

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

“RIGA SHIPYARD” JSC

financial statements for 9 months of the year 2013

(not audited)

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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	<ul style="list-style-type: none">– building and repair of ships, yachts, catamarans, roll trailers and technological equipment– Port services– Wood processing, manufacturing of furniture designed for various functional purposes etc.
Associate enterprise	“Tosmare Shipyard” JSC Reg.No. 42103022837
Address	42/44 Generala Baloza Street, 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 **1 January – 30 September 2013**

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

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 September, 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.

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

November 29st, 2013

Profit or Loss statement
For the years ending 30st of September 2013 and 30st of September 2012

		2013 9 months	2012 9 months	2013 9 months	2012 9 months
		Ls	Ls	EUR	EUR
Net turnover	1	30629731	31720484	43582181	45134183
Sold production operating costs	2	31257871	31913061	44475944	45408195
Gross profit or losses		(628140)	(192577)	(893763)	(274012)
Selling costs	3	36884	63538	52481	90406
Administration costs	4	541837	564685	770965	803474
Other enterprise's business activity's income	5	950900	1807045	1353009	2571193
Other enterprise's business activity's costs	6	539792	1222247	768055	1739101
Profit & Losses of business activity's		(795753)	(236002)	(1132255)	(335800)
Other percents and the like income	7	2905	9774	4133	13907
Payment of interest and the like costs	8	195608	114011	278325	162223
Profit & Losses prior to extra ordinary items and taxes		(988456)	(340239)	(1406447)	(484116)
Profit & loss prior to taxes		(988456)	(340239)	(1406447)	(484116)
Income taxes of the enterprise		61526	18724	87543	26643
Other taxes		77817	79292	110723	112822
Year of account profit & loss (net income)		(1127799)	(438255)	(1604713)	(623581)

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Member of the Board

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“Riga shipyard” JSC
report on period till 30st of September 2013

Balance Sheet at 30 September 2013

ASSETS	Remarks	30.09.2013 Ls	30.09.2012 Ls	30.09.2013 EUR	30.09.2012 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
Other intangible investments		109539	143910	155860	204765
Advance payments of intangible investments					
Intangible investments in total	9	109539	143910	155860	204765
<i>II Fixed assets</i>					
Buildings, constructions, perennial plants		4544495	4210446	6466234	5990925
Long-term investments into leased fixed assets		11657	16487	16587	23459
Equipment and machinery		14001253	14165839	19921989	20156173
Other fixed assets and stock		182938	203266	260297	289221
Up building of fixed assets and unfinished building objects costs		740114	590953	1053087	840850
Advanced payments for fixed assets		20873	3970	29700	5649
Fixed assets in total		19501330	19190961	27747894	27306277
<i>III Property deposit</i>					
		395631	411485	562932	585490
Fixed assets and property deposit in total	10	19896961	19602446	28310826	27891767
<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	721685	743379
Loans to copartners of the enterprises and to the directorship	14	292284	302284	415882	430111
Long-term deposit					
Long-term financial investments in total		4194610	4222247	5968392	6007715
Long-term investments in total		24201110	23968603	34435078	34104247
<i>Current assets</i>					
<i>I Reserves</i>					
Raw materials, direct materials and auxiliary materials	15	4721403	4173269	6717949	5938027
Unfinished production	16	216113	1812540	307501	2579012
Unfinished order	17	135688	197696	193067	281296
Advance payments for goods	18	295222	125123305	420063	178034424
Reserves in total		5368426	131306810	7638580	186832759
<i>II Debts of debtors</i>					
Debts of buyers and customers	19	3291550	3066835	4683454	4363713
Associated companies debts	20	923622	1147997	1314196	1633453
Other debtors	21	485649	2928629	691016	4167064
Short-term loans to share holders and management of the company	22	20000	10000	28458	14229
Next period costs	23	13508	45367	19220	64552
Accrued proceeds	24	9238472	85220120	13145161	121257306
Debtors in total		13972801	92418948	19881505	131500317
<i>III Short-term financial investments</i>					
<i>Short-term deposit</i>					
<i>Cash assets</i>					
		4421	8574251	6291	12200060
<i>IV Short-term deposit and cash assets in total</i>					
	25	4421	8574251	6291	12200060
Current assets in total		19345648	232300009	27526376	330533136
Assets in total		43546758	256268612	61961454	364637383

