

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

“RIGA SHIPYARD” JSC
financial statements for 3 months of the year 2011

(not audited)

Riga, 2011

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Information on the company

Name of the company	Joint stock company “Riga shipyard”	
Legal status	Joint stock company	
Incorporation number, place and date	000304589, 5 December 1991, companies register, Riga 40003045892, 26 August 2004, commercial register, Riga	
Registered office	2 Gales street, Riga, LV-1015	
Stock capital of the enterprise	Ls 11 672 107	
Core business of the enterprise	– building and repair of ships, yachts, catamarans, roll trailers and technological equipment – Port services – Wood processing, manufacturing of furniture designed for various functional purposes etc.	
Associate enterprise	“Tosmare Shipyard” JSC Reg.No. 42103022837	
Address	42/44 Generala Baloza Street, Liepaja	
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,	p. ID 310867 – 10726
Igors Komarovs	Member of the Board,	p. ID 040756 – 10902
Larisa Artemenko	Member of the Board,	p. ID 030349 – 12926
Irina Rudzate	Member of the Board,	p. ID 091066 – 11012
Einars Buks	Member of the Board	p. ID 270764 – 12854
Name, surnames and positions of members of the Council		
Sergejs Golicins	Chairman of the Council,	p.ID 250154 – 10952
Anatolijs Ustinovs	Deputy Chairman of the Council,	p.ID 010146 – 10964
Aleksandrs Cernavskis	Member of the Council,	p.ID 230770 – 10656
Juris Kaksitis	Member of the Council,	p.ID 270443 – 10124
Gaidis Andrejs Zeibots	Member of the Council,	p.ID 260645 – 10807
Chief accountant	Marina Pudova	Phone 67080868
Annual report	1 January – 31 March 2011	
Tax authority	SRS Large tax payers department	
Name and address of an auditor	Natalija Zaiceva, p ID 140366-10722 LACA certificate. No. 138	
	Sworn auditors firm KSIA “ UHY ORIENTS N” LSAA certificate No 28	
Responsible person	Larisa Artemenko Member of the Board t. 67353411, E-mail: larisa@riga-shipyard.com	

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 of March, 2011 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, and ensures the financial report has been prepared complying with Latvian Legislation.

The Board is liable for administering of respective accounting reports, for perseverance of means of the enterprise, as well as for elimination of deceit and other dishonest acts.

**JSC “Riga Shipyard”
Chairman of the Board**

_____ **V. MELNIKS**

May 31st, 2011

“Riga shipyard” JSC
financial statements for 3 months of the year 2011

Profit or Loss statement

		2011 3 months Ls	2010 3 months Ls	2011 3 months EUR	2010 3 months EUR
Net turnover	1	3808904	2007817	5419582	2856866
Sold production operating costs	2	4149228	2486582	5903820	3538087
Gross profit or losses		(340324)	(478765)	(484238)	(681221)
Selling costs	3	2358	2694	3355	3833
Administration costs	4	190322	128016	270804	182150
Other enterprise's business activity's income	5	578347	342448	822914	487260
Other enterprise's business activity's costs	6	474761	266703	675524	379484
Profit or Losses of business activity's		(429418)	(535730)	(611007)	(759428)
Income from other capital participation, securities and loans forming part of the fixed assets					
Other percents and the like income	7	24322	120291	34607	171159
Payment of interest and the like costs	8	33711	36554	47966	52012
Profit or Losses prior to extra ordinary items and taxes		(438807)	(449993)	(624366)	(640281)
Profit or Loss prior to taxes		(438807)	(449993)	(624366)	(640281)
Income taxes of the enterprise	9	0	5460	0	7769
Other taxes	10	25986	26113	36975	37155
Year of account profit or Loss (net income)		(464793)	(481566)	(661341)	(685205)
Profit or Loss per share		-0.04	-0.04	-0.06	-0.06

