

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

“RIGA SHIPYARD” JSC
annual report
(not audited)
On period till December 31st 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	Northsale Logistics Limited (until 28.12.2012)
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,	(until 04.03.2013)
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 – 31 December 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

**“Riga Shipyard” JSC Board of Directorship statement to
2012 annual report**

During the year 2012 JSC’s “Riga Shipyard” total net turnover made up 184 211 275 LVL, including shipbuilding – 174 281 463 LVL, ship repairing – 9 808 704 LVL (compared to the year 2011 – 98 601 720 LVL, including ship building –86 799 306 LVL, ship repairing – 11 573 115 LVL).

In total there were 60 ships repaired in 2012 (compared to year 2011 – 64 ships were repaired) and 5 hulls were built and launched (if compared to year 2011 there were 6 hulls).

There were built and delivered to the owners:

- The second and the third out of five patrol ships was delivered to Ministry of Defense of Latvia - patrol ship “CESIS” and patrol ships “VIESĪTE”, which has been completely built by specialists of JSC “Riga Shipyard”.
- Two out of five floating restaurants for Russia: “BUTTERFLY” and “PRIMAVERA”.
- Self elevating floating oil rig for Ukrainian National Joint Stock Company “Chornomornaftogaz”.

Due to currency rate lowering for US dollar (USD) (from 0,544 on 31.12.2011 to 0,531 on 31.12.2012) gross losses of enterprise made up to 2 998 311 LVL in 2012 (in 2011. gross profit made up to 3 680 98 LVL) in its turn net profit in year 2012 is 154 885 LVL (to compare net profit in year 2011 was 54 960 LVL)

There were no significant changes in list of suppliers for products and services, as well as for raw material suppliers in 2012 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 year 2012 JSC “Riga Shipyard” made investments for purchase and reconstruction of fixed assets in amount of 976,9 thousand lats (in year 2011 JSC “Riga Shipyard” made investments for 1,372 thousand lats). There were nine air heaters purchased which are very essential to create the micro climate in workshop on Dock 2, what allows to do the painting jobs in winter conditions.

To continue sustaining the competitiveness and the quality of fulfilled jobs it has been purchased the hydraulic key YTS-04 and welding equipment LORCH P3000, the device for noise measurements, wash device ALFA CIP, frontal loader NISSAN, frontal loader STILL, two more air compressors. The overhauls of workshops, floating docks, portal cranes, tug boats and other fixed assets are still going on.

Also the construction of compressor station KS 3 has been started, it is very essential for producing pressed air not lower than 8bar, due to effective peel of the ship hulls in docks.

Reconstruction of Block no. 2 in Span no. 3 to use the covered, heated premises for production of metal construction and completing maximum of orders.

Cogeneration plant has been put in exploitation, which has been very helpful in

decreasing the costs of enterprises heat supplies

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.

It is planned in year 2013 to sustain with the direction of development, paying special attention to decrease to environment pollution, to invest in enterprises production devices, which means the modernization of all of the production process, which must be very helpful to improve the competitiveness of the Enterprise in its own market share. Due to decrease of amounts in Ship repair the management has made a decision on restructuring and is keen to find new field of activities and market shares.

**JSC “Riga Shipyard”
Chairman of the Board**
April 16th, 2013

_____ **V. Melnik**

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, 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**

April 16th, 2013

Profit or Loss statement
For the years ending 31st of December 2012 and 31st of December 2011

		2012	2011	2012	2011
		Ls	Ls	EUR	EUR
Net turnover	1	184211275	98601720	262109030	140297607
Sold production operating costs	2	187209586	94920731	266375242	135060033
Gross profit or losses		(2998311)	3680989	(4266212)	5237574
Selling costs	3	89409	67144	127218	95537
Administration costs	4	739887	836399	1052764	1190090
Other enterprise's business activity's income	5	5805713	2197354	8260785	3126553
Other enterprise's business activity's costs	6	1474830	4624360	2098494	6579871
Profit & Losses of business activity's		503276	350440	716097	498629
Other percents and the like income	7	20583	96282	29287	136997
Payment of interest and the like costs	8	166057	149608	236278	212870
Profit & Losses prior to extra ordinary items and taxes		357802	297114	509106	422756
Profit & loss prior to taxes		357802	297114	509106	422756
Income taxes of the enterprise	9(a)	87337	34620	124269	49261
Deferred income		(6583)	102733	(9367)	146175
Other taxes	10	122163	104801	173822	149119
Year of account profit & loss (net income)		154885	54960	220382	78201
Profit per share		0.02	0.01	0.03	0.02

