

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

***“RIGA SHIPYARD” JSC***

***financial statements for 6 months of the year 2013***

***(not audited)***

***Content***

	<i>Pages</i>
Information on the company	3
Directorship report	4
Notification on liability of the board	5
Profit or Loss Statement	6
Balance Sheet	7
Cash flow statement	9
Own capital changes report	10
Notes to the financial statements	11

**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	<ul style="list-style-type: none"><li>– building and repair of ships, yachts, catamarans, roll trailers and technological equipment</li><li>– Port services</li><li>– Wood processing, manufacturing of furniture designed for various functional purposes etc.</li></ul>	
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	Deputy Chairman of the Board,	(appointed 20.05.2013)
Larisa Artemenko	Member of the Board,	
Irina Rudzate	Member of the Board,	(resigned on 04.02.2013)
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,	
Gaidis Andrejs Zeibots	Member of the Council	
Annual report	<b>1 January – 30 June 2013</b>	
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 street 8b , Riga, LV-1082 Latvija	
	Natalija Zaiceva, LACA certificate. No. 138	

**“Riga Shipyard” JSC Board of Directors statement to 2013 first 6 months report**

During first six months of 2013 JSC’s “Riga Shipyard” total net turnover made up 24 444 715 LVL, including shipbuilding – 19 176 101 LVL, ship repairing – 4 745 528 LVL (compared to six months of 2012 – 19 809 273 LVL, including ship building – 14 689 474 LVL, ship repairing – 5 070 764 LVL).

The gross loss of JSC “Riga Shipyard” made up 763 518 LVL (347 560 LVL gross loss in first six months of 2012). Net loss in the first six months of 2013 made up 969 734 LVL (in 2012 net loss for the same period of time was 285 249 LVL).

In total JSC “Riga Shipyard” repaired 24 vessels during six months of 2013 (if compared to six months of 2012 their number was 31), and also were built and launched into the water 3 hulls, (compared to six months of 2012 there were built 3 hulls).

The following two of five floating restaurants for Russia, namely “BEAUTY” and “MONTANA” were built and delivered to the Customer.

There were no significant changes in list of suppliers for products and services, as well as for raw material suppliers in 2013 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. .

During first six month of year 2013 JSC “Riga Shipyard” made investments for purchase and reconstruction of fixed assets in amount of 767 thousand LVL (to compare in first half of year 2012 JSC Riga Shipyard made investments for 434 thousand LVL). The compressor station KC-3 with a production capacity 92 cub.m/min has been put into operation. Reconstructed and put into operation for shipbuilding needs the third hall of the second block with total are 4 036 sq.m for assembling of large-scale steel constructions and sections as well as for units welding. Welding tractor CS - 51 is purchased for welding the stiffeners to steel plating. The overhauls of workshops, floating docks, portal cranes, tug boats and other fixed assets are still going on.

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

Taking into consideration the above mentioned, the financial performance data of JSC RIGA SHIPYARD for this year has declined mainly because of significant losses incurred during the delivery of two floating restaurants.

Company’s Board plans to continue operating in order to complete restructuring of the company, reduce production costs and significantly reduce the losses in the next 6 months of year 2013 with a view to finish this year with a profit.

Chairman of the Board

***V. MELNIKS***

Deputy Chairman of the Board

***I.KOMAROVS***

Member of the Board

***L.ARTEMENKO***

Member of the Board

***E.BUKS***

August 30<sup>st</sup>, 2013

***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 30th June, 2013 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.MEĻNIKS***

Deputy Chairman of the  
Board

***I.KOMAROVS***

Member of the Board

***L.ARTEMENKO***

Member of the Board

***E.BUKS***

August 30<sup>st</sup>, 2013

**Profit or Loss statement**  
**For the years ending 30<sup>st</sup> of June 2013 and 30<sup>st</sup> of June 2012**

		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<b>6 months</b>	<b>6 months</b>	<b>6 months</b>	<b>6 months</b>
		<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Net turnover	1	24444715	19809273	34781696	28186057
Sold production operating costs	2	25208233	20156833	35868084	28680590
<b>Gross profit or losses</b>		<b>(763518)</b>	<b>(347560)</b>	<b>(1086388)</b>	<b>(494533)</b>
Selling costs	3	27051	16243	38490	23112
Administration costs	4	327588	375607	466116	534441
Other enterprise's business activity's income	5	680999	1623613	968974	2310193
Other enterprise's business activity's costs	6	337938	1063659	480842	1513450
<b>Profit &amp; Losses of business activity's</b>		<b>(775096)</b>	<b>(179456)</b>	<b>(1102862)</b>	<b>(255343)</b>
Other percents and the like income	7	2905	8795	4133	12514
Payment of interest and the like costs	8	118443	61512	168529	87524
<b>Profit &amp; Losses prior to extra ordinary items and taxes</b>		<b>(890634)</b>	<b>(232173)</b>	<b>(1267258)</b>	<b>(330353)</b>
<b>Profit &amp; loss prior to taxes</b>		<b>(890634)</b>	<b>(232173)</b>	<b>(1267258)</b>	<b>(330353)</b>
Income taxes of the enterprise		28574		40657	
Other taxes		50526	53076	71892	75521
<b>Year of account profit &amp; loss (net income)</b>		<b>(969734)</b>	<b>(285249)</b>	<b>(1379807)</b>	<b>(405874)</b>
Profit or loss per share		(0,08)	(0,02)	(0,11)	(0,03)