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

May 31st, 2011

“Riga shipyard” JSC
financial statements for 3 months of the year 2011

Balance Sheet at 31st of March 2011 year

ASSETS	Remarks	31.03.2011 Ls	31.03.2010 Ls	31.03.2011 EUR	31.03.2010 EUR
<i>Long-term investments</i>					
I Intangible investments					
Other intangible investments		4150	13463	5906	19157
Advance payments of intangible investments		167895	167895	238894	238894
Intangible investments in total	11	172045	181358	244800	258051
II Fixed assets					
Lands, buildings, constructions, perennial plants					
Long-term investments into leased fixed assets		3987009	3951570	5673002	5622577
Equipment and machinery		363	560	516	796
Other fixed assets and stock		14185035	13992894	20183486	19910094
Up building of fixed assets and unfinished building objects costs		267134	321361	380098	457257
Advanced payments for fixed assets		411167	431444	585037	613888
		6323	19000	8997	27035
Fixed assets in total		18857031	18716829	26831136	26631647
III Property deposit					
		431846	447440	614461	636649
Fixed assets and property deposit in total	12	19288877	19164269	27445597	27268296
IV Long-term financial investments					
Participation in capital of related companies	13	3394958	3394958	4830590	4830590
Participation in capital of associated companies					
Other equities and investments	14	165	165	235	235
Other loans and other long-term debtors	15	535789	543104	762359	772766
Loans to copartners of the enterprises and to the directorship	16	312284	322284	444340	458569
Long-term deposit	17	1447776	2909609	2060000	4140000
Long-term financial investments in total		5690972	7170120	8097524	10202160
Long-term investments in total		25151894	26515747	35787921	37728507
<i>Current assets</i>					
I Reserves					
Raw materials, direct materials and auxiliary materials	18	4290995	2481528	6105536	3530896
Unfinished production	19	251173	1564779	357387	2226480
Unfinished order	20	1131040	364701	1609325	518923
Advance payments for goods	21	5681676	6978392	8084297	9929357
Reserves in total		11354884	11389400	16156545	16205656
II Debts of debtors					
Debts of buyers and customers	22	2574964	2447103	3663844	3481914
Associated companies debts	23	336025	395829	478121	563214
Other debtors	24	940503	708462	1338215	1008052
Short-term loans to copartners of the enterprise's and to the directorship	25	10000	160865	14229	228890
Next period costs	26	47502	51546	67589	73343
Accrued proceeds	27	15524736	663200	22089709	943649
Debtors in total		19433730	4427005	27651707	6299062
III Short-term financial investments					
Short-term deposit		393641		560100	
Cash assets		6638937	9656502	8886256	13739965
IV Short-term deposit and cash assets in total	28	6638937	9656502	9446356	13739965
Current assets in total		37427551	25472907	53254608	36244683
Assets in total		62579445	51988654	89042529	73973190

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

“Riga shipyard” JSC
financial statements for 3 months of the year 2011

Balance Sheet at 31st of March 2011 year

LIABILITIES		Remarks	31.03.2011 Ls	31.03.2010 Ls	31.03.2011 EUR	31.03.2010 EUR
I	Equity capital					
	Stock or share capital (equity capital)	29	11672107	11672107	16607912	16607912
	Overrate reserved of financial fixed assets	30	8414995	8612885	11973458	12255031
	Retained earnings					
	a) previous years retained earnings		3566130	3406611	5074147	4847171
	b) year of account retained earnings		(464793)	(481566)	(661341)	(685205)
	<i>Retained earnings in total</i>		<i>3101337</i>	<i>2925045</i>	<i>4412806</i>	<i>4161966</i>
	Equity capital in total		23188439	23210037	32994176	33024909
II	Reserves					
	<i>Reserves in total</i>					
III	Creditors					
I	Long-term debts					
	Liability of leasing		111395	4139	158501	5889
	Deferred taxation reserves liabilities		1982723	2046145	2821161	2911402
	Long-term debts in total		2094118	2050284	2979662	2917291
II	Short-term debts					
	Loans from credit institutions	31	3404085	3609287	4843577	5135553
	Liability of leasing	32	31651	1797	45034	2557
	Other loans	33	421682		600000	
	Advance payments received from buyers	34	31369466	21263658	44634729	30255460
	Debts to suppliers and contractors	35	1385890	1134460	1971944	1614191
	Debts to associated companies	36	182		259	
	Taxes and social insurance payments	37	2615	119720	3721	170346
	Other creditors	38	224433	204153	319340	290481
	Unpaid previous years dividends	39	24659	24783	35087	35263
	Next period income	40	2834	4833	4032	6877
	Accrued liabilities	41	429391	365642	610968	520262
	Short-term creditors in total		37296888	26728333	53068691	38030990
	Creditors in total		39391006	28778617	56048353	40948281
	Liabilities total		62579445	51988654	89042529	73973190