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

Balance Sheet at 31 December 2012

ASSETS		Remarks	31.12.2012 Ls	31.12.2011 Ls	31.12.2012 EUR	31.12.2011 EUR
<i>Long-term investments</i>						
I	Intangible investments					
	Other intangible investments		135318	169733	192540	241509
	Advance payments of intangible investments					
	Intangible investments in total	11	135318	169733	192540	241509
II	Fixed assets					
	Buildings, constructions, perennial plants		4367303	4319530	6214113	6146138
	Long-term investments into leased fixed assets		11657	16487	16587	23459
	Equipment and machinery		13993676	14229298	19911207	20246466
	Other fixed assets and stock		192768	234429	274284	333563
	Up building of fixed assets and unfinished building objects costs		644375	295020	916862	419775
	Advanced payments for fixed assets		3970	18567	5650	26419
	Fixed assets in total		19213749	19113331	27338703	27195820
III	Property deposit		416324	430535	592376	612596
	Fixed assets and property deposit in total	12	19630073	19543866	27931079	27808416
IV	Long-term financial investments					
	Partnership in capital of associated companies		0	2390	0	3400
	Partnership in capital of associated companies	13	3394958	3394958	4830590	4830590
	Other equities and investments	14	165	165	235	235
	Other loans and other long-term debtors	15	505880	522699	719802	743731
	Loans to copartners of the enterprises and to the directorship	16	292284	302284	415882	430111
	Long-term financial investments in total		4193287	4222496	5966509	6008067
	Long-term investments in total		23958678	23936095	34090128	34057992
<i>Current assets</i>						
I	Reserves					
	Raw materials, direct materials and auxiliary materials	17	5307784	4503459	7552298	6407845
	Unfinished production	18	1064760	1014246	1515017	1443142
	Unfinished order	19	134615	753888	191540	1072686
	Advance payments for goods	20	3172170	5096230	4513591	7251282
	Reserves in total		9679329	11367823	13772446	16174955
II	Debts of debtors					
	Debts of buyers and customers	21	3245443	2340723	4617850	3330549
	Associated companies debts	22	1194294	1384080	1699327	1969369
	Other debtors	23	2644070	1356962	3762170	1930780
	Short-term loans to share holders and management of the company	24	20000	10000	28458	14229
	Next period costs	25	34810	39164	49530	55725
	Accrued proceeds	26	13453271	84306613	19142280	119957504
	Debtors in total		20591888	89437542	29299615	127258156
III	Short-term financial investments					
IV	Short-term deposit and cash assets in total	27	23660357	18393105	33665655	26171031
	Current assets in total		53931574	119198470	76737716	169604142
	Assets in total		77890252	143134565	110827844	203662134

Balance Sheet at 31 December 2012

LIABILITIES		Remarks	31.12.2012 Ls	31.12.2011 Ls	31.12.2012 EUR	31.12.2011 EUR
I	Equity capital					
	Stock or share capital (equity capital)	28	11672107	11672107	16607912	16607912
	Overrate reserved of financial fixed assets	29	8473199	8473199	12056273	12056273
	Retained earnings					
	a) previous years retained earnings		3621090	3566130	5152348	5074147
	b) year of account retained earnings		154885	54960	220382	78201
	<i>Retained earnings in total</i>		<i>3775975</i>	<i>3621090</i>	<i>5372730</i>	<i>5152348</i>
	Equity capital in total		23921281	23766396	34036915	33816533
II	Reserves	30	55000	0	78258	0
	<i>Reserves in total</i>		55000	0	78258	0
III	Creditors					
I	Long-term debts					
	Liability of Liability of leasing		41618	95620	59217	136055
	Deferred taxation reserves liabilities	9b	2078873	2085456	2957970	2967334
	Long-term debts in total		2120491	2181076	3017187	3103389
II	Short-term debts					
	Loans from credit institutions	31	3705567	591482	5272547	841603
	Liability of leasing	32	48113	42420	68459	60358
	Advance payments received from buyers	33	22281982	113765371	31704404	161873539
	Debts to suppliers and contractors	34	24507930	1877743	34871642	2671789
	Debts to associated companies	35	8579	0	12207	0
	Taxes and social insurance payments	36	224228	105618	319048	150279
	Other creditors	37	197450	228313	280946	324864
	Unpaid previous years dividends	38	24649	24652	35072	35077
	Next period income		0	834	0	1187
	Accrued liabilities	39	794983	550660	1131159	783516
	Short-term creditors in total		51793481	117187093	73695484	166742212
	Creditors in total		53913972	119368169	76712671	169845601
	Liabilities total		77890252	143134565	110827844	203662134

