

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

“RIGA SHIPYARD” JSC

financial statements for 3 months of the year 2014

(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	EUR 16 607 912,-
Core business of the enterprise	– building and repair of ships, yachts, catamarans, roll trailers and technological equipment – Port services – Wood processing, manufacturing of furniture designed for various functional purposes etc.
Associate enterprise Address Partnership	“Tosmare Shipyard” JSC, Reg.No. 42103022837 42/44, Generala Baloza Street, Liepaya 49,72%
Associate enterprise Address Partnership	“Remars Granula” SIA Reg.Nr.54103022521 2 Gales street, Riga, LV-1015 49,80%

Name, surnames and positions of members of the Board

Jānis Skvarnovičs	Chairman of the Board,	(appointed on 25.04.2014)
Vladislavs Blūms	Member of the Board,	
Einars Buks	Member of the Board,	
Jekaterina Meļņika	Member of the Board,	(appointed on 25.04.2014)
Rolands Klincis	Member of the Board	(appointed on 25.04.2014)
Vasilijs Melniks	Chairman of the Board,	(resigned on 23.04.2014)
Larisa Artemenko	Member of the Board	(resigned on 25.04.2014)

Name, surnames and positions of members of the Council

Vasilijs Melniks	Chairman of the Council,	(appointed on 25.04.2014)
Aleksandrs Cernavskis	Deputy Chairman of the Council,	(appointed on 25.04.2014)
Gaidis Andrejs Zeibots	Member of the Council,	
Linards Baumanis	Member of the Council	(appointed on 25.04.2014)
Valentīna Andrējeva	Member of the Council	(appointed on 25.04.2014)
Jekaterina Meļņika	Member of the Council	(resigned on 23.04.2014)
Sergejs Golicins	Chairman of the Council,	(resigned on 25.04.2014)
Anatolijs Ustinovs	Deputy Chairman of the Council,	(resigned on 25.04.2014)

Period of the Report **1 January – 31 March 2014**

Tax authority SRS Large tax payers department

Name and address of an auditor Independent Auditors company SIA „Lataudit”
Reg. No. 40103038172
Auditor’s LZRA Licence 101, 17A-17, Kr. Valdemara Street, Riga

Notification on liability of the board

The Board of JSC “Riga Shipyard” (The Company) endorses that, according to information available at the time of preparing this report, Financial statements give a true picture of the Company’s financial situation on 31st March, 2014 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

J.SKVARNOVIČS

Member of the Board

V.BLŪMS

Member of the Board

R.KLINCIS

Member of the Board

E.BUKS

Member of the Board

J.MEĻNIKA

May 30st, 2014

Profit or Loss statement
For the year ending 31st of March 2014 and 31st of March 2013

		2013 3 months	2012 3 months
		EUR	EUR
Net turnover	1	3291245	8453417
Sold production operating costs	2	4259650	9232610
Gross profit or losses		(968405)	(779193)
Selling costs	3	43	20717
Administration costs	4	189312	195487
Other enterprise’s business activity’s income	5	385623	509478
Other enterprise’s business activity’s costs	6	249448	260505
Profit & Losses of business activity’s		(1021585)	(746424)
Other percents and the like income	7	0	2910
Payment of interest and the like costs	8	81470	78964
Profit & Losses prior to extra ordinary items and taxes		(1103055)	(822478)
Profit & loss prior to taxes		(1103055)	(822478)
Income taxes of the enterprise			14365
Other taxes			0
Year of account profit & loss (net income)		(1103055)	(836843)
Profit or loss per share		(0,07)	(0,05)