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May 31st, 2011

“Riga shipyard” JSC
financial statements for 3 months of the year 2011

Cash flow statement for 3 months of year 2011 and 3 months of year 2010

	31.03.2011 Ls	31.03.2010 Ls	31.03.2011 EUR	31.03.2010 EUR
A Cash flow from primary activity				
Sales income	5086756	5138486	7237802	7311407
Cash to suppliers, personnel and others primary activity costs	6690577	4195818	9519833	5970111
Gross cash flow from primary activity	(1603821)	942668	(2282031)	1341296
Interest paid	33711	36554	47966	52012
Corporate income tax				
Primary activity before extraordinary items	(1637532)	906114	(2329997)	1289284
Cash flow from extraordinary items	(1637532)	906114	(2329997)	1289284
Net cash flow from primary activity	(1637532)	906114	(2329997)	1289284
B Cash flow from investment activity				
Related and associated enterprises shares acquisition				
Selling out of shares				
Paid for fixed assets acquisition	60125	242957	85550	345697
Received for the fixed assets sold	20434	1742	29075	2479
Loans granted		7028		10000
Decrease of long-term deposit	1461832	2818244	2080000	4010000
Income from loan repayment	381		542	
Interest received	24322	120291	34607	171159
Received dividend				
Net cash flow from financial activity	1446844	2690292	2058674	3827941
C Cash flow from financial activities				
Loan repaid	295628	1134831	420640	1614719
Loan received				
Dividend paid		6		9
Net cash flow from financial activities	(295628)	(1134837)	(420640)	(1614728)
Result of currency exchange rates changing	10936	8967	15559	12760
Net cash flow and equivalent increase or decrease (A+B+C)	(475380)	2470536	(676404)	3515257
Cash and equivalent thereof at beginning of the period of accounts	6720676	7185966	9562660	10224708
Cash and equivalent thereof at the end of the period of account	6245296	9656502	8886256	13739965

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

May 31st, 2011

Changes in own capital report for 3 months of year 2011 and 3 months of year 2010

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 31.12.2009	11672107	16607912	8671089	12337846	3406611	4847171	23749807	33792929
Revaluation reserve			(58204)	(82815)			(58204)	(82815)
Dividends								
Period of account net profit & loss					(481566)	(685205)	(481566)	(685205)
Balance as at 31.03.2010	11672107	16607912	8612885	12255031	2925045	4161966	23210037	33024909
Balance as at 31.12.2010	11672107	16607912	8473199	12056273	3566130	5074147	23711436	33738332
Revaluation reserve			(58204)	(82815)			(58204)	(82815)
Dividends								
Period of account net profit & loss					(464793)	(661341)	(464793)	(661341)
Balance as at 31.03.2011	11672107	16607912	8414995	11973458	3101337	4412806	23188439	32994176

EPS for 31.03.2011. $LVL (464793):11672107 = -0,04 LVL$ or $- 0,06 EUR$;
EPS for 31.03.2010. $- 0,04 LVL$ or $-0,06 EUR$

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May 31st, 2011

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.03.2011.

Notes mentioned on pages 10th - 32th are to be an integral part of this annual report.

Notes to the financial statements

Accounting policy

(1) General principles

The report has been prepared in compliance with laws of Latvian Republic “Regarding accountancy” “Regarding Annual Reports” and Latvian Ministries of Finance standards on Accountancy, applicable in year of report. The amounts in Financial Statements are generated based on prior costs method. If compared to previous year, the methods of accountancy and valuation, used in the company have not been changed.

Profit or Loss calculation has been prepared as per turnover costs scheme.

Cash flow statement has been prepared as per direct method.

Comparing to previous year of account methods of accountancy and evaluation applied in the Company have been changed.

The report has been prepared basing on the conception of continuation of business.

Financial reports, which are applied to the given annual report, are made in the Latvian national currency - in an 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;

rendering of services - 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;

(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 (Ls), 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:

	31.03.2011.	31.03.2010.
	Ls	Ls
1 USD	0,499	0,521
1 EUR	0,702804	0,702804
1 NOK	0,0891	0,0874
1 GBP	0,799	0,782
1 RUB	0,0176	0,0177

(6) Fixed assets and low-grade stock

Intangible and fixed assets are initially defined at the purchase cost. Depreciation is calculated on a straight-line basis applying the following rates of depreciation set by the management, based on the estimated useful life of the fixed assets:

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

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

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

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

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

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

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

(7) Property deposits

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

(8) Affiliated undertaking deposits.