Chairman of the Board

V. MELNIKS

Member of the Board

I.KOMAROVS

Member of the Board

L.ARTEMENKO

Member of the Board

E.BUKS

April 16th, 2013

Cash flow Statement for 12 months of the year 2012 and 2011

	2012 Ls	2011 Ls	2012 EUR	2011 EUR
A Cash flow from primary activity				
Sales and service income	182195180	117700961	259240386	167473379
Cash to suppliers, personnel and others primary activity costs	179239769	103940582	255035215	147894124
Gross cash flow from primary activity	2955411	13760379	4205171	19579255
Interest paid	163258	155352	232295	221046
Costs on Corporate income tax payments	4076	0	5800	0
Primary activity before extraordinary items	2788077	13605027	3967076	19358209
Cash flow from extraordinary items				
Net cash flow from primary activity	2788077	13605027	3967076	19358209
B Cash flow from investment activity				
Related enterprises shares acquisition	0	2390	0	3400
Selling out of shares	0	25000	0	35572
Paid for fixed assets acquisition	308976	654567	439633	931365
Received for the fixed assets sold	20696	67731	29448	96373
Loans granted	0	916519	0	1304089
Decrease of long-term deposit	0	1855473	0	2640100
Repayment of loans	250	914547	356	1301282
Interest received	20224	96282	28776	136997
Net cash flow from investment activity	(267806)	1385557	(381053)	1971470
C Cash flow from financial activities				
Loan received	3114085		4430945	
Expenses on return of the loan		3516607		5003681
Charges for leased assets acquisition	24825	16055	35323	22844
Dividend paid	3	7	5	10
Net cash flow from financial activities	3089257	(3532669)	4395617	(5026535)
Result of currency exchange rates changing	(342276)	214514	(487016)	305226
Net cash flow and equivalent increase or decrease (A+B+C)	5267252	11672429	7494624	16608370
Cash and equivalent thereof at beginning of the period of accounts	18393105	6720676	26171031	9562661
Cash and equivalent thereof at the end of the period of account	23660357	18393105	33665655	26171031

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

April 16th, 2013

Changes in own capital report for 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
Balance as at 31.12.2010	11672107	16607912	8473199	12056273	3566130	5074147	23711436	33738332
Wear of revaluated part of the equipment								
Changes in bonds of postponed taxes								
Period of account net profit & loss					54960	78201	54960	78201
Balance as at 31.12.2011	11672107	16607912	8473199	12056273	3621090	5152348	23766396	33816533
Wear of revaluated part of the equipment								
Changes in bonds of postponed taxes								
Period of account net profit & loss					154885	220382	154885	220382
Balance as at 31.12.2012	11672107	16607912	8473199	12056273	3775975	5372730	23921281	34036915

EPS for 31.12.2012. $LVL\ 154885 : 11672107 = 0,02\ LVL\ or\ 0,03\ EUR$;
EPS for 31.12.2011. $0,01\ LVL\ or\ 0,02\ EUR$

Chairman of the Board

V. MELNIKS

Member of the Board

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April 16th, 2013

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.12.2012.

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. The sums included in Financial Statements are gained, based on prior costs method. Compared to 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).According to Enterprises order No 112 as of November 30th 2012, 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;
- 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.

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

	31.12.2012	30.12.2011
	Ls	Ls
1 USD	0,531	0,544
1 EUR	0,702804	0,702804
1 NOK	0,0951	0,0903
1 GBP	0,857	0,84
1 RUB	0,0174	0,017

(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:

Depreciation % per annum

Buildings	2-15
Other buildings and constructions	3,5 - 20
Technological equipment	5-50
Other fixed assets and stock	10-40

Wear of basic means begins to count from the first date of the next month after its delivery to exploitation and is finished by the first date of the next after its exclusion from the basic means.

Company capitalizes permanent assets with value more than Ls 100 and time of valid usage is more than 1 year. Increased value of revaluing permanent assets is reflected as moving towards long-term investments revaluation reserve. It is attributed to the dissolution of permanent assets in the calculation of profits, incomes losses.

In case of the obvious evident that as a result of fixed asset’s repair and reconstruction in the future the economical achieved effect would be higher that the primary defined output then such investments are capitalized as an additional cost of fixed assets staff. With capitalization of the spare parts installation expense the remaining cost of exchange spare parts is written off to the profit or losses account.

Net profit or losses from fixed assets disposal is calculated as the difference between fixed assets balanced value and income received from the sales and defined in the income or loss calculation of the period where they had occurred from.

To calculate enterprise’s income tax the depreciation of the fixed assets was estimated pursuant to rates and requirements under article 13 of LR law “On enterprises’ income tax”.

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

(7) Property deposits

Investment property is buildings, constructions and their parts that the Company owns (as owner or renter acc. to financial leasing) to get rent or to wait prices rising (appreciation), but not to use for production of goods, providing a services, for administrative purposes or to sell in course of economic activity.

(8) Affiliated undertaking deposits.

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

(9) Other long-term investments.

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

(10) Reserves

Raw materials, materials and goods subject to sale were booked at the purchase price, including costs related to

purchase, and were accounted as per FIFO methods. Sum of Illiquid assets', stored in the enterprise's warehouses, in comparison to total commodity stock was not essential. 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. According to this method the company determines the level of completion as the expenditures related to the performance of contract on the date of Balance sheet as per total forecasted costs of completion of whole contract and expressing this value in percentage.