Chairman of the Board

**V. MELNIKS**

Deputy Chairman of the Board

**I.KOMAROVS**

Member of the Board

**L.ARTEMENKO**

Member of the Board

**E.BUKS**

“Riga shipyard” JSC  
report on period till 30<sup>st</sup> of June 2013

**Balance Sheet at 30 June 2013**

ASSETS	Remarks	30.06.2013 Ls	30.06.2012 Ls	30.06.2013 EUR	30.06.2012 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
Other intangible investments		118132	152504	168087	216994
Advance payments of intangible investments					
<b>Intangible investments in total</b>	9	<b>118132</b>	<b>152504</b>	<b>168087</b>	<b>216994</b>
<i>II Fixed assets</i>					
Buildings, constructions, perennial plants		4458352	4257285	6343663	6057571
Long-term investments into leased fixed assets		11657	16487	16587	23459
Equipment and machinery		14151393	14344781	20135619	20410785
Other fixed assets and stock		193967	214412	275989	305081
Up building of fixed assets and unfinished building objects costs		367207	435664	522488	619894
Advanced payments for fixed assets		3970	84649	5650	120445
<b>Fixed assets in total</b>		<b>19186546</b>	<b>19353278</b>	<b>27299996</b>	<b>27537235</b>
<i>III Property deposit</i>					
		<b>402529</b>	<b>418221</b>	<b>572747</b>	<b>595075</b>
<b>Fixed assets and property deposit in total</b>	10	<b>19589075</b>	<b>19771499</b>	<b>27872743</b>	<b>28132310</b>
<i>IV Long-term financial investments</i>					
Partnership in capital of related companies			2390		3400
Partnership in capital of associated companies	11	3394958	3394958	4830590	4830590
Other equities and investments	12	165	165	235	235
Other loans and other long-term debtors	13	507203	522450	721684	743379
Loans to copartners of the enterprises and to the directorship	14	292284	302284	415882	430111
Long-term deposit					
<b>Long-term financial investments in total</b>		<b>4194610</b>	<b>4222247</b>	<b>5968391</b>	<b>6007715</b>
<b>Long-term investments in total</b>		<b>23901817</b>	<b>24146250</b>	<b>34009221</b>	<b>34357019</b>
<i>Current assets</i>					
<i>I Reserves</i>					
Raw materials, direct materials and auxiliary materials	15	4871475	3482740	6931484	4955493
Unfinished production	16	39538	1456708	56258	2072710
Unfinished order	17	190445	935438	270979	1331008
Advance payments for goods	18	282490	76364609	401947	108657049
<b>Reserves in total</b>		<b>5383948</b>	<b>82239495</b>	<b>7660668</b>	<b>117016260</b>
<i>II Debts of debtors</i>					
Debts of buyers and customers	19	2736932	2832639	3894303	4030482
Associated companies debts	20	923761	1132581	1314393	1611518
Other debtors	21	511220	2445482	727401	3479607
Short-term loans to share holders and management of the company	22	20000	10000	28458	14229
Next period costs	23	25980	46156	36966	65674
Accrued proceeds	24	23060860	88151682	32812648	125428543
<b>Debtors in total</b>		<b>27278753</b>	<b>94618540</b>	<b>38814169</b>	<b>134630053</b>
<i>III Short-term financial investments</i>					
<i>IV Short-term deposit and cash assets in total</i>					
	25	<b>255628</b>	<b>16506080</b>	<b>363726</b>	<b>23486036</b>
<b>Current assets in total</b>		<b>32918329</b>	<b>193364115</b>	<b>46838563</b>	<b>275132349</b>
<b>Assets in total</b>		<b>56820146</b>	<b>217510365</b>	<b>80847784</b>	<b>309489368</b>