“Riga shipyard” JSC
report on period till 30st of September 2013

Balance Sheet at 30 September 2013

LIABILITIES		Remarks	30.09.2013 Ls	30.09.2012 Ls	30.09.2013 EUR	30.09.2012 EUR
I	Equity capital					
	Stock or share capital (equity capital)	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		(1127799)	(438255)	(1604713)	(623581)
	<i>Retained earnings in total</i>		<i>2531351</i>	<i>3182835</i>	<i>3601790</i>	<i>4528767</i>
	Equity capital in total		22676657	23328141	32265975	33192952
II	Reserves		50000		71144	
	<i>Reserves in total</i>		50000		71144	
III	Creditors					
I	Long-term debts					
	Liability of Liability of leasing		47726	95620	67908	136055
	Deferred taxation reserves liabilities		2079623	2085456	2959034	2967337
	<i>Long-term debts in total</i>		2127349	2181076	3026942	3103392
II	Short-term debts					
	Loans from credit institutions	28	3266559	3114709	4647896	4431832
	Liability of leasing	29	58326	9994	82990	14220
	Advance payments received from buyers	30	10269980	222971714	14612865	317260166
	Debts to suppliers and contractors	31	3813400	3228483	5425980	4593718
	Debts to associated companies	32	8283	898	11786	1278
	Taxes and social insurance payments	33	249468	222006	354961	315886
	Other creditors	34	223484	226206	317990	321862
	Next period income	35	145615	834	207192	1187
	Unpaid previous years dividends	36	140047	24649	199269	35072
	Accrued liabilities	37	517590	959902	736464	1365818
	<i>Short-term creditors in total</i>		18692752	230759395	26597393	328341039
	<i>Creditors in total</i>		20820101	232940471	29624335	331444431
	<i>Liabilities total</i>		43546758	256268612	61961454	364637383

Chairman of the Board

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November 29st, 2013

Cash flow Statement for 9 months of the year 2013 and 2012 (as per direct method)

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
A. Cash flow from primary activity				
Sales and service income	37556635	147160348	53438277	209390311
Cash to suppliers, personnel and others primary activity costs	60276425	158964603	85765626	226185252
Gross cash flow from primary activity	(22719790)	(11804255)	(32327349)	(16795941)
Interest paid	195608	114011	278325	162223
Expenditures for income tax payments	4928	4076	7012	5799
Primary activity before extraordinary items	(22920326)	(11922342)	(32612686)	(16963963)
Cash flow from extraordinary items				
Net cash flow from primary activity	(22920326)	(11922342)	(32612686)	(16963963)
B. Cash flow from investment activity				
Selling out of shares	2390		3400	
Paid for fixed assets acquisition	330141	257034	469746	365728
Proceeds from tangible and intangible investment sales	7833	19875	11144	28280
Loans granted	1288		1833	
Repayment of loans		250		355
Interest received	2905	9774	4135	13907
Net cash flow from investment activity	(318301)	(227135)	(452900)	(323186)
C. Cash flow from financial activities				
Loan received		2523227		3590230
Expenses on return of the loan	439009		624654	
Dividend paid		3		5
Net cash flow from financial activities	(439009)	2523224	(624654)	3590225
Result of currency exchange rates changing	21700	(192601)	30876	(274047)
Net cash flow and equivalent increase or decrease (A+B+C)	(23655936)	(9818854)	(33659364)	(13970971)
Cash and equivalent thereof at beginning of the period of accounts	23660357	18393105	33665655	26171031
Cash and equivalent thereof at the end of the period of account	4421	8574251	6291	12200060