The income related to contract is in line with the costs in respective years of Report, during which the contracted jobs have been made for completion of Project. In Profit or Loss statement it is reflected in parts a related to the contract income or expenditures, which can be corresponded to completed part of contracted jobs on year of report respectively. If it is expectable, that total expenditures will be more than its total income, the estimated loss amount must be included in Profit or Loss Statements part of the respective costs for the report year it is found. The orders 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 2012.

(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 2012 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

Information on segments.

Management defined the following kinds of industrial works:

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

(1) Net turnover

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
(a)				
Shipbuilding	174281463	86799306	247980181	123504285
Ship repair	9808704	11573115	13956528	16467059
Mechanical engineering	67444	197496	95964	281011
Other works	53664	31803	76357	45252
Total	184211275	98601720	262109030	140297607
(b)				
Latvia	12251418	8058566	17432197	11466307
Russia	1467982	1311443	2088750	1866015
Great Britain	21857	0	31100	0
Norway	4518981	7607356	6429931	10824291
Cyprus	1372855	1345887	1953397	1915025
Belize	14232	0	20250	0
Malta	1272153	3395263	1810111	4831024
Panama	441145	336832	627693	479269
Liberia	843995	0	1200897	0
Sweden	818601	1489599	1164764	2119508
Finland	1411325	1228151	2008135	1747501
Iceland	23594	136851	33571	194721
Denmark	29800	13485	42402	19187
The Netherlands	162973	15335	231890	21820
St Vincent	0	418283	0	595163
Cambodia	0	893129	0	1270808
Antigua and Barbuda	69123	742576	98353	1056590
Mauritius	622351	0	885526	0
Marshall Island	170758	128689	242967	183108
Estonia	171352	40763	243812	58000
St.Kitts&Nevis	0	40439	0	57540
Italy	261999	185020	372791	263260
Singapore	0	572978	0	815274
Croatia	208135	0	296149	0
Belgium	917629	1049004	1305668	1492598
Lithuania	0	12111	0	17232
Israel	9883147	2975981	14062451	4234439
Ukraine	147253242	65247360	209522487	92838630
Liberia	0	308982	0	439642
Germany	2628	0	3738	0
Luxembourg	0	1047637	0	1490655
Total	184211275	98601720	262109030	140297607

Supplement to Profit or Loss Statement (continuation)

(2) Sold products operating costs

	2012 year	2011 year	2012 year	2011 year
	Ls	Ls	EUR	EUR
Material costs (raw materials and materials, value of goods, services from outside)	180841133	89187168	257313750	126901907
Salary	3585112	3397010	5101155	4833510
Social tax	839665	796194	1194736	1132882
Depreciation of fixed assets	1071683	908655	1524868	1292900
Accruals for vocations	0	628	0	894
Other costs	871993	631076	1240733	897940
Total	187209586	94920731	266375242	135060033

(3) Selling costs

	2012 year	2011 year	2012 year	2011 year
	Ls	Ls	EUR	EUR
Advertisement	89409	67144	127218	95537
Total	89409	67144	127218	95537

(4) Administration costs

	2012 year	2011 year	2012 year	2011 year
	Ls	Ls	EUR	EUR
Liaison costs	19448	22262	27672	31676
Office maintenance costs	1617	1313	2301	1868
Annual report costs	8000	8000	11383	11383
Salary of administration	45846	49689	65233	70701
Remuneration of the board	236448	238702	336435	339642
Remuneration of the council	158400	174857	225383	248799
Social insurance costs	102541	106670	145903	151778
Depreciation of fixed assets	12812	21320	18230	30336
Transport costs, travel allowances	41185	103511	58601	147283
Legal services	3410	3304	4852	4701
Insurance	2365	2690	3365	3829
Representation costs	15817	15292	22506	21758
Representation costs of the car	91998	88789	130900	126336
Total	739887	836399	1052764	1190090

Supplement to Profit or Loss Statement (continuation)

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

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Income generated by transport services rendering	10893	9818	15499	13970
Income generated by leased FA payments and public services	1258459	997137	1790626	1418798
Tugboat services income	112034	224402	159410	319295
Selling out of raw materials and materials	521946	554162	742662	788501
Educational services	792	0	1127	0
Income generated by chemical analyses	1344	1553	1912	2210
Net income generated by selling of fixed assets	90861	0	129284	0
Previous year income	5307	1837	7551	2614
Incomes from writing off accounts payable to limit expiration	28848	109806	41047	156240
Currency selling revenue	0	119377	0	169858
Loss consideration	0	25254	0	35933
Mediation services	393570	140561	560000	200000
Other income	46614	13447	66325	19134
Total	5805713	2197354	8260785	3126553