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May 30st, 2014

“Riga shipyard” JSC
report on period till 31st of March 2014

Balance Sheet at 31 March 2014

ASSETS	Remarks	31.03.2014 EUR	31.03.2013 EUR
<i>Long-term investments</i>			
I Intangible investments			
Other intangible investments		131406	180313
Advance payments of intangible investments			2846
Intangible investments in total	9	131406	183159
II Fixed assets			
Buildings, constructions, perennial plants		6595491	6141206
Long-term investments into leased fixed assets		9951	16587
Equipment and machinery		3386764	3785300
Floating docks		16156700	16101721
Other fixed assets and stock		237356	262171
Up building of fixed assets and unfinished building objects costs		1681604	1156675
Advanced payments for fixed assets		32654	10501
Fixed assets in total	10	28100520	27474161
III Property deposit	11	544645	582561
Fixed assets and property deposit in total		28645165	28056722
IV Long-term financial investments			
Partnership in capital of related companies			
Partnership in capital of associated companies	12	4830590	4830590
Other equities and investments	13	235	235
Other loans and other long-term debtors	14	1205611	721685
Loans to copartners of the enterprises and to the directorship			415883
Long-term deposit			
Long-term financial investments in total		6036436	5968393
Long-term investments in total		34813007	34208274
<i>Current assets</i>			
I Reserves			
Raw materials, direct materials and auxiliary materials	15	2903578	7064499
Unfinished production	16	354033	5799162
Unfinished order	17	489583	62712
Advance payments for goods	18	708433	7134339
Reserves in total		4455627	20060712
II Debts of debtors			
Debts of buyers and customers	19	2631597	3618966
Associated companies debts	20	1381734	1242944
Other debtors	21	708607	2213529
Short-term loans to share holders and management of the company			28457
Next period costs	22	24535	58151
Accrued proceeds	23	1148914	23443476
Debtors in total		5895387	30605523
III Short-term financial investments			
Short-term deposit			
Cash assets		6651	2955161
Short-term deposit and cash assets in total	24	6651	2955161
Current assets in total		10357665	53621396
Assets in total		45170672	87829670

Balance Sheet at 31 March 2014

LIABILITIES		Remarks	31.03.2014 EUR	31.03.2013 EUR
I	Equity capital			
	Stock or share capital (equity capital)	25	16607912	16607912
	Overrate reserved of financial fixed assets	26	12056273	12056273
	Retained earnings			
	a) previous years retained earnings		3279728	5372582
	b) year of account retained earnings		(1103055)	(836843)
	<i>Retained earnings in total</i>		<i>2176673</i>	<i>4535739</i>
	Equity capital in total		30840858	33199924
II	Provisions	27	44366	71144
	Provisions in total		44366	71144
III	Creditors			
I	Long-term debts			
	Loans from credit institutions	28	1425000	0
	Next period income	29	279278	0
	Liability of Liability of leasing	30	87854	59217
	Deferred taxation reserves liabilities		2905959	2959037
	<i>Long-term debts in total</i>		<i>4698091</i>	<i>3018254</i>
II	Short-term debts			
	Loans from credit institutions	31	1472684	6823595
	Liability of leasing		60236	83104
	Other credit			
	Advance payments received from buyers	32	1098868	38854001
	Debts to suppliers and contractors	33	5463053	3973192
	Debts to associated companies	34		122337
	Taxes and social insurance payments	35	331973	463765
	Other creditors	36	363300	290149
	Unpaid previous years dividends	37	37777	33190
	Accrued liabilities	38	759466	897015
	<i>Short-term creditors in total</i>		<i>9587357</i>	<i>51540348</i>
	Creditors in total		14285448	54558602
	Liabilities total		45170672	87829670

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May 30st, 2014

Cash flow Statement for 3 months of the year 2014 and 2013 (as per direct method)

	2014	2013
	3 months	3 months
	EUR	EUR
A. Cash flow from primary activity		
Sales and service income	7960310	13169181
Cash to suppliers, personnel and others primary activity costs	5008572	45234408
Gross cash flow from primary activity	2951738	(32065227)
Interest paid	81470	78964
Expenditures for income tax payments	11202	5006
Primary activity before extraordinary items	2859066	(32149197)
Cash flow from extraordinary items		
Net cash flow from primary activity	2859066	(32149197)
B. Cash flow from investment activity		
Related enterprises shares acquisition		
Selling out of shares		
Paid for fixed assets acquisition	214390	161931
Received for the fixed assets sold	5000	
Loans granted		
Decrease of long-term deposit		
Repayment of loans		
Interest received		2910
Net cash flow from investment activity	(209390)	(159021)
C. Cash flow from financial activities		
Loan received		1551047
Loan repaid	3225524	
Loan received		
Dividend paid	119	
Net cash flow from financial activities	(3225643)	1551047
Result of currency exchange rates changing	48	46677
Net cash flow and equivalent increase or decrease (A+B+C)	(575919)	(30710494)
Cash and equivalent thereof at beginning of the period of accounts	582570	33665655
Cash and equivalent thereof at the end of the period of account	6651	2955161