“Riga shipyard” JSC  
report on period till 30<sup>st</sup> of June 2013

**Balance Sheet at 30 June 2013**

<b>LIABILITIES</b>		Remarks	<b>30.06.2013</b> Ls	<b>30.06.2012</b> Ls	<b>30.06.2013</b> EUR	<b>30.06.2012</b> EUR
<b>I</b>	<b>Equity capital</b>					
	<b>Stock or share capital (equity capital)</b>	26	11672107	11672107	16607912	16607912
	Overrate reserved of financial fixed assets	27	8473199	8473199	12056273	12056273
	Retained earnings					
	a) previous years retained earnings		3659150	3621090	5206503	5152348
	b) year of account retained earnings		(969734)	(285249)	(1379807)	(405874)
	<i>Retained earnings in total</i>		<i>2689416</i>	<i>3335841</i>	<i>3826696</i>	<i>4746474</i>
	<b>Equity capital in total</b>		<b>22834722</b>	<b>23481147</b>	<b>32490881</b>	<b>33410659</b>
<b>II</b>	Reserves		50000		71144	
	<i>Reserves in total</i>		<b>50000</b>		<b>71144</b>	
<b>III</b>	<b>Creditors</b>					
<b>I</b>	<b>Long-term debts</b>					
	Liability of Liability of leasing		54070	95620	76935	136055
	Deferred taxation reserves liabilities		2079623	2085456	2959034	2967337
	<i>Long-term debts in total</i>		<b>2133693</b>	<b>2181076</b>	<b>3035969</b>	<b>3103392</b>
<b>II</b>	<b>Short-term debts</b>					
	Loans from credit institutions	28	4678192	2945280	6656468	4190756
	Liability of leasing	29	55322	21725	78716	30912
	Other credit					
	Advance payments received from buyers	30	21932858	185160529	31207645	263459697
	Debts to suppliers and contractors	31	4029308	2502426	5733189	3560631
	Debts to associated companies	32	8348	139760	11878	198861
	Taxes and social insurance payments	33	237044	319544	337283	454670
	Other creditors	34	233250	224769	331887	319818
	Unpaid previous years dividends	35	140047	24649	199269	35072
	Next period income			834		1187
	Accrued liabilities	36	487362	508626	693455	723713
	<i>Short-term creditors in total</i>		<b>31801731</b>	<b>191848142</b>	<b>45249790</b>	<b>272975317</b>
	<i>Creditors in total</i>		<b>33935424</b>	<b>194029218</b>	<b>48285759</b>	<b>276078709</b>
	<i>Liabilities total</i>		<b>56820146</b>	<b>217510365</b>	<b>80847784</b>	<b>309489368</b>

Chairman of the Board

**V. MELNIKS**

Deputy Chairman of the Board

**I.KOMAROVS**

Member of the Board

**L.ARTEMENKO**

Member of the Board

**E.BUKS**

August 30<sup>st</sup>, 2013



**Cash flow Statement for 6 months of the year 2013 and 2012 (as per direct method)**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
<b>A. Cash flow from primary activity</b>				
Sales and service income	25146159	89816763	35779761	127797740
Cash to suppliers, personnel and others primary activity costs	49233622	94425954	70053133	134356028
<b>Gross cash flow from primary activity</b>	<b>(24087463)</b>	<b>(4609191)</b>	<b>(34273372)</b>	<b>(6558288)</b>
Interest paid	118443	61512	168529	87524
Expenditures for income tax payments	3518		5006	
Primary activity before extraordinary items	(24209424)	(4670703)	(34446907)	(6645812)
Cash flow from extraordinary items				
<b>Net cash flow from primary activity</b>	<b>(24209424)</b>	<b>(4670703)</b>	<b>(34446907)</b>	<b>(6645812)</b>
<b>B. Cash flow from investment activity</b>				
Related enterprises shares acquisition				
Selling out of shares	2390		3400	
Paid for fixed assets acquisition	159483	217114	226923	308924
Proceeds from tangible and intangible investment	6325	19875	9000	28280
Loans granted				
Decrease of long-term deposit		1111772		1581909
Repayment of loans				
Interest received	2905	8795	4133	12514
<b>Net cash flow from investment activity</b>	<b>(147863)</b>	<b>923328</b>	<b>(210390)</b>	<b>1313779</b>
<b>C. Cash flow from financial activities</b>				
Loan received	972625	2353798	1383921	3349153
Loan repaid				
Loan received				
Dividend paid		3		5
<b>Net cash flow from financial activities</b>	<b>972625</b>	<b>2353795</b>	<b>1383921</b>	<b>3349148</b>
Result of currency exchange rates changing	(20067)	(493445)	(28553)	(702110)
<b>Net cash flow and equivalent increase or decrease (A+B+C)</b>	<b>(23404729)</b>	<b>(1887025)</b>	<b>(33301929)</b>	<b>(2684995)</b>
<b>Cash and equivalent thereof at beginning of the period of accounts</b>	<b>23660357</b>	<b>18393105</b>	<b>33665655</b>	<b>26171031</b>
<b>Cash and equivalent thereof at the end of the period of account</b>	<b>255628</b>	<b>16506080</b>	<b>363726</b>	<b>23486036</b>

Chairman of the Board

**V. MELNIKS**

Deputy Chairman of the Board

**I.KOMAROVS**

Member of the Board

**L.ARTEMENKO**

Member of the Board

**E.BUKS**

August 30<sup>st</sup>, 2013

**Changes in own capital report for 6 months 2013 and 2012**

Types of changes	Stock or Share Capital		Long-term asset revaluation reserve		Retained earnings		Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<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					(285249)	(405874)	(285249)	(405874)
<b>Balance as at 30.06.2012</b>	<b>11672107</b>	<b>16607912</b>	<b>8473199</b>	<b>12056273</b>	<b>3187734</b>	<b>4746474</b>	<b>23481147</b>	<b>33410659</b>
<b>Balance as at 31.12.2012</b>	<b>11672107</b>	<b>16607912</b>	<b>8473199</b>	<b>12056273</b>	<b>3775871</b>	<b>5372582</b>	<b>23921177</b>	<b>34036767</b>
Wear of revaluated part of the equipment								
Changes in bonds of postponed taxes								
Dividends					(116721)	(166079)	(116721)	(166079)
Period of account net profit & loss					(969734)	(1379807)	(969734)	(1379807)
<b>Balance as at 30.06.2013</b>	<b>11672107</b>	<b>16607912</b>	<b>8473199</b>	<b>12056273</b>	<b>2689416</b>	<b>3826696</b>	<b>22834722</b>	<b>32490881</b>