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

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Material purchase costs	392231	518731	558094	738088
Losses arises from currency rate fluctuations	0	2917606	0	4151380
Losses incurred by currency selling out	132779	0	188927	0
Social infrastructure objects costs (medical services)	8287	9613	11791	13678
Costs on tugboat services	70105	113251	99750	161142
The donations	5002	8807	7117	12531
Material benefits	7564	14048	10763	19989
Burial costs	1873	2366	2665	3366
Net loss incurred by fixed assets’ exclusion	0	130764	0	186061
Representation costs	25848	24910	36778	35444
Costs on maintenance of leased FA	642836	619574	914673	881574
Special reserved sum provided for unsecured debts	126460	256323	179936	364715
Reserves for warranties	55000	0	78258	
Preceding year costs	5892	879	8384	1251
Other costs	952	7488	1355	10652
Total	1474830	4624360	2098494	6579871

Supplement to Profit or Loss Statement (continuation)

(7) Other percents and the like income

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Depositing percentage	9479	56720	13488	80705
Bank interests	1233	154	1754	219
Interests income for loans	9196	35853	13085	51014
Received penalty payments	675	3555	960	5059
Total	20583	96282	29287	136997

(8) Payment off percents and the like costs

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Paid off penalty	7790	4631	11084	6588
Paid off interests	78125	88609	111162	126078
Guarantee maintenance	80142	56248	114032	80034
State fee	0	120	0	170
Total	166057	149608	236278	212870

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

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Income tax	87337	34620	124269	49261
Increase of deferred taxation	(6583)	102733	(9367)	146175
Total	80754	137353	114902	195436

Deferred taxation calculation

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Deferred taxation liabilities:				
Difference between capital assets residual value in financial accountancy and for tax collections	14094373	14098052	20054486	20059721
Deferred taxation assed:				
Reserves for vacations	180223	195015	256434	277481
Reserves for warranty	55000		78258	
Provisional distinctions total	13859150	13903037	19719794	19782240
Deferred taxation liabilities/(assets), rate 15%	2078873	2085456	2957970	2967334
Deferred taxation liabilities	2078873	2085456	2957970	2967334

Supplement to Profit or Loss Statement (continuation)

9(b) Deferred taxation liability changes

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Rest at the beginning of year of account	2085456	1982723	2967334	2821159
Deferred taxation increase/decrease	(6583)	102733	(9367)	146175
Deferred EIT income tax liabilities at the end of taxation year	2078873	2085456	2957970	2967334

(10) Other taxes

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Real estate tax	122163	104801	173822	149119
Total	122163	104801	173822	149119

Supplement to the balance sheet by December 31st 2012

(11) Other intangible investments LVL

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments Total
Initial value						
01.01.2011			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		0	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		0	103207
Balance value 01.01.2011	0	0	8537		238894	247431
Balance value 31.12.2011	0	0	241509		0	241509

(11) Other intangible investments LVL by December 31st 2012

	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						
01.01.2012	0	0	242267			242267
Bought						
Relocated						
Written off						
31.12.2012	0	0	242267			242267
Depreciation						
01.01.2012	0	0	72534			72534
Estimated			34415			34415
Written off						
31.12.2012	0	0	106949			106949
Balance value 01.01.2012	0	0	169733			169733
Balance value 31.12.2012	0	0	135318			135318

(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						
01.01.2012	0	0	344716			344716
Bought						
Written off						
Relocated						
Revaluated						
31.12.2012	0	0	344716			344716
Depreciation						
01.01.2012	0	0	103207			103207
Estimated			48969			48969
Written off						
31.12.2012	0	0	152176			152176
Balance value 01.01.2012	0	0	241509			241509
Balance value 31.12.2012	0	0	192540			192540

Supplement to the balance sheet by December 31st 2012

Supplements to the balance sheet

(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
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	0	6265738	748724	0	0	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)

	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

“Riga shipyard” JSC
annual report on period till 31st of December 2012

(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
Initial value								
01.01.2012	6842006	576395	16487	20495036	983153	295020	18567	29226664
Bought	243511	12717		698892	21757	1326232	108559	2411668
Written off	51		4830	466528	156	976877	123156	1571598
Relocated								
31.12.2012	7085466	589112	11657	20727400	1004754	644375	3970	30066734
Depreciation								
01.01.2012	2522476	145860		6265738	748724			9682798
Estimated	195738	26928		763996	63418			1050080
Written off	51			296010	156			296217
Relocated								
31.12.2012	2718163	172788		6733724	811986			10436661
Balance value 01.01.2012	4319530	430535	16487	14229298	234429	295020	18567	19543866
Balance value 31.12.2012	4367303	416324	11657	13993676	192768	644375	3970	19630073