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Changes in own capital report for 3 months 2014 and 2013

Types of changes	Stock or Share Capital	Long-term asset reevaluation reserve	Retained earnings	Total
<i>Balance as at 31.12.2012</i>	EUR <i>16607912</i>	EUR <i>12056273</i>	EUR <i>5372582</i>	EUR <i>34036767</i>
Wear of revaluated part of the equipment				
Changes in bonds of postponed taxes				
Period of account net profit & loss			(836843)	(836843)
<i>Balance as at 31.03.2013</i>	<i>16607912</i>	<i>12056273</i>	<i>4535739</i>	<i>33199924</i>
<i>Balance as at 31.12.2013</i>	<i>16607912</i>	<i>12056273</i>	<i>3279728</i>	<i>31943913</i>
Wear of revaluated part of the equipment				
Changes in bonds of postponed taxes				
Period of account net profit & loss			(1103055)	(1103055)
<i>Balance as at 31.03.2014</i>	<i>16607912</i>	<i>12056273</i>	<i>2176673</i>	<i>30840858</i>

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May 30st, 2014

Notes mentioned on pages 10th - 30th are to be an integral part of this annual report

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

(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 – euro (EUR).

(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 on 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 beeing 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 eiro (EUR), 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 **March 31st** were as follows:

	31.03.2014.	31.03.2013.
	EUR	EUR
1 USD	0,726797	0,77831
1 NOK	0,121278	0,13347
1 GBP	1,208897	1,17956
1 RUB	0,020340	0,02518

(6) Fixed assets and intangible assets, low-grade material

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:

Years

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 EUR 150 and time of valid usage is more than 1 year. Increased value of revaluing permanent assets is reflected as moving towards Non-current 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) Investment property

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) Investments in associates

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) Inventories

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 agreement

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) Account receivable

Account receivable in the balance sheet have been shown at the net value, obtained deducting provisions for doubtful debts from the total amount of Account receivable. Account receivable's 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) Accured 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) Provisions

Provisions 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. Provisions are estimated according to current value of costs, which will be necessary to solve the bonds after valuation.

(18) Potential liabilities

Potential liabilities is a possible obligation arising from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, which the Board wholly will not be able to control, or a present obligation resulting from past events, but which is not recognised in the financial statements, because it is not probable that the obligation will require the economic benefits blowing, or the amount required to settle the obligation itinerary can not be measured reliably.

(19) Grants

For creating of fixed assets received grants are listed as deferred income, which gradually includes in revenues of received or for grants acquired fixed assets during the period of life.

Other grants shall be related to the results of annual report to the period these grants receipt.

(20) Savings for unused annual leaves

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. The savings are estimated according to current value of costs, which will be necessary to solve the bonds after valuation.

(21) Corporate income tax

Corporate income tax was calculated according to Latvia Republic tax laws.

Tax laws in 2014 and further fixed tax rate is 15%.

Deferred taxation was referable to all short-term temporal 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.

(22) 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.

(23) Related parties

As related parties are considered the associated companies and the related companies, the members of the Board and of the Council, their close family members and the companies, in which above mentioned Persons or Companies have control or significant influence.

(24) Bookkeeping arrangement

The bookkeeping accountancy has been arranged with the help of computers using the software (Microsoft Business Solutions – NAVISION 4.0).

(25) 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.

(26) Managing 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 Non-current 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.

Interest rate risk

Enterprise is subjected from credit interest rate changing risk.

Foreign 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).

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 Non-current. The management considers that the Company will have sufficient liquid funds obtained from core operations and utilisation of loan facilities with the Latvian banks.

(27) Retraining

In order to meet post classification for year 2013 the comparative readings for year 2014 in cessary cases individual post classification has changed.