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

(9) Other long-term investments.

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

(10) Reserves

Raw materials, materials and goods subject to sale were booked at the purchase price, including costs related to purchase, and were accounted as per FIFO methods. Sum of Illiquid assets’, stored in the enterprise’s warehouses, in comparison to total commodity stock was not essential.

Balance of reserves has been shown at the lowest costs.

Unfinished production has been reflected as costs related to employees, purchase of raw materials and services, excluding administration costs.

(11) Long-term contract

Due to the character to the contract on establishing an asset and performed activities the dates of starting and completing the contract performance falls within different reporting periods. Revenues and costs related to the contract are recognised as revenues and expenditure, accordingly, taking into account the percentage volume of completion of contract works as on the Balance Sheet date. In compliance to the above method the Company determines the degree of completion of the work by relating the costs related to the contract and incurred until the Balance Sheet date to the total estimated contract costs and expressing this relation as percentage or by assessing the physical level of completion of the work, depending on which of the above methods is more suitable. Expected loss from a long-term contract are recognised as expenditure immediately. Costs incurred during the reporting period and related to future operation of the contract are excluded from costs related to the contract when the degree of completion of the work is calculated. They are presented as raw materials and materials or other assets depending on their character. The orders of Shipbuilding with the completion level up to 10% (zero cycle) are not valued under level of completion and are shown like unfinished production.

(12) Debtors

Debtors’ debts in the balance sheet have been shown at the net value, obtained deducting provisions for doubtful debts from the total amount of Debtor’s debts. Debtors’ actual sum complies with contracts and other accounting basic documents. Provisions for doubtful debts. are calculated by individual evaluation of every Debtor. Provisions for doubtful debts. reflect evaluation of estimated loss on the date of balance. Hopeless debts are to be written off when its recovery is admitted as impossible.

(13) Accumulated income

Riga Shipyard’s new building incomes are acknowledged respective to its executive degree (see remark 11 “Long - term contracts”).

(14) Cash and cash equivalents

In the report of cash flow consist of the money in cash-box, remnants of active bank cont and demand deposits in the credit institutions with term to 90 days.

(15) Equity capital and dividends

Base shares are classified as equity capital. Dividends payable to the Company shareholders are recorded as liabilities during the Company financial reporting period when the Company shareholders approve the relevant dividends.

(16) Revaluation reserve

In the revaluation reserve of long-term investments they reduce the growth of values contained when a revaluated fixed asset are to be written off or eliminated. As well as it is revaluated during the asset's usage gradually by writing off every reporting period the amount of difference between the wear to be calculated according to asset's revaluated value and the wear to be calculated according to asset's acquisition value.

(17) 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.

(18) Income tax of the enterprise

Enterprise income tax was calculated according to Latvia Republic tax laws. Tax laws in 2011 and further fixed tax rate is 15%.

Deferred taxation was referable to all short-term distinctions, which appear as a result of making accountancy of earnings and expenses according to tax laws. Deferred taxation is liability, which was calculated using tax rates. The main short-term distinctions appear from distinctions of fixed assets and nonmaterial wealth depreciation norms in taxes and financial bookkeeping calculation.

Deferred taxation assets item was included in financial reports only when regain of assets is real.

(19) 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.

(20) 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.

(21) Taxes

There has been made reconciliation of taxes liabilities by State Revenue Service data.

(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.

(25) Credit risk

The Company is subject to the credit risk with respect to the debts of its buyers and customers, issued short-term loans and money and its equivalents. The Company manages its credit risk constantly reviewing the repayment history of the client debts and stating the credit conditions for each client separately. The Company has no significant concentration of credit risk on any separate business partner or group of partners corresponding to the similar description.

(26) Percentage risk

Enterprise is subjected from credit interest rate changing risk.

(27) Currency risk

The company is subject to foreign currency exchange rate fluctuations; mainly due to its loans and other operations performed in euro currency as well as trade receivables is also in euro.

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.

(28) 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.

(29) Retraining

In order to meet post classification for year 2010 the comparative readings for year 2011 in necessary cases individual post classification has changed.