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November 29st, 2013

“Riga shipyard” JSC
report on period till 30st of September 2013

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 31.12.2011	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					(438255)	(623581)	(438255)	(623581)
Balance as at 30.09.2012	11672107	16607912	8473199	12056273	3182835	4528767	23328141	33192952
Balance as at 31.12.2012	11672107	16607912	8473199	12056273	3775871	5372582	23921177	34036767
Wear of revaluated part of the equipment								
Changes in bonds of postponed taxes								
Dividends					116721	166079	116721	166079
Period of account net profit & loss					(1127799)	(1604713)	(1127799)	(1604713)
Balance as at 30.09.2013	11672107	16607912	8473199	12056273	2531351	3601790	22676657	32265975

EPS for 30.09.2013 *LVL (1127799) :11672107 =(0,10)LVL vai (0,14)EUR*

EPS for 30.09.2012 *(0,04) LVL vai(0,06) EUR*

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November 29st, 2013

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.09.2013

Notes mentioned on pages 10th - 29th 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 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 **September 30st** were as follows:

	30.09.2013	30.09.2012
	Ls	Ls
1 USD	0,521	0,546
1 EUR	0,702804	0,702804
1 NOK	0,0872	0,095
1 GBP	0,839	0,883
1 RUB	0,0161	0,0175

(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 3rd 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 3rd 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

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Shipbuilding	21633980	23290838	30782380	33139876
Ship repair	8435671	8361529	12002878	11897384
Mechanical engineering	524988	25087	746991	35696
Other works	35092	43030	49932	61227
Total	30629731	31720484	43582181	45134183

(2) Sold products operating costs

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Material costs (raw materials and materials, value of goods, services from outside)	26715034	27421404	38012069	39017143
Salary	2602560	2646283	3703109	3765321
Social tax	607658	620011	864619	882196
Depreciation of fixed assets	889262	806029	1265306	1146876
Other costs	443357	419334	630841	596659
Total	31257871	31913061	44475944	45408195

(3) Selling costs

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Advertisement	36884	63538	52481	90406
Total	36884	63538	52481	90406

(4) Administration costs

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Liaison costs	11530	12418	16406	17669
Office maintenance costs	1989	1503	2830	2139
Salary of administration	45305	35646	64463	50720
Remuneration of the board	144582	186874	205722	265898
Remuneration of the council	114750	122400	163275	174160
Social insurance costs	70761	80255	100684	114193
Depreciation of fixed assets	11555	9951	16441	14159
Transport costs, travel allowances	34237	31111	48715	44267
Legal services	4472	3050	6363	4340
Assurance	1567	1988	2230	2829
Representation costs	30756	10730	43762	15266
Representation costs of the car	70333	68759	100074	97834
Total	541837	564685	770965	803474

Supplement to Profit or Loss Statement (continuation)

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

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Income generated by leased FA payments and public services	502606	748244	715144	1064655
Tugboat services income	101097	90981	143848	129454
Selling out of raw materials and materials	94794	579927	134880	825162
Income generated by chemical analyses	390	846	555	1204
Net income generated by realization of fixed assets	8162	14823	11613	21091
Previous year income	1354	19303	1927	27466
Incomes from writing off accounts payable to limit expiration	7606	0	10822	0
Net income from currency exchange rating fluctuations	44466	0	63269	0
Currency selling revenue	2026	0	2883	0
Mediation services	168673	309234	240000	440000
Other income	19726	43687	28068	62161
Total	950900	1807045	1353009	2571193

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

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Material purchase costs	73997	454533	105288	646742
Losses incurred by currency exchange rate fluctuations	0	75302	0	107145
Losses incurred by currency selling out	0	117299	0	166901
Medical services	6405	6495	9113	9242
Costs on tugboat services	57506	54683	81824	77807
The donations	7549	4001	10741	5693
Material benefits	181	40	258	57
Burial costs	2556	1634	3637	2325
Net loss incurred by fixed assets’ exclusion	0	1450	0	2063
Representation costs	52437	17235	74611	24523
Costs on maintenance of leased FA	317806	488051	452197	694434
Other costs	21355	1524	30386	2169
Total	539792	1222247	768055	1739101