Supplement to Profit or Loss Statement

(1) Net turnover

	2014	2013
	3 months	3 months
	EUR	EUR
Shipbuilding	2515741	5253825
Ship repair	734867	2492755
Mechanical engineering	35952	688804
Other works	4685	18033
Total	3291245	8453417

(2) Sold products operating costs

	2014	2013
	3 months	3 months
	EUR	EUR
Material costs (raw materials and materials, value of goods, services from outside)	2528326	7505686
Salary	1057042	1031817
Social tax	241591	241150
Depreciation of fixed assets	374869	366549
Other costs	57822	87408
Total	4259650	9232610

(3) Selling costs

	2014	2013
	3 months	3 months
	EUR	EUR
Advertisement	43	20717
Total	43	20717

(4) Administration costs

	2014	2013
	3 months	3 months
	EUR	EUR
Liaison costs	3720	3850
Office maintenance costs	4035	1575
Salary of administration	24498	17372
Remuneration of the board	27889	48869
Remuneration of the council	25552	41619
Social insurance costs	17669	25082
Depreciation of fixed assets	8000	4506
Transport costs, travel allowances	26051	11400
Legal services	17788	6363
Assurance	1075	1128
Representation costs	4429	2856
Representation costs of the car	28606	30867
Total	189312	195487

Supplement to Profit or Loss Statement (continuation)

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

	2014	2013
	3 months	3 months
	EUR	EUR
Income generated by leased FA payments and public services	242862	213418
Tugboat services income	24076	49022
Selling out of raw materials and materials	77881	57490
Income generated by chemical analyses	0	78
Previous year income	16533	0
Currency selling income	48	49544
Mediation services	0	119999
Other income	24223	19927
Total	385623	509478

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

	2014	2013
	3 months	3 months
	EUR	EUR
Material purchase costs	53688	41044
Losses incurred by currency selling out	0	2453
Medical services	3334	2712
Costs on tugboat services	18890	31515
Material benefits	0	114
Burial costs	684	2186
Representation costs	7114	4378
Costs on maintenance of leased FA	162887	162128
Other costs	2851	13975
Total	249448	260505

Supplement to Profit or Loss Statement (continuation)

(7) Other percents and the like income

	2014	2013
	3 months	3 months
	EUR	EUR
Depositing percentage	0	2399
Bank interests	0	511
Total	0	2910

(8) Payment off percents and the like costs

	2014	2013
	3 months	3 months
	EUR	EUR
State duty	7769	0
Penalties paid	622	0
Paid off interests	50253	48668
Guarantee maintenance	22826	30296
Total	81470	78964

Supplement to Profit or Loss Statement (continuation)

(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	2846
Written off						
Relocated						
Revaluated						
31.03.2013	0	0	344716		2846	347562
Depreciation						
01.01.2013			152176			152176
Estimated			12227			12227
31.03.2013	0	0	164403			164403
Balance value 01.01.2013	0	0	192540			192540
Balance value 31.03.2013	0	0	180313		2846	183159

(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						
01.01.2014			344716			344716
Bought						
Relocated						
Written off						
31.03.2014	0	0	344716			344716
Depreciation						
01.01.2014			201081			201081
Estimated			12229			12229
Written off						
31.03.2014	0	0	213310			213310
Balance value 01.01.2014	0	0	143635			143635
Balance value 31.03.2014	0	0	131406			131406

Supplement to Profit or Loss Statement (continuation)

(10) Fixed assets (EUR)

	Buildings, constructions	Advance Payment for FA	Long-term investments into leased FA	Equipment and machinery	Floating docks	Unfinished construction	Other fixed assets	Total
Initial value								
01.01.2013	10081710	5650	16587	11514493	17977940	921450	1429636	41947466
Bought		4851		232284		235225	7524	479884
Written off	73						168	241
Relocated								
31.03.2013	10081637	10501	16587	11746777	17977940	1156675	1436992	42427109
Depreciation								
01.01.2013	3867597			7773935	1807291		1155352	14604175
Estimated	72907			187542	68928		19637	349014
Written off	73						168	241
Relocated								
31.03.2013	3940431			7961477	1876219		1174821	14952948
Balance value 01.01.2013	6214113	5650	16587	3740558	16170649	921450	274284	27935667
Balance value 31.03.2013	6141206	10501	16587	3785300	16101721	1156675	262171	27474161

(10) Fixed assets (EUR)