Supplements to Annual Report
Supplement to Profit or Loss Statement

(1) Net turnover	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Shipbuilding	2970758	1160227	4227008	1650854
Ship repair	828801	834032	1179278	1186721
Mechanical engineering	9345	13455	13296	19145
Other works	0	103	0	146
Total	3808904	2007817	5419582	2856866
(2) Sold products operating costs	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Material costs (raw materials and materials, value of goods, services from outside)	2935050	1267532	4176200	1803536
Salary	709873	735096	1010058	1045947
Social insurance costs	166981	171772	237593	244410
Depreciation of fixed assets	227895	233820	324263	332696
Other costs	109429	78362	155706	111498
Total	4149228	2486582	5903820	3538087
(3) Selling costs	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Advertisement	2358	2694	3355	3833
Total	2358	2694	3355	3833
(4) Administration costs	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Liaison costs	3007	1520	4279	2163
Office maintenance costs	135	288	192	410
Salary of administration	11702	14692	16650	20905
Remuneration of the board	56452	32305	80324	45966
Remuneration of the council	45000	29173	64029	41509
Social insurance costs	26262	17320	37367	24644
Depreciation of fixed assets	5843	7089	8314	10087
Transport costs, travel allowances	17491	15956	24887	22703
Assurance	524	1288	746	1833
Representation costs	3099	1162	4409	1653
Costs of the representation cars	20807	7223	29607	10277
Total	190322	128016	270804	182150

Supplement to Profit or Loss Statement (continuation)

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

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Income generated by transport services rendering				
Income generated by leased FA payments and public services	286455	284976	407588	405484
Tugboat services income	114191	12396	162479	17638
Selling out of raw materials and materials	160457	32975	228310	46919
Income generated by chemical analyses	210	165	299	235
Income generated by realization of fixed assets	4950	1742	7043	2479
Currency selling income	8281	0	11783	0
Income generated by fluctuation of currency rate	2951	8967	4199	12759
Other income	852	1227	1213	1746
Total	578347	342448	822914	487260

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

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Material purchase costs	155779	29757	221654	42340
Medical services	2213	834	3149	1187
Costs on tugboat services	49027	3198	69759	4550
Material benefits	0	81	0	115
Burial costs	620	560	882	797
Costs incurred by fixed assets’ exclusion	3930	452	5592	643
Representation costs	4990	1798	7100	2558
Costs on maintenance of leased FA	256968	225665	365633	321092
Other costs	1234	4358	1755	6202
Total	474761	266703	675524	379484

(7) Other percents and the like income

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Depositing percentage	24285	120286	34554	171152
Bank interests	37	5	53	7
Total	24322	120291	34607	171159

Supplement to Profit or Loss Statement (continuation)

(8) Payment off percents and the like costs

	2011 year 3 months	2010 year 3 months	2011 year 3 months	2010 year 3 months
	Ls	Ls	EUR	EUR
Paid off penalty	35	19	50	27
Paid off interests	22696	26600	32293	37848
Guarantee maintenance	10980	9935	15623	14137
Total	33711	36554	47966	52012

(9) Income taxes of the enterprise

	2011 year 3 months	2010 year 3 months	2011 year 3 months	2010 year 3 months
	Ls	Ls	EUR	EUR
Income tax advance payments	0	5460	0	7769
Total	0	5460	0	7769

(10) Other taxes

	2011 year 3 months	2010 year 3 months	2011 year 3 months	2010 year 3 months
	Ls	Ls	EUR	EUR
Real estate tax	25986	26113	36975	37155
Total	25986	26113	36975	37155

Supplement to the balance sheet at 31st of March` 2011

(11) Other intangible investments LVL

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments Total
Initial value						
01.01.2010	0	0	74372		167895	242267
Bought						
Relocated						
Written off						
31.03.2010	0	0	74372		167895	242267
Depreciation						
01.01.2010	0	0	58421			58421
Estimated			2488			2488
Written off						
31.03.2010	0	0	60909			60909
Balance value 01.01.2010	0	0	15951		167895	183846
Balance value 31.03.2010	0	0	13463		167895	181358

