chairman of the Board	<b>V. MELNIKS</b>
Member of the Board	<b>I.KOMAROVS</b>
Member of the Board	<b>L.ARTEMENKO</b>
Member of the Board	<b>I.RUDZATE</b>
Member of the Board	<b>E.BUKS</b>

November 30<sup>th</sup>, 2012