	Buildings, constructions	Advance Payment for FA	Long-term investments into leased FA	Equipment and machinery	Floating docks	Unfinished construction	Other fixed assets	Total
Initial value								
01.01.2014	10793889	42387	9951	12044968	18312958	1322056	1483190	44009399
Bought	40152	74327		113135		359548	13036	600198
Written off		84060		39939			23315	147314
Relocated								
31.03.2014	10834041	32654	9951	12118164	18312958	1681604	1472911	44462283
Depreciation								
01.01.2014	4162362			8568111	2085893		1234341	16050707
Estimated	76188			202896	70365		21193	370642
Written off				39607			19979	59586
Relocated								
31.03.2014	4238550			8731400	2156258		1235555	16361763
Balance value 01.01.2014	6631527	42387	9951	3476857	16227065	1322056	248849	27958692
Balance value 31.03.2014	6595491	32654	9951	3386764	16156700	1681604	237356	28100520

The real estate (buildings) cadastral value on the 31.03.2014 - 5 863 935,- EUR

Supplement to the balance sheet (continuation)

(11) Investment property

Investment property		Investment property	
EUR		EUR	
Initial value		Initial value	
01.01.2013	838231	01.01.2014	839583
Bought		Bought	
Written off		Written off	
Relocated		Relocated	
31.03.2013	838231	31.03.2014	839583
Depreciation		Depreciation	
01.01.2013	245855	01.01.2014	285113
Estimated	9815	Estimated	9825
Written off		Written off	
Relocated		Relocated	
31.03.2013	255670	31.03.2014	294938
Balance value		Balance value	
01.01.2013	592376	01.01.2014	592376
Balance value		Balance value	
31.03.2013	582561	31.03.2014	544645

(12) Partnership in capital of associated companies

	31.03.2014	Share capital (%)	31.03.2013	Share capital (%)
	EUR		EUR	
Branch enterprise “Tosmares kuģubūvetava” JSC investment value	3630590	49,72	3630590	49,72
SIA “Remars Granula”	1200000	49,80	1200000	49,80
Investments	4830590		4830590	

Supplement to the balance sheet (continuation)

(13) Other equities and investments

Name enterprise	Parts or shares value		31.03.2014		31.03.2013	
	2014	2013	Quantity	EUR	Quantity	EUR
“Baltic International Bank” JSC	7	7	33	235	33	235
Total	7	7	33	235	33	235

(14) Other loans and other long-term debtors

	2014 year 3 months EUR	2013 year 3 months EUR
Student loan payout	94793	97810
Debt for shares	1110818	623875
Total	1205611	721685

On the 28th December of 2013 between JSC “Rigas kuģu būvētava” and British company “SELETRADE IMPEX LLP” were signed six Shares Contracts for the sales of JSC “Tosmares kuģu būvētava”, the agreement was signed on the 24th of April, 2014, by this agreement the customer is obliged to pay 5% of the unpaid sum per year for JSC “Rigas kuģu būvētava”, as well as the customer before the total payment of the contract sum is not allowed to pledge or/and to sell the shares without the written allowance of JSC “Rigas kuģu būvētava”.

(15) Raw materials, direct materials and auxiliary materials

	2014 3 months EUR	2013 3 months EUR
1. Metal ware	73718	86311
2. Timbering	2484	4121
3. Metal, non-ferrous metals, pipes	1750318	3479451
4. Wire cables	2129	1518
5. Fuel	8408	17077
6. Coveralls	10189	11024
7. Equipment	73018	327948
8. Cables	42504	136802
9. Varnish and paint	61607	63624
10. Household goods	21546	696
11. Technical rubber ware	13997	15906
12. Other	843660	2920021
Total	2903578	7064499

Supplement to the balance sheet (continuation)

(16) Unfinished production

	2014	2013
	3 months	3 months
	EUR	EUR
Shipbuilding orders	354033	5799162
Total	354033	5799162

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

(17) Unfinished orders

	2014	2013
	3 months	3 months
	EUR	EUR
1) Ship repair orders	420027	17792
2) Mechanical engineering orders	65897	36933
3) Various	3659	7987
Total	489583	62712

(18) Advance payments for goods

	2014	2013
	3 months	3 months
	EUR	EUR
For goods	708433	7134339
Total	708433	7134339

(19) Debts of buyers and customers

	2014	2013
	3 months	3 months
	EUR	EUR
Buyers and customers accounting value	3024766	3986202
Generated reserves for doubtful debtors	(393169)	(367236)

Balance net value	2631597	3618966
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Supplement to the balance sheet (continuation)