EPS for 30.06.2013 *LVL (969734) :11672107 = (0,08) LVL vai ( 0,11 )EUR*

EPS for 30.06.2012 *(0,02) LVL vai( 0,03) EUR*

Chairman of the Board

**V. MELNIKS**

Deputy Chairman of the Board

**I.KOMAROVS**

Member of the Board

**L.ARTEMENKO**

Member of the Board

**E.BUKS**

August 30<sup>st</sup>, 2013

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.06.2013

*Notes mentioned on pages 11<sup>th</sup> - 30<sup>th</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 from 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.

The Enterprise is using the percentage method, to determine recognizable volume of income at exact period. According to this method the Enterprise determines the level of completion of the jobs, to calculate the costs related to fulfilment of the agreement which have arisen till the Balance date, comparing it to the total expected costs, expressing this comparison in percents. The costs which outcome during the report period, which are related to further actions with the contract, are excluded from the costs related to the contract, by calculating the level of completion. It is shown as the raw material and materials and other assets, depending on its character.

The Enterprise shows as assets huge gross debt amounts of the customers, according to jobs for all of the contracts in progress, and for which there has costs appeared, by counting it to recognized profit (and taking off the recognized expenditures) and taking off the amount of Invoices released to the clients. Debtor’s debts bonds for the invoices released, but unpaid invoices, as well as retention, which appears as “Debts of customers and clients”.

The Enterprise shows as bonds of Clients gross debt amount, according to jobs for all contracts being in progress, for which the sum of released invoices exceeds the expenditures incurred and added to the recognized profit (and taking off the recognized expenditures). The advances received from the client appear as “Advance received from the customers”.

#### **(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 **June 30<sup>st</sup>** were as follows:

	<b>30.06.2013</b>	<b>30.06.2012</b>
	<b>Ls</b>	<b>Ls</b>
1 USD	0,539	0,562
1 EUR	0,702804	0,702804
1 NOK	0,0886	0,0932
1 GBP	0,827	0,876
1 RUB	0,0164	0,0171

#### **(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 outputs 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 according to its prior value, which means the costs of acquisition. 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. (see 3<sup>rd</sup> explanation “The recognition of income and net turnover”).

**(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 and ship repair incomes are acknowledged respective to its executive degree (see see 3<sup>rd</sup> explanation “The recognition of income and net turnover”).

**(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 share 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 2013 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, debts of affiliated 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 2013 the comparative readings for year 2012 in necessary cases individual post classification has changed.

Supplements to Annual Report  
**Supplement to Profit or Loss Statement**

**(1) Net turnover**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Shipbuilding	19176101	14689474	27285134	20901239
Ship repair	4745528	5070764	6752278	7215047
Mechanical engineering	499795	14620	711144	20802
Other works	23291	34415	33140	48969
<b>Total</b>	<b>24444715</b>	<b>19809273</b>	<b>34781696</b>	<b>28186057</b>

**(2) Sold products operating costs**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Material costs (raw materials and materials, value of goods, services from outside)	22342126	17176341	31789981	24439731
Salary	1698423	1745633	2416638	2483812
Social tax	396650	409000	564382	581955
Depreciation of fixed assets	540444	532931	768983	758292
Other costs	230590	292928	328100	416799
<b>Total</b>	<b>25208233</b>	<b>20156833</b>	<b>35868084</b>	<b>28680589</b>

**(3) Selling costs**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
<b>Advertisement</b>	27051	16243	38490	23112
<b>Total</b>	<b>27051</b>	<b>16243</b>	<b>38490</b>	<b>23112</b>

**(4) Administration costs**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Liaison costs	7645	8727	10878	12417
Office maintenance costs	1678	1459	2388	2076
Salary of administration	28009	24042	39853	34209
Remuneration of the board	89298	124474	127060	177111
Remuneration of the council	72000	79650	102447	113332
Social insurance costs	44007	53082	62616	75529
Depreciation of fixed assets	7337	7229	10440	10286
Transport costs, travel allowances	19727	21167	28069	30118
Legal services	4472	1525	6363	2170
Assurance	1207	1530	1717	2177
Representation costs	7021	6878	9990	9787
Representation costs of the car	45187	45844	64295	65229
<b>Total</b>	<b>327588</b>	<b>375607</b>	<b>466116</b>	<b>534441</b>



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

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

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Income generated by leased FA payments and public services	292853	568456	416692	808840
Tugboat services income	68517	57800	97491	82242
Selling out of raw materials and materials	73422	514390	104470	731911
Income generated by chemical analyses	55	607	78	864
Net income generated by realization of fixed assets	5227	14824	7437	21093
Previous year income	1354	15663	1927	22286
Loss consideration	9819	0	13971	0
Net income from currency exchange rating fluctuations	42788	324861	60882	462236
Currency selling revenue	2030	0	2888	0
Mediation services	168673	84337	240000	120000
Other income	16261	42675	23138	60721
<b>Total</b>	<b>680999</b>	<b>1623613</b>	<b>968974</b>	<b>2310193</b>