Supplement to Profit or Loss Statement (continuation)

(7) Other percents and the like income

	2013	2012	2013	2012
	9 months	9 months	9 months	9 months
	Ls	Ls	EUR	EUR
Depositing percentage	1688	8073	2402	11487
Bank interests	567	1016	807	1446
Interests income for loans	0	11	0	16
Received penalty payments	650	674	924	958
Total	2905	9774	4133	13907

(8) Payment off percents and the like costs

	2013	2012	2013	2012
	9 months	9 months	9 months	9 months
	Ls	Ls	EUR	EUR
Paid off penalty	16757	141	23843	201
Paid off interests	105570	57304	150213	81536
Guarantee maintenance	73281	56566	104269	80486
Total	195608	114011	278325	162223

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
Initial value						
01.01.2012	0	0	242267			242267
Bought						
Relocated						
Written off						
30.09.2012	0	0	242267			242267
Depreciation						
01.01.2012	0	0	72534			72534
Estimated			25823			25823
Written off						
30.09.2012	0	0	98357			98357
Balance value 01.01.2012	0	0	169733			169733
Balance value 30.09.2012	0	0	143910			143910

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

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
Initial value						
01.01.2013			242267			242267
Bought					2000	
Relocated					2000	
30.09.2013	0	0	242267			242267
Depreciation						
01.01.2013			106949			106949
Estimated			25779			25779
Written off						
30.09.2013	0	0	132728			132728
Balance value 01.01.2013	0	0	135318			135318
Balance value 30.09.2013	0	0	109539			109539

(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
Initial value						
01.01.2013			344716			344716
Bought					2846	
Relocated					2846	
30.09.2013	0	0	344716			344716
Depreciation						
01.01.2013			152175			152175
Estimated			36681			36681
30.09.2013	0	0	188856			188856
Balance value 01.01.2013	0	0	192540			192540
Balance value 30.09.2013	0	0	155860			155860

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

(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
Initial value								
01.01.2012	9735298	820136	23459	29161809	1398901	419775	26419	41585797
Bought	54282	1626	0	729407	24623	1231013	146714	2187665
Written off				44142	79	809938	167484	1021643
Relocated								
30.09.2012	9789580	821762	23459	29847074	1423445	840850	5649	42751819
Depreciation								
01.01.2012	3589160	207540	0	8915343	1065338	0	0	13777381
Estimated	209495	28732	0	817104	68965	0	0	1124296
Written off				41546	79			41625
Relocated								
30.09.2012	3798655	236272	0	9690901	1134224	0	0	14860052
Balance value 01.01.2012	6146138	612596	23459	20246466	333563	419775	26419	27808416
Balance value 30.09.2012	5990925	585490	23459	20156173	289221	840850	5649	27891767

“Riga shipyard” JSC
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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
Initial value								
01.01.2013	7085466	589112	11657	20727400	1004754	647599	3970	30069958
Bought	331794			622150	31822	1078281	21517	2085564
Written off				53459	118	985766	4614	1043957
Relocated								
30.09.2013	7417260	589112	11657	21296091	1036458	740114	20873	31111565
Depreciation								
01.01.2013	2718163	172788		6733724	811986			10436661
Estimated	154602	20693		605812	41652			822759
Written off				44698	118			44816
Relocated								
30.09.2013	2872765	193481		7294838	853520			11214604
Balance value 01.01.2013	4367303	416324	11657	13993676	192768	647599	3970	19633297
Balance value 30.09.2013	4544495	395631	11657	14001253	182938	740114	20873	19896961

(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
Initial value								
01.01.2013	10081710	838231	16587	29492433	1429636	921450	5650	42785697
Bought	472100			885240	45279	1534256	30615	2967490
Written off				76065	168	1402619	6565	1485417
Relocated								
30.09.2013	10553810	838231	16587	30301608	1474747	1053087	29700	44267770
Depreciation								
01.01.2013	3867597	245855	0	9581226	1155352			14850030
Estimated	219979	29444		861993	59265			1170681
Written off				63600	167			63767
Relocated								
30.09.2013	4087576	275299		10379619	1214450			15956944
Balance value 01.01.2013	6214113	592376	16587	19911207	274284	921450	5650	27935667
Balance value 30.09.2013	6466234	562932	16587	19921989	260297	1053087	29700	28310826