Real Estate (building) cadastral value at 31.12.2012. is 4121826 LVL

(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
Initial value								
01.01.2012	9735298	820136	23459	29161809	1398901	419775	26419	41585797
Bought	346485	18095		994434	30957	1887058	154466	3431495
Written off	73	0	6872	663810	222	1389971	175235	2236183
Relocated								
31.12.2012	10081710	838231	16587	29492433	1429636	916862	5650	42781109
Depreciation								
01.01.2012	3589160	207540	0	8915343	1065338	0	0	13777381
Estimated	278510	38315	0	1087068	90236	0	0	1494128
Written off	73	0	0	421184	222	0	0	421479
Relocated								
31.12.2012	3867597	245855	0	9581226	1155352	0	0	14850030
Balance value 01.01.2012	6146138	612596	23459	20246466	333563	419775	26419	27808416
Balance value 31.12.2012	6214113	592376	16587	19911207	274284	916862	5650	27931079

Real Estate (building) cadastral value at 31.12.2012. is - 5864830 EUR

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

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Initial value	466735	318899	664101	453752
Accumulated depreciation	296217	120404	421479	171319
Balance value	170518	198495	242625	282433
Permanent assets liquidation loss	170518	198495	242625	282433

Supplement to the balance sheet (continuation)

(13) Partnership in capital of associated companies

	<u>31.12.2012.</u> Ls	Share capital (%)	<u>31.12.2011.</u> Ls	Share capital (%)	<u>31.12.2012.</u> EUR	<u>31.12.2011.</u> EUR
Branch enterprise “Tosmares kuģubūvetava” JSC investment value	2551593	49,72	2551593	49,72	3630590	3630590
SIA “Remars Granula”	843365	49,80	843365	49,80	1200000	1200000
Investments	3394958		3394958		4830590	4830590

(14) Other equities and investments

Name enterprise	Parts or shares value		31.12.2012			31.12.2011		
	2012	2011	Quantity	Ls	EUR	Quantity	Ls	EUR
“Baltic International Bank” JSC	5	5	33	165	235	33	165	235
Total	5	5	33	165	235	33	165	235

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

Type of Loan	31.12.2011	Loans granted in 2012	Loans granted in 2012	Difference in currency rate	Reallocation at a short	31.12.2012	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Loans for Students	69238		249	-1570		67419	2014-2029	-
Loans for shares	453461				15000	438461	2014-2015	-
Total	522699		249	-1570	15000	505880		

Amount to be paid in 5 years – 44503 Ls.

Supplement to the balance sheet (continuation)

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

Type of Loan	31.12.2011	Loans granted in 2012	Loans granted in 2012	Difference in currency rate	Reallocation at a short	31.12.2012	Term of payment	Percent correlation
	Ls	Ls	Ls	Ls		Ls		
Loans for Students	98514		353	-2233		95928	2014-2029	-
Loans for shares	645217				21343	623874	2014-2015	-
Total	743731		353	-2233	21343	719802		

Amount to be pay back after 5 years – 63322 EUR

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

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Long-term loans	292284	302284	415882	430111
Total	292284	302284	415882	430111

	Ls	Euro
Copartners and directorship		
Including: Long-term	292284	415882
Short-term	20000	28458
31.12.2012	312284	444340

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

Supplement to the balance sheet (continuation)

(17) Raw materials, direct materials and auxiliary materials

	2012 year	2011 year	2012 year	2011 year
	Ls	Ls	EUR	EUR
1. Metal ware	58891	60298	83794	85796
2. Timbering	1483	6065	2110	8630
3. Metal, non-ferrous metals, pipes	2541996	2208190	3616934	3141971
4. Wire cables	766	4923	1090	7005
5. Fuel	7115	6364	10124	9055
6. Coveralls	8005	10121	11390	14401
7. Equipment	237432	447684	337835	636997
8. Cables	98166	60348	139678	85867
9. Varnish and paint	190919	183133	271653	260575
10. Household goods	474	344	674	489
11. Technical rubber ware	11181	12459	15909	17728
12. Other	2151356	1503530	3061107	2139331
Total	5307784	4503459	7552298	6407845

(18) Unfinished production

	2012 year	2011 year	2012 year	2011 year
	Ls	Ls	EUR	EUR
Shipbuilding orders	1064760	1014246	1515017	1443142
Total	1064760	1014246	1515017	1443142

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

Supplement to the balance sheet (continuation)

(19) Unfinished orders

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
1) Ship repair orders	13734	736141	19542	1047434
2) Mechanical engineering orders	116045	12245	165117	17423
3) Various	4836	5502	6881	7829
Total	134615	753888	191540	1072686

(20) Advance payments for goods

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
For goods	3172170	5096230	4513591	7251282
Total	3172170	5096230	4513591	7251282

(21) Debts of buyers and customers

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Buyers and customers accounting value	3473605	2461271	4942495	3502073
Generated reserves for doubtful debtors	(228162)	(120548)	(324645)	(171524)
Balance net value	3245443	2340723	4617850	3330549

Changes in savings (Ls)