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

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Material purchase costs	57398	410370	81670	583904
Losses incurred by currency exchange rate fluctuations	0	194358	0	276546
Medical services	3805	4162	5414	5922
Costs on tugboat services	36131	36776	51410	52328
The donations	6004	4000	8543	5691
Material benefits	110	200	157	285
Burial costs	1696	1164	2413	1656
Net loss incurred by fixed assets’ exclusion	0	1450	0	2063
Representation costs	10906	10871	15518	15468
Costs on maintenance of leased FA	209716	400060	298399	569234
Other costs	12172	248	17318	353
<b>Total</b>	<b>337938</b>	<b>1063659</b>	<b>480842</b>	<b>1513450</b>

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

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

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>6 months</b>	<b>6 months</b>	<b>6 months</b>	<b>6 months</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Depositing percentage	1688	7752	2402	11030
Bank interests	567	357	807	508
Interests income for loans	0	11	0	16
Received penalty payments	650	675	924	960
<b>Total</b>	<b>2905</b>	<b>8795</b>	<b>4133</b>	<b>12514</b>

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

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>6 months</b>	<b>6 months</b>	<b>6 months</b>	<b>6 months</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Paid off penalty	465	0	662	0
Paid off interests	74382	29259	105836	41632
Guarantee maintenance	43596	32253	62031	45892
<b>Total</b>	<b>118443</b>	<b>61512</b>	<b>168529</b>	<b>87524</b>

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

**(9) 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						
30.06.2012	0	0	242267			<b>242267</b>
<b>Depreciation</b>						
01.01.2012			72534			<b>72534</b>
Estimated			17229			<b>17229</b>
Written off						
30.06.2012	0	0	89763			<b>89763</b>
<b>Balance value 01.01.2012</b>	<b>0</b>	<b>0</b>	<b>169733</b>			<b>169733</b>
<b>Balance value 30.06.2012</b>	<b>0</b>	<b>0</b>	<b>152504</b>			<b>152504</b>

**(9) 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	344715			<b>344715</b>
Bought						
Written off						
Relocated						
30.06.2012	0	0	344715			<b>344715</b>
<b>Depreciation</b>						
01.01.2012			103207			<b>103207</b>
Estimated			24515			<b>24515</b>
Written off						
30.06.2012	0	0	127721			<b>127721</b>
<b>Balance value 01.01.2012</b>	<b>0</b>	<b>0</b>	<b>241508</b>			<b>241508</b>
<b>Balance value 30.06.2012</b>	<b>0</b>	<b>0</b>	<b>216994</b>			<b>216994</b>

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

**(9) 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>						
01.01.2013			242267			<b>242267</b>
Bought					2000	<b>2000</b>
Relocated					2000	<b>2000</b>
30.06.2013	0	0	242267			<b>242267</b>
<b>Depreciation</b>						
01.01.2013			106949			<b>106949</b>
Estimated			17186			<b>17186</b>
Written off						
30.06.2013	0	0	124135			<b>124135</b>
<b>Balance value 01.01.2013</b>	<b>0</b>	<b>0</b>	<b>135318</b>			<b>135318</b>
<b>Balance value 30.06.2013</b>	<b>0</b>	<b>0</b>	<b>118132</b>			<b>118132</b>

**(9) 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>						
01.01.2013			344716			<b>344716</b>
Bought					2846	<b>2846</b>
Relocated					2846	<b>2846</b>
30.06.2013	0	0	344716			<b>344716</b>
<b>Depreciation</b>						
01.01.2013			152175			<b>152175</b>
Estimated			24454			<b>24454</b>
30.06.2013	0	0	176629			<b>176629</b>
<b>Balance value 01.01.2013</b>	<b>0</b>	<b>0</b>	<b>192540</b>			<b>192540</b>
<b>Balance value 30.06.2013</b>	<b>0</b>	<b>0</b>	<b>168087</b>			<b>168087</b>

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

**(10) 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	36015	1143		495433	13073	686308	102866	1334838
Written off				31023	55	545664	36784	613526
Relocated								
<b>30.06.2012</b>	<b>6878021</b>	<b>577538</b>	<b>16487</b>	<b>20959446</b>	<b>996171</b>	<b>435664</b>	<b>84649</b>	<b>29947976</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	98260	13457		378124	33090			522931
Written off				29197	55			29252
Relocated								
<b>30.06.2012</b>	<b>2620736</b>	<b>159317</b>		<b>6614665</b>	<b>781759</b>			<b>10176477</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 30.06.2012</b>	<b>4257285</b>	<b>418221</b>	<b>16487</b>	<b>14344781</b>	<b>214412</b>	<b>435664</b>	<b>84649</b>	<b>19771499</b>