(11) Other intangible investments EUR

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
Initial value						
01.01.2010	0	0	105822		238894	344716
Bought						
Written off						
Relocated						
Revaluated						
31.03.2010	0	0	105822		238894	344716
Depreciation						
01.01.2010	0	0	83125			83125
Estimated			3540			3540
Written off						
31.03.2010	0	0	86665			86665
Balance value 01.01.2010	0	0	22697		238894	261591
Balance value 31.03.2010	0	0	19157		238894	258051

Supplement to the balance sheet (continuation)

(11) Other intangible investments LVL

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments Total
Initial value						
01.01.2011	0	0	74372		167895	242267
Bought						
Relocated						
Written off						
31.03.2011	0	0	74372		167895	242267
Depreciation						
01.01.2011	0	0	68373			68373
Estimated			1849			1849
Written off						
31.03.2011	0	0	70222			70222
Balance value 01.01.2011	0	0	5999		167895	173894
Balance value 31.03.2011	0	0	4150		167895	172045

(11) Other intangible investments EUR

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
Initial value						
01.01.2011	0	0	105822		238894	344716
Bought						
Written off						
Relocated						
Revaluated						
31.03.2011	0	0	105822		238894	344716
Depreciation						
01.01.2011	0	0	97285			97285
Estimated			2631			2631
Written off						
31.03.2011	0	0	99916			99916
Balance value 01.01.2011	0	0	8537		238894	247431
Balance value 31.03.2011	0	0	5906		238894	244800

Supplement to the balance sheet (continuation)

(12) Fixed assets (LVL)

	Land, buildings, constructions Ls	Investments assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction Ls	Advance Payment for FA Ls	Total Ls
Initial value								
01.01.2010	6141189	544039	560	18986373	970219	174008		26816388
Bought	2246			285933		545615	19000	852794
Written off				64299	115	288179		352593
Relocated								
31.03.2010	6143435	544039	560	19208007	970104	431444	19000	27316589
Depreciation								
01.01.2010	2147537	94985		5107590	629200			7979312
Estimated	44328	1614		113167	19658			178767
Written off				63848	115			63963
Relocated				58204				58204
31.03.2010	2191865	96599		5215113	648743			8152320
Balance value 01.01.2010	3993652	449054	560	13878783	341019		174008	18837076
Balance value 31.03.2010	3951570	447440	560	13992894	321361	431444	19000	19164269

(12) Fixed assets (EUR)

	Land, buildings, constructions	Investment assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction	Advance Payment for FA	Total
Initial value								
01.01.2010	8738125	774097	796	27015175	1380498	247590		38156281
Bought	3195			406846		776340	27035	1213416
Written off				91489	164	410042		501695
Relocated								
31.03.2010	8741320	774097	796	27330532	1380334	613888	27035	38868002
Depreciation								
01.01.2010	3055670	135151		7267447	895270			11353538
Estimated	63073	2297		161022	27971			254363
Written off				90846	164			91010
Relocated				82815				82815
31.03.2010	3118743	137448		7420438	923077			11599706
Balance value 01.01.2010	5682455	638946	796	19747728	485228	247590		26802743
Balance value 31.12.2010	5622577	636649	796	19910094	457257	613888	27035	27268296

Supplement to the balance sheet (continuation)

(12) Fixed assets (LVL)

	Land, buildings, constructions Ls	Investments assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction Ls	Advance Payment for FA Ls	Total Ls
Initial value								
01.01.2011	6359468	555836	363	19915170	965050	227462	4758	28028107
Bought	10309	2138		91242	4545	291939	3344	403517
Written off				63029	105	108234	1779	173147
Relocated								
31.03.2011	6369777	557974	363	19943383	969490	411167	6323	28258477
Depreciation								
01.01.2011	2333829	119556		5612851	684452			8750688
Estimated	48939	6572		130908	18009			204428
Written off				43615	105			43720
Relocated				58204				58204
31.03.2011	2382768	126128		5758348	702356			8969600
Balance value 01.01.2011	4025639	436280	363	14302319	280598	227462	4758	19277419
Balance value 31.03.2011	3987009	431846	363	14185035	267134	411167	6323	19288877

(12) Fixed assets (EUR)