Supplement to the balance sheet (continuation)

(11) Partnership in capital of associated companies

	30.09.2013. Ls	Share capital (%)	30.09.2012. Ls	Share capital (%)	30.09.2013 EUR	30.09.2012 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

(12) Other equities and investments

Name enterprise	Parts or shares value		30.09.2013			30.09.2012		
	2013	2012	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

(13) Other loans and other long-term debtors

	2013 year 9 months Ls	2012 year 9 months Ls	2013 year 9 months EUR	2012 year 9 months EUR
Student loan payout	68742	68988	97811	98161
Debt for shares	438461	453462	623874	645218
Kopā	507203	522450	721685	743379

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

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Long-term loans	292284	302284	415882	430111
Total	292284	302284	415882	430111

Supplement to the balance sheet (continuation)

	<u>Ls</u>	<u>Euro</u>
Copartners and directorship		
Including: Long-term	292284	415882
Short-term	20000	28458
30.09.2013	312284	444340

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

(15) Raw materials, direct materials and auxiliary materials

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
1. Metal ware	55242	57320	78602	81559
2. Timbering	2108	7461	2999	10616
3. Metal, non-ferrous metals, pipes	2267758	2465922	3226729	3508691
4. Wire cables	744	148	1059	211
5. Fuel	7355	8495	10465	12087
6. Coveralls	4098	9301	5831	13234
7. Equipment	206543	110953	293884	157872
8. Cables	92053	92434	130980	131522
9. Varnish and paint	46349	87855	65949	125006
10. Household goods	2103	866	2992	1232
11. Technical rubber ware	10427	1248	14836	1776
12. Other	2026623	1331266	2883623	1894221
Total	4721403	4173269	6717949	5938027

(16) Unfinished production

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Shipbuilding orders	216113	1812540	307501	2579012
Total	216113	1812540	307501	2579012

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

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
1) Ship repair orders	86054	180706	122444	257121
2) Mechanical engineering orders	41619	14242	59219	20265
3) Various	8015	2748	11404	3910
Total	135688	197696	193067	281296

(18) Advance payments for goods

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
For goods	295222	125123305	420063	178034424
Total	295222	125123305	420063	178034424

(19) Debts of buyers and customers

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Buyers and customers accounting value	3549645	3171135	5050690	4512119
Generated reserves for doubtful debtors	(258095)	(104300)	(367236)	(148406)
Balance net value	3291550	3066835	4683454	4363713

(20) Associated companies debts

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
“Tosmares kuģu būvētava” JSC debt for service and materials	979	282777	1393	402355
“Tosmares kuģu būvētava” JSC advance for services	49196	0	70000	0
SIA “Remars Granula” debt for service	0	959	0	1365
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	923622	1147997	1314196	1633453

*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

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Accounting value	493136	2936108	701669	4177705
Generated reserves	(7487)	(7479)	(10653)	(10641)
Balance net value	485649	2928629	691016	4167064

Other debtors debts are as following:

Accounted VAT	424	425	603	605
Overpaid taxes or advance payments				
Value added tax	238225	609807	338964	867677
Real estate tax	0	8392	0	11941
Payments personal debts	1513	401	2153	571
Payment of salary	359	338	511	480
Short-term loans for “Tosmares kuģubūvetava” JSC’S shares	29942	14941	42604	21261
Advance payment of service	91342	2149356	129968	3058257
Account with other debtors	123844	144969	176213	206272
Total	485649	2928629	691016	4167064

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

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Managements debt for shares	20000	10000	28458	14229
Total	20000	10000	28458	14229