**(10) 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	51244	1627		704938	18601	976529	146365	1899304
Written off				44142	78	776410	52339	872969
Relocated								
<b>30.06.2012</b>	<b>9786542</b>	<b>821763</b>	<b>23459</b>	<b>29822605</b>	<b>1417424</b>	<b>619894</b>	<b>120445</b>	<b>42612132</b>
<b>Depreciation</b>								
<b>01.01.2012</b>	<b>3589160</b>	<b>207540</b>		<b>8915343</b>	<b>1065338</b>			<b>13777381</b>
Estimated	139811	19148		538022	47083			744064
Written off				41545	78			41623
Relocated								
<b>30.06.2012</b>	<b>3728971</b>	<b>226688</b>		<b>9411820</b>	<b>1112343</b>			<b>14479822</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 30.06.2012</b>	<b>6057571</b>	<b>595075</b>	<b>23459</b>	<b>20410785</b>	<b>305081</b>	<b>619894</b>	<b>120445</b>	<b>28132310</b>

Supplements to the balance sheet

Supplement to Profit or Loss Statement (continuation)

**(10) 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>01.01.2013</b>	<b>7085466</b>	<b>589112</b>	<b>11657</b>	<b>20727400</b>	<b>1004754</b>	<b>647599</b>	<b>3970</b>	<b>30069958</b>
Bought	193494			544517	28753	486372	3660	<b>1256796</b>
Written off				25793	118	766764	3660	<b>796335</b>
Relocated								
<b>30.06.2013</b>	<b>7278960</b>	<b>589112</b>	<b>11657</b>	<b>21246124</b>	<b>1033389</b>	<b>367207</b>	<b>3970</b>	<b>30530419</b>
<b>Depreciation</b>								
<b>01.01.2013</b>	<b>2718163</b>	<b>172788</b>		<b>6733724</b>	<b>811986</b>			<b>10436661</b>
Estimated	102445	13795		386800	27554			<b>530594</b>
Written off				25793	118			<b>25911</b>
Relocated								
<b>30.06.2013</b>	<b>2820608</b>	<b>186583</b>		<b>7094731</b>	<b>839422</b>			<b>10941344</b>
<b>Balance value 01.01.2013</b>	<b>4367303</b>	<b>416324</b>	<b>11657</b>	<b>13993676</b>	<b>192768</b>	<b>647599</b>	<b>3970</b>	<b>19633297</b>
<b>Balance value 30.06.2013</b>	<b>4458352</b>	<b>402529</b>	<b>11657</b>	<b>14151393</b>	<b>193967</b>	<b>367207</b>	<b>3970</b>	<b>19589075</b>

**(10) 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>01.01.2013</b>	<b>10081710</b>	<b>838231</b>	<b>16587</b>	<b>29492433</b>	<b>1429636</b>	<b>921450</b>	<b>5650</b>	<b>42785697</b>
Bought	275316			774779	40912	692045	5208	<b>1788260</b>
Written off				36700	168	1091007	5208	<b>1133083</b>
Relocated								
<b>30.06.2013</b>	<b>10357026</b>	<b>838231</b>	<b>16587</b>	<b>30230512</b>	<b>1470380</b>	<b>522488</b>	<b>5650</b>	<b>43440874</b>
<b>Depreciation</b>								
<b>01.01.2013</b>	<b>3867597</b>	<b>245855</b>	<b>0</b>	<b>9581226</b>	<b>1155352</b>			<b>14850030</b>
Estimated	145766	19629	0	550367	39207			<b>754969</b>
Written off				36700	168			<b>36868</b>
Relocated								
<b>30.06.2013</b>	<b>4013363</b>	<b>265484</b>		<b>10094893</b>	<b>1194391</b>			<b>15568131</b>
<b>Balance value 01.01.2013</b>	<b>6214113</b>	<b>592376</b>	<b>16587</b>	<b>19911207</b>	<b>274284</b>	<b>921450</b>	<b>5650</b>	<b>27935667</b>
<b>Balance value 30.06.2013</b>	<b>6343663</b>	<b>572747</b>	<b>16587</b>	<b>20135619</b>	<b>275989</b>	<b>522488</b>	<b>5650</b>	<b>27872743</b>

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

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

	<b>30.06.2013.</b>	Share capital (%)	<b>30.06.2012.</b>	Share capital (%)	<b>30.06.2013</b>	<b>30.06.2012</b>
	<b>Ls</b>		<b>Ls</b>		<b>EUR</b>	<b>EUR</b>
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>

**(12) Other equities and investments**

Name enterprise	Parts or shares value		30.06.2013			30.06.2012		
	2013	2012	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>

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

	<b>2013 year</b>	<b>2012 year</b>	<b>2013 year</b>	<b>2012 year</b>
	<b>6 months</b>	<b>6 months</b>	<b>6 months</b>	<b>6 months</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Student loan payout	68742	68988	97810	98161
Debt for shares	438461	453462	623874	645218
<b>Kopā</b>	<b>507203</b>	<b>522450</b>	<b>721684</b>	<b>743379</b>

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

	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>6 months</b>	<b>6 months</b>	<b>6 months</b>	<b>6 months</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Long-term loans	292284	302284	415882	430111
<b>Total</b>	<b>292284</b>	<b>302284</b>	<b>415882</b>	<b>430111</b>

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

	Ls	Euro
<b>Copartners and directorship</b>		
Including: Long-term	292284	415882
Short-term	20000	28458
<b>30.06.2013</b>	<b>312284</b>	<b>444340</b>