(20) Associated companies debts

	2014 3 months EUR	2013 3 months EUR
“Tosmares kuģu būvētava” JSC debt for service and materials	55860	0
“Tosmares kuģu būvētava” JSC advance for service	70000	0
SIA “Remars Granula” debt for service	0	141
SIA “Remars Granula” debt for credit*	485874	472803
SIA “Remars Granula” debt for credit According to assignment agreement **	770000	770000
Total	1381734	1242944

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

** the debt is secured by a pledge

(21) Other debtors

	2014 3 months EUR	2013 3 months EUR
Accounting value	719259	2224181
Generated reserves	(10652)	(10652)
Balance net value	708607	2213529

Other debtors debts are as following:

Accounted VAT	603	603
Overpaid taxes or advance payments		
Value added tax	422045	1030957
Corporate income tax	157031	0
Real estate tax	0	746
Payments personal debts	39538	13832
Payment of salary	360	458
Short-term loans for “Tosmares kuģubūvētava” JSC’S shares	0	42604
Advance payment of service	83927	948462
Account with other debtors	5103	175867
Total	708607	2213529

Supplement to the balance sheet (continuation)

(22) Next period costs

	2014	2013
	3 months	3 months
	EUR	EUR
Enterprise’s property insurance premium sum	5089	14061
Subscription to the press	230	185
Expenses for repair of the rented basic means	4933	5144
Payment lease of land	11342	8506
Costs of Representative cars	0	189
Exhibition	0	16438
Others	2941	13628
Total	24535	58151

(23) Accrued proceeds

	2014	2013
	3 months	3 months
	EUR	EUR
Shipbuilding	692835	22269418
Ship repair	456079	1174058
Total	1148914	23443476

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

(24) Cash assets

	2014	2013
	3 months	3 months
	EUR	EUR
Money at a cash department	489	2627
Money on current accounts	6162	2952534
Total	6651	2955161

Supplement to the balance sheet (continuation)

(25) Stock or share capital (equity capital)

“Riga shipyard” JSC was founded in 1995 with the equity capital of LVL 10 000 000, which was comprised of 10 000 000 shares, face value of one share made up LVL 1,00.

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 EUR 15 651 590 on 30 December 1998.
2. Growth of the equity capital up to EUR 16 607 912 on 30 December 1999.

“Rīgas kuģu būvētava” JSC shareholders on the 31.03.2014

	31.03.2013 EUR	%	31.03.2012 EUR	%
“Remars-Rīga” JSC	8 279 967	49.86	8 279 967	49.86
Other limited companies	2 559 066	15.41	2 650 163	28.57
Private personae	5 768 879	34.73	5 677 782	21.57
Total	16 607 912	100	16 607 912	100

(26) Long term investments revaluation reserves

	2014 3 months EUR	2013 3 months EUR
	12056273	12056273
Total	12056273	12056273

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

(27) Provisions

	2014 3 months EUR	2013 3 months EUR
Provisions for warranty repair	44366	71144

Total	44366	71144
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In accordance with the signed agreements, the Company provides free of charge after-sales warranty repair services to customers in accordance with the general provisions of the repair within the six months of high-quality repair work performed and the quality of materials within the 12 months. Management made provisions on the basis of previous year experience of this type of repair.

Supplement to the balance sheet (continuation)

(28) Loans from the credit institutions (long-term)

	2014 3 months EUR	2013 3 months EUR
AS ABLV Bank	1425000	0
Total	1425000	0

In October, 2013 the Company has signed an agreement No. 13-FP-0207 for the credit facility with the AS “ABLV Bank” for working capital needs. The repayment term is 18 October, 2015. The interest rate is 4.5% + 6 months Euribor. As a security for the loan is signed a mortgage on real estate. The value of the pledged real estate in the balance sheet is EUR 4 425 079.