	Debts of buyers and customers	Other debtors	Total
Savings 31.12.2011	120548	7479	128027
Decrease of savings	18846		18846
Increase of savings	126460		126460
Savings 31.12.2012	228162	7479	235641

Changes in savings (EUR)

	Debts of buyers and customers	Other debtors	Total
Savings 31.12.2011	171524	10641	182165
Decrease of savings	26815		26815
Increase of savings	179936		179936
Savings 31.12.2012	324645	10641	335286

Supplement to the balance sheet (continuation)

(22) Associated companies debts

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
“Tosmares kuģu būvētava” JSC debt for service and materials	278679	289291	396524	411624
Advance for services	42168	230428	60000	327870
SIA “Remars Granula” debt for service	0	100	0	142
SIA “Remars Granula” debt for credit*	332288	323102	472803	459733
SIA “Remars Granula” debt for credit According to assignment agreement **	541159	541159	770000	770000
Total	1194294	1384080	1699327	1969369

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

** the debt is secured by a pledge

(23) Other debtors

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Accounting value	2651549	1364441	3772814	1941421
Generated reserves	(7479)	(7479)	(10641)	(10641)
Balance net value	2644070	1356962	3762173	1930780

Other debtors debts are as following:

Accounted VAT	424	424	603	603
Value added tax	353595	379401	503120	539839
Enterprise income tax	0	10038	0	14282
Payments personal debts	2946	12216	4192	17382
Payment of salary	530	524	754	746
Short-term loans for “Tosmares kuģubūvētava” JSC’S shares	29942	14942	42604	21261
Advance payment of service	2070211	907438	2945645	1291167
Account with other debtors	186422	31979	265252	45500
Total	2644070	1356962	3762170	1930780

Supplement to the balance sheet (continuation)

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

	Directorship, copartners Ls	Directorship, copartners EUR
Managements debt for shares	20000	28458
31.12.2012	20000	28458

(25) Next period costs

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Enterprise’s property insurance premium sum	15951	9225	22696	13126
Subscription to the press	226	272	322	387
Insurance of health	5439	8792	7739	12510
Expenses for repair of the rented basic means	4829	4861	6871	6917
Advertisements	44	182	63	259
Others	8321	15832	11839	22526
Total	34810	39164	49530	55725

(26) Accrued proceeds

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Shipbuilding	12165684	83375682	17310209	118632908
Ship repair	1252089	834931	1781562	1188000
Machinery	35498	0	50509	0
Mediation services	0	96000	0	136596
Total	13453271	84306613	19142280	119957504

this item reflects the costs related to the contract and recognized profit

(27) Cash assets

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Money at a cash department	1559	2367	2218	3368
Money on current accounts	587381	91191	835768	129753
Other money means*	23071417	18299547	32827669	26037910
Total	23660357	18393105	33665655	26171031

*deposits up to 90 days included

Supplement to the balance sheet (continuation)

(28) Stock or share capital (equity capital)

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

The joint stock company is public and its shares are quoted on 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 31.12.2012

	31.12.2012	%	31.12.2011	%	2012 year	2011 year
	Ls		Ls		EUR	EUR
“Remars-Rīga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	1862545	15.95	1957952	16.77	2650163	2785915
Private personae	3990368	34.19	3894961	33.37	5677782	5542030
Total	11672107	100	11672107	100	16607912	16607912

(29) Long term investments revaluation reserves

	2012 year	2011 year	2012 year	2011 year
	Ls	Ls	EUR	EUR
	8473199	8473199	12056273	12056273
Total	8473199	8473199	12056273	12056273

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

(30) Reserves

	2012 year	2011 year	2012 year	2011 year
	Ls	Ls	EUR	EUR
For warranty repair	55000	0	78258	0
Total	55000	0	78258	0

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

Supplement to the balance sheet (continuation)

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

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
	3705567	591482	5272547	841603
Total	3705567	591482	5272547	841603

1. 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 December 31st 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.
2. There is also a contract No. RKB 12.12.2012/CL concluded with JSC “UniCreditBank” on creditline, floating docks are pawned as a guarantee, and a Cession contract was concluded.

(32) Liability of leasing

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Long-term	48113	95620	68459	136055
Short-term	41618	42420	59217	60358
Total	89731	138040	127676	196413

(33) Advance payments received from buyers

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
For shipbuilding	21824647	113381818	31053675	161327792
For ship repair	429291	377255	610826	536786
Others	28044	6298	39903	8961
Total	22281982	113765371	31704404	161873539

(34) Debts to suppliers and contractors

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
Debts for services	23233598	912993	33058431	1299073
Debts for materials	1274332	964750	1813211	1372716
Total	24507930	1877743	34871642	2671789

(35) Associated companies debts

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
SIA “Remars Granula”	8579	0	12207	0

Total	8579	0	12207	0
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Supplement to the balance sheet (continuation)