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

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

	2013 6 months Ls	2012 6 months Ls	2013 6 months EUR	2012 6 months EUR
1. Metal ware	56171	58558	79924	83321
2. Timbering	3677	5057	5232	7195
3. Metal, non-ferrous metals, pipes	2344686	1806996	3336188	2571124
4. Wire cables	738	360	1050	512
5. Fuel	6050	18769	8608	26706
6. Coveralls	3646	44072	5188	62709
7. Equipment	209726	54324	298413	77296
8. Cables	91671	20947	130436	29805
9. Varnish and paint	72114	162410	102609	231089
10. Household goods	1522	1634	2166	2325
11. Technical rubber ware	10190	11613	14499	16524
12. Other	2071284	1298000	2947171	1846887
<b>Total</b>	<b>4871475</b>	<b>3482740</b>	<b>6931484</b>	<b>4955493</b>

**(16) Unfinished production**

	2013 6 months Ls	2012 6 months Ls	2013 6 months EUR	2012 6 months EUR
Shipbuilding orders	39538	1456708	56258	2072710
<b>Total</b>	<b>39538</b>	<b>1456708</b>	<b>56258</b>	<b>2072710</b>

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



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

**(17) Unfinished orders**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
1) Ship repair orders	163738	917840	232978	1305969
2) Mechanical engineering orders	20468	14558	29123	20714
3) Various	6239	3040	8877	4325
<b>Total</b>	<b>190445</b>	<b>935438</b>	<b>270979</b>	<b>1331008</b>

**(18) Advance payments for goods**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
For goods	282490	76364609	401947	108657049
<b>Total</b>	<b>282490</b>	<b>76364609</b>	<b>401947</b>	<b>108657049</b>

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

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Buyers and customers accounting value	2995027	2938607	4261539	4181261
Generated reserves for doubtful debtors	(258095)	(105968)	(367236)	(150779)
<b>Balance net value</b>	<b>2736932</b>	<b>2832639</b>	<b>3894303</b>	<b>4030482</b>

**(20) Associated companies debts**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
“Tosmares kuģu būvētava” JSC debt for service and materials	1118	267988	1590	381313
“Tosmares kuģu būvētava” JSC advance for services	49196	0	70000	
SIA “Remars Granula” debt for service	0	332	0	472
SIA “Remars Granula” debt for credit*	332288	323102	472803	459733
SIA “Remars Granula” debt for credit According to assignment agreement **	541159	541159	770000	770000
<b>Total</b>	<b>923761</b>	<b>1132581</b>	<b>1314393</b>	<b>1611518</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)**

**(21) Other debtors**

	<b>2013</b> <b>6 months</b> <b>Ls</b>	<b>2012</b> <b>6 months</b> <b>Ls</b>	<b>2013</b> <b>6 months</b> <b>EUR</b>	<b>2012</b> <b>6 months</b> <b>EUR</b>
Accounting value	518707	2452961	738054	3490248
Generated reserves	(7487)	(7479)	(10653)	(10641)
<b>Balance net value</b>	<b>511220</b>	<b>2445482</b>	<b>727401</b>	<b>3479607</b>

**Other debtors debts are as following:**

Accounted VAT	424	422	603	600
Overpaid taxes or advance payments				
Value added tax	255717	613651	363853	873147
Real estate tax	523	0	744	0
Payments personal debts	12275	139	17466	198
Payment of salary	182	258	259	367
Short-term loans for “Tosmares kuģubūvetava” JSC’S shares	29942	14942	42604	21259
Advance payment of service	89207	1683763	126930	2395779
Account with other debtors	122950	132307	174942	188257
<b>Total</b>	<b>511220</b>	<b>2445482</b>	<b>727401</b>	<b>3479607</b>

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

	<b>2013</b> <b>6 months</b> <b>Ls</b>	<b>2012</b> <b>6 months</b> <b>Ls</b>	<b>2013</b> <b>6 months</b> <b>EUR</b>	<b>2012</b> <b>6 months</b> <b>EUR</b>
<b>Total</b>	<b>20000</b>	<b>10000</b>	<b>28458</b>	<b>14229</b>
	<b>20000</b>	<b>10000</b>	<b>28458</b>	<b>14229</b>

**(23) Next period costs**

	<b>2013</b> <b>6 months</b> <b>Ls</b>	<b>2012</b> <b>6 months</b> <b>Ls</b>	<b>2013</b> <b>6 months</b> <b>EUR</b>	<b>2012</b> <b>6 months</b> <b>EUR</b>
Enterprise’s property insurance premium sum	11880	9954	16904	14163
Subscription to the press	254	312	361	444
Check of floating means	0	1687		2400
Expenses for repair of the rented basic means	2400	15247	3415	21695
Advertisements	0	172	0	245
Payment lease of land				
Costs of Representative cars	0	1321	0	1880
Exhibition	2603	6188	3704	8805
Software maintenance services				
Others	8843	11275	12582	16042
<b>Total</b>	<b>25980</b>	<b>46156</b>	<b>36966</b>	<b>65674</b>