(29) Next period income

	2014 3 months EUR	2013 3 months EUR
1) Financing in accordance with an agreement signed in 2012 with the government agency "LIAA" about the EU co-financed project AS "Rīgas kuģu būvētava" "heating system reconstruction"	207187	0
2) Financing in accordance with the signed agreement in 2012 with the Ministry of Environmental Protection and Regional Development for the project implementation "Measure of the Energy efficiency in the production buildings"	72091	0
Total	279278	0

(30) Liability of leasing

	2013 3 months EUR	2012 3 months EUR
Long-term	87854	59217
Short-term	60236	83104
Total	148090	142321

Supplement to the balance sheet (continuation)

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

	2014 3 months EUR	2013 3 months EUR
	1472684	6823595
Total	1472684	6823595

1. The enterprise had concluded the Overdraft and guarantee line agreement No. 2003 / 4 / OD / GA and Overdraft agreement No. 2012-187-OD with JSC “Nordea Bank Finland Plc.” On march 31st 2014 2 floating docks, two floating cranes, 14 portal cranes, 1 running new building project and debtor debts had been pawned as a guarantee to the received loan.
The balance value of stuff pawned is EUR 14 828 938.

(32) Advance payments received from buyers

	2014 3 months EUR	2013 3 months EUR
For shipbuilding	1074486	38762321
For ship repair	20250	90905
Others	4132	775
Total	1098868	38854001

(33) Debts to suppliers and contractors

	2014 3 months EUR	2013 3 months EUR
Debts for services	1495133	2566582
Debts for materials	3967920	1406610
Total	5463053	3973192

(34) Debts to associated companies

	2013 3 months EUR	2012 3 months EUR
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“Riga shipyard” JSC
report on period till 31st of March 2014

“Tosmares kuģubūvetava” JSC	0	110271
SIA “Remars Granula”	0	12066
Total	0	122337

Supplement to the balance sheet (continuation)

(35) Taxes and social insurance payments

	2014 3 months EUR	2013 3 months EUR
Social insurance payments	167296	253641
Residents income tax	163910	123965
Real estate tax	0	17286
Enterprise income tax	0	65442
EIT for nonresident	0	778
Risk tax	208	216
Natural resources tax	559	2437
Total	331973	463765

(36) Other creditors

	2014 3 months EUR	2013 3 months EUR
Salary	236572	253024
Payments for deductions from salary	436	472
Payments by return to personae	28784	92
Payments for credit cards	14473	8853
Payments for debts to other enterprises	83035	27708
Total	363300	290149

(37) Unpaid previous years dividends

	EUR
31.12.2013.	37954
Calculated	0
Paid off	177
31.03.2014.	37777

(38) Accrued liabilities

	2014	2013
	3 months	3 months
	EUR	EUR
For services	491468	640581
Accruals for vocations	267998	256434
Total	759466	897015

Supplement to the balance sheet (continuation)

(39) Off-balance liabilities

1. The enterprise has concluded agreements for land and pier lease with Riga Free Port authority. The agreements are valid through on August 31st year 2028. The Enterprise has the priority to extend the agreement term.

2. On the 28th of December, 2010 there was issued ship covered bond No.EH 28.12.2010/KO about foalting dock deposit in the favour of JSC "UniCreditBank" and it be valid until the secured obligations are fully met. Ship bond is issued as a guarantee of SIA "Eiroholdings" obligations, which was the resulting from credit line agreement Nr. EH 01.07.2008/CL from 1 July 2008, obligations on the 31 of March 2014 was 1 799 994 EUR. The Size of guarantee claim are 4 183 243 EUR. Mortgaged was floating dock 791, with the balance sheet value on the 31 of March 2014 - 4 957 439 EUR. When was prepared financial statement there was no probability that the obligation will be required to settle the outflow of economic benefits from the Company.

3. On the 15th of June between JSC „Rīgas kuģu būvētava” and JSC „DNB Nord Banka” was signed mortgage agreement Nr. 17/11K23-2 for the first mortgage on AS „Rīgas kuģu būvētava”real estate - caldrion house as security for JSC "Remars- Rīga" obligations which are resulting from 15 June 2011 credit agreement Nr.17/11K23. Obligations on the 31 of March 2014 were 1 230 100,07 EUR. The Size of guarantee claim are 3 874 130,- EUR. The mortgage property balance sheet value on the 31th of March 2014 was 440 967 EUR. When was prepared financial statement there was no probability that the obligation will be required to settle the outflow of economic benefits from the Company.

The report for 3 month of 2014 pages 1 to 30 we approve:

JSC “Riga Shipyard”
Chairman of the Board

J.SKVARNOVIČS

Member of the Board

V.BLŪMS

Member of the Board

R.KLINCIS

Member of the Board

E.BUKS

Member of the Board

J.MEĻNIKA

May 30st, 2014