(36) Movement of tax liabilities in 2012 (Ls)

	Balance as at 01.01.2012 Ls	Calculated In 2012 Ls	Paid In 2012 Ls	Calculated Fine or Correction Ls	Refund In 2012 Ls	Deflected to other taxes Ls	Balance as at 31.12.2012 Ls
Social insurance payments	55908	1338851				1291803	102956
Residents income tax	43842	775592	52871	2799		716817	52545
VAT	-379401	-3901513	21200		1901080	-2047526	-353508
Real estate tax	215	122163	110517				11861
Enterprise income tax	-10038	87337	38364	2318	43816	36096	48973
EIT for nonresident	548	6884	4076			2810	546
Risk tax	160	2021	2033				148
Customs duty on import		54615	54615				
Natural resources tax	4945	28368	26114				7199
Total	-283821	-1485682	309790	5117	1944896	0	-129280
Ink.							
Overpay tax	389439						353508
Debt tax	105618						224228

Movement of tax liabilities in 2012 (EUR)

	Balance as at 01.01.2012 EUR	Calculated In 2012 EUR	Paid In 2012 EUR	Calculated Fine or Correction Ls	Refund In 2012 EUR	Deflected to other taxes EUR	Balance as at 31.12.2012 EUR
Social insurance payments	79548	1905015	0			1838070	146493
Residents income tax	62381	1103569	75229	3983		1019939	74765
VAT	-539839	-5551353	30165		2704993	-2913367	-502997
Real estate tax	306	173822	157251				16877
Enterprise income tax	-14282	124269	54588	3298	62345	51360	69682
EIT for nonresident	780	9795	5800			3998	777
Risk tax	228	2876	2893				211
Customs duty on import	0	77710	77710				0
Natural resources tax	7036	40364	37157				10243
Total	-403842	-2113933	440793	7281	2767338	0	-183949

Ink.							
Overpay tax	554121						502997
Debt tax	150279						319048

Supplement to the balance sheet (continuation)

(37) Other creditors

	2012 year	2011 year	2012 year	2011 year
	Ls	Ls	EUR	EUR
Salary	159771	193921	227334	275925
Payments for deductions from salary	560	772	797	1098
Payments by return to personae	290	2240	413	3188
Payments for credit cards	3118	2285	4436	3251
Payments for debts to other enterprises	33711	29095	47966	41402
Total	197450	228313	280946	324864

(38) Unpaid previous years dividends

	Ls	EUR
31.12.2011.	24652	35077
Calculated	0	0
Paid off	3	5
31.12.2012.	24649	35072

Supplement to the balance sheet (continuation)

(39) Accrued liabilities

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
For services	614760	355645	874725	506035
Accruals for vocations	180223	195015	256434	277481
Total	794983	550660	1131159	783516

(40) 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”	Significant ascendancy	865460	983131	
JSC „Tosmares Kuģubūvetava”	Assoc.Comp.	426281	1193283	
„Remars-Granula” Ltd.	Assoc.Comp.	397	9075	9186
„Eiro Constructions” Ltd.		391603	220906	
“Northsale Logistics” Ltd.	Related Comp.		146707194	
Total		1683741	149113589	9186

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”	Significant ascendancy	1231439	1398869	
JSC „Tosmares Kuģubūvetava”	Assoc.Comp.	606543	1697889	
„Remars-Granula” Ltd.	Assoc.Comp.	564	12913	13071
„Eiro Constructions” Ltd.		557201	314321	
“Northsale Logistics” Ltd.	Related Comp.		208745530	
Total		2395747	212169522	13071

(41) Events after the end of report period

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 as on December 31st of 2012

(42) 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 31st year 2028. The Enterprise has the priority to extend the agreement term.

Supplement to the balance sheet (continuation)

General remarks

	2012 year Ls	2011 year Ls	2012 year EUR	2011 year EUR
(1) Year average number of employees				
Average number of employees	643	639		
(2) Personnel payments	4846441	4843357	6895864	6891476
- Salary	3927306	3925258	5588053	5585139
- Social tax	919135	918099	1307811	1306337
Total:				
Including:				
Salary of employees working in production (core business)				
- Salary	3486612	3462010	4961002	4925996
- Social tax	816595	811429	1161910	1154560
Total:	4303207	4273439	6122912	6080556
Payment for work of Administration				
- Salary	45846	49689	65233	70701
- Social tax	10886	11846	15489	16855
Total:	56732	61535	80722	87556
Remuneration of the Board				
- Remuneration	236448	238702	336435	339642
- Social tax	55766	56389	79348	80235
Total:	292214	295091	415783	419877
Remuneration of the Council				
- Remuneration	158400	174857	225383	248799
- Social tax	35888	38435	51064	54688
Total:	194288	213292	276447	303487

The annual report of year 2012 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

E.BUKS

April 16th, 2013