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

**(24) Accrued proceeds**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Shipbuilding	22164138	22904322	31536727	32589914
Floating oil rig	0	65247360	0	92838629
Ship repair	896722	0	1275921	
<b>Total</b>	<b>23060860</b>	<b>88151682</b>	<b>32812648</b>	<b>125428543</b>

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

**(25) Cash assets**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Money at a cash department	1655	2815	2355	4005
Money on current accounts	249124	11554764	354471	16440948
Other money means*	4849	4948501	6900	7041083
<b>Total</b>	<b>255628</b>	<b>16506080</b>	<b>363726</b>	<b>23486036</b>

**(26) 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 30.06.2013**

	<b>30.06.2013</b> Ls	<b>%</b>	<b>30.06.2012</b> Ls	<b>%</b>	<b>2013 year</b> EUR	<b>2012 year</b> EUR
“Remars-Rīga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	1862545	15.95	2258286	28.57	2650163	3213251
Private personae	3990368	34.19	3594627	21.57	5677782	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)**

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

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
	8473199	8473199	12056273	12056273
<b>Total</b>	<b>8473199</b>	<b>8473199</b>	<b>12056273</b>	<b>12056273</b>

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

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

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
	4678192	2945280	6656468	4190756
<b>Total</b>	<b>4678192</b>	<b>2945280</b>	<b>6656468</b>	<b>4190756</b>

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 June 30<sup>st</sup> 2013 2 floating docks, two floating cranes, 14 portal cranes, two running new building project and debtor debts had been pawned as a guarantee to the received loan.  
The balance value of stuff pawned is LVL 14 940 034
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.  
The balance value of stuff pawned is LVL 3 496 876

**(29) Liability of leasing**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Long-term	54070	95620	76935	136055
Short-term	55322	21725	78716	30912
<b>Total</b>	<b>109392</b>	<b>117345</b>	<b>155651</b>	<b>166967</b>

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

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
For shipbuilding	21080158	184674434	29994363	262768046
For ship repair	850379	482015	1209980	685846
Others	2321	4080	3302	5805
<b>Total</b>	<b>21932858</b>	<b>185160529</b>	<b>31207645</b>	<b>263459697</b>

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

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

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Debts for services	2574426	1211160	3663078	1723325
Debts for materials	1454882	1291266	2070111	1837306
<b>Total</b>	<b>4029308</b>	<b>2502426</b>	<b>5733189</b>	<b>3560631</b>

**(32) Debts to associated companies**

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
“Tosmares kuģubūvetava” JSC	0	139760	0	198861
SIA “Remars Granula”	8348	0	11878	<b>0</b>
<b>Total</b>	<b>8348</b>	<b>139760</b>	<b>11878</b>	<b>198861</b>

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

	<b>2013</b> <b>6 months</b> Ls	<b>2012</b> <b>6 months</b> Ls	<b>2013</b> <b>6 months</b> EUR	<b>2012</b> <b>6 months</b> EUR
Social insurance payments	110244	169856	156863	241683
Residents income tax	118612	109212	168770	155395
Real estate tax	7329	0	10428	0
Enterprise income tax	0	34403	0	48951
Risk tax	155	152	221	216
Natural resources tax	704	5921	1001	8425
<b>Total</b>	<b>237044</b>	<b>319544</b>	<b>337283</b>	<b>454670</b>

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

**(34) Other creditors**

	<b>2013</b> <b>6 months</b> <b>Ls</b>	<b>2012</b> <b>6 months</b> <b>Ls</b>	<b>2013</b> <b>6 months</b> <b>EUR</b>	<b>2012</b> <b>6 months</b> <b>EUR</b>
Salary	201935	211169	287328	300466
Payments for deductions from salary	435	837	619	1191
Payments by return to personae	2718	277	3867	394
Payments for credit cards	13945	1916	19843	2726
Payments for debts to other enterprises	14217	10570	20230	15041
<b>Total</b>	<b>233250</b>	<b>224769</b>	<b>331887</b>	<b>319818</b>

**(35) Unpaid previous years dividends**

	<b>Ls</b>	<b>EUR</b>
<b>31.12.2012.</b>	<b>23326</b>	<b>33190</b>
Calculated	116721	166079
Paid off	0	0
<b>30.06.2013.</b>	<b>140047</b>	<b>199269</b>

**(36) Accrued liabilities**

	<b>2013</b> <b>6 months</b> <b>Ls</b>	<b>2012</b> <b>6 months</b> <b>Ls</b>	<b>2013</b> <b>6 months</b> <b>EUR</b>	<b>2012</b> <b>6 months</b> <b>EUR</b>
For services	307139	313611	437021	446232
Accruals for vocations	180223	195015	256434	277481
<b>Total</b>	<b>487362</b>	<b>508626</b>	<b>693455</b>	<b>723713</b>

**(37) 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 6 month of 2013 pages 1 to 30 we approve:

JSC “Riga Shipyard”

Chairman of the Board

\_\_\_\_\_ **V.MEĻNIKS**

Deputy Chairman of the Board

\_\_\_\_\_ **I.KOMAROVS**

Member of the Board

\_\_\_\_\_ **L.ARTEMENKO**

Member of the Board

\_\_\_\_\_ **E.BUKS**

August 30<sup>st</sup>, 2013