(23) Next period costs

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Enterprise’s property insurance premium sum	8726	16639	12416	23675
Subscription to the press	167	278	238	396
Expenses for repair of the rented basic means	1184	7624	1685	10848
Advertisements	0	139	0	198
Payment lease of land	0	5978	0	8506
Costs of Representative cars	0	925	0	1316
Exhibition	2603	0	3704	0
Others	828	13784	1177	19613
Total	13508	45367	19220	64552

Supplement to the balance sheet (continuation)

(24) Accrued proceeds

	2013	2012	2013	2012
	9 months	9 months	9 months	9 months
	Ls	Ls	EUR	EUR
Shipbuilding	9086825	19113203	12929387	27195638
Floating oil rig	0	65247360	0	92838629
Ship repair	151647	859557	215774	1223039
Total	9238472	85220120	13145161	121257306

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

(25) Cash assets

	2013	2012	2013	2012
	9 months	9 months	9 months	9 months
	Ls	Ls	EUR	EUR
Money at a cash department	2141	3061	3046	4355
Money on current accounts	2280	3514298	3245	5000396
Other money means*	0	5056892	0	7195309
Total	4421	8574251	6291	12200060

(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 30.09.2013

	30.09.2013	%	30.09.2012	%	2013 year	2012 year
	Ls		Ls		EUR	EUR
“Remars-Rīga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	1798522	15.41	2258286	28.57	2559066	3213251
Private personae	4054391	34.73	3594627	21.57	5768879	5114694
Total	11672107	100	11672107	100	16607912	16607912

Supplement to the balance sheet (continuation)

(27) Long term investments revaluation reserves

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
	8473199	8473199	12056273	12056273
Total	8473199	8473199	12056273	12056273

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

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

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
	3266559	3114709	4647896	4431832
Total	3266559	3114709	4647896	4431832

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 30st 2013 2 floating docks, two floating cranes, 14 portal cranes, 3 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 13 685 527.

(29) Liability of leasing

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Long-term	47726	95620	67908	136055
Short-term	58326	9994	82990	14220
Total	106052	105614	150898	150275

(30) Advance payments received from buyers

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
For shipbuilding	10133248	222445742	14418313	316511776
For ship repair	133583	392758	190071	558844
Others	3149	133214	4481	189546
Total	10269980	222971714	14612865	317260166

Supplement to the balance sheet (continuation)

(31) Debts to suppliers and contractors

“Riga shipyard” JSC
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	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Debts for services	2717509	1695125	3866667	2411946
Debts for materials	1095891	1533358	1559313	2181772
Total	3813400	3228483	5425980	4593718

(32) Debts to associated companies

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
“Tosmares kuģubūvetava” JSC	0	898	0	1278
SIA “Remars Granula”	8283	0	11786	0
Total	8283	898	11786	1278

(33) Taxes and social insurance payments

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Social insurance payments	113693	109506	161771	155813
Residents income tax	126699	101641	180276	144622
Real estate tax	7954	0	11318	0
Risk tax	152	156	216	222
Natural resources tax	970	10703	1380	15229
Total	249468	222006	354961	315886

(34) Other creditors

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Salary	192026	198037	273228	281781
Payments for deductions from salary	1000	601	1423	855
Payments by return to personae	577	519	821	738
Payments for credit cards	6515	1630	9270	2319
Payments for debts to other enterprises	23366	25419	33248	36169
Total	223484	226206	317990	321862

Supplement to the balance sheet (continuation)

(35) Next period income

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
Total	145615	834	207192	1187

(36) Unpaid previous years dividends

	Ls	EUR
31.12.2012.	23326	33190
Calculated	116721	166079
Paid off	0	0
30.09.2013.	140047	199269

(37) Accrued liabilities

	2013 9 months Ls	2012 9 months Ls	2013 9 months EUR	2012 9 months EUR
For services	337367	764887	480030	1088337
Accruals for vocations	180223	195015	256434	277481
Total	517590	959902	736464	1365818

(38) 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.

The report for 9 month of 2013 pages 1 to 29 we approve:

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

November 29st, 2013