	Land, buildings, constructions	Investment assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction	Advance Payment for FA	Total
Initial value								
01.01.2011	9048708	790883	516	28336734	1373143	323648	6770	39880402
Bought	14668	3042		129826	6467	415392	4758	574153
Written off				89682	149	154003	2531	246365
Relocated								
31.03.2011	9063376	793925	516	28376878	1379461	585037	8997	40208190
Depreciation								
01.01.2011	3320740	170113		7986369	973888			12451110
Estimated	69634	9351		186265	25624			290874
Written off				62057	149			62206
Relocated				82815				82815
31.03.2011	3390374	179464		8193392	999363			12762593
Balance value 01.01.2011	5727968	620770	516	20350565	399255	323648	6770	27429292
Balance value 31.03.2011	5673002	614461	516	20183486	380098	585037	8997	27445597

Supplement to the balance sheet (continuation)

(13) Partnership in capital of associated companies

	<u>31.03.2011.</u> <u>Ls</u>	<u>Share capital (%)</u>	<u>31.03.2010.</u> <u>Ls</u>	<u>Share capital (%)</u>	<u>31.03.2011.</u> <u>EUR</u>	<u>31.03.2010.</u> <u>EUR</u>
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	<u>3394958</u>		<u>3394958</u>		<u>4830590</u>	<u>4830590</u>

(14) Other equities and investments

Name enterprise	Parts or shares value		31.03.2011			31.03.2010		
	2011	2010	Quantity	Ls	EUR	Quantity	Ls	EUR
“Baltic International Bank” JSC	5	5	33	165	235	33	165	235
Total	5	5	33	165	235	33	165	235

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

	<u>2011 year</u> <u>3 months</u> <u>Ls</u>	<u>2010 year</u> <u>3 months</u> <u>Ls</u>	<u>2011 year</u> <u>3 months</u> <u>EUR</u>	<u>2010 year</u> <u>3 months</u> <u>EUR</u>
Student loan payout	67328	59643	95799	84864
Shares loan payout	468461	483461	666560	687902
Kopā	<u>535789</u>	<u>543104</u>	<u>762359</u>	<u>772766</u>

Supplement to the balance sheet (continuation)

(16) Loans to copartners of the enterprises and to the directorship

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Long-term loans	312284	322284	444340	458569
Total	312284	322284	444340	458569

	Ls	Euro
Copartners and directorship		
Including: Long-term	312284	444340
Short-term	10000	14229
31.03.2011	322284	458569

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

(17) Long-term deposit

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
	1447776	2909609	2060000	4140000
Total	1447776	2909609	2060000	4140000

The enterprise had made investments at JSC “UniCredit Bank” with final term February 24th 2012 that serves as a loan (financial guarantee) to signed guarantee agreement dated November 02th 2009 concluded between JSC “Rīgas kuģu būvētava” and JSC “UniCredit Bank” referring guarantee delivery based on May 30th 2008 agreement concluded between “JSC “Riga Shipyard” and "Abeking & Rasmussen Schiffs- und Yachtwerft Aktiengesellschaft" about 5 SWATH vessels building and delivery to the Ministry of Defense.

Supplement to the balance sheet (continuation)

(18) Raw materials, direct materials and auxiliary materials

	2011 year	2010 year	2011 year	2010 year
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
1. Metal ware	58369	66233	83052	94241
2. Timbering	3244	4378	4616	6229
3. Metal, non-ferrous metals, pipes	1928590	1799748	2744136	2560811
4. Wire cables	5101	5584	7258	7945
5. Fuel	5866	5249	8347	7469
6. Coveralls	6878	3055	9787	4347
7. Equipment	326657	5098	464791	7254
8. Cables	75813	26513	107872	37725
9. Varnish and paint	90092	63096	128189	89778
10. Household goods	278	4691	396	6675
11. Technical rubber ware	13634	11264	19399	16027
12. Other	1776473	486619	2527693	692395
Total	4290995	2481528	6105536	3530896

(19) Unfinished production

	2011 year	2010 year	2011 year	2010 year
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
Shipbuilding orders	251173	1564779	357387	2226480
Total	251173	1564779	357387	2226480

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

(20) Unfinished orders

	2011 year	2010 year	2011 year	2010 year
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
1) Ship repair orders	1118204	351593	1591061	500272
Including:				
m/v „Gerakl”	14753			
m/v „Holmogori”	12265			
m/v „Anefani”	18518			
m/v „Lange Wapper”	89581			
m/v „Meh.Makarin”	328422			
m/v „Green Forest”	417578			
The others	237087			
2) Mechanical engineering orders	6852	4568	9750	6500
3) Various	5984	8540	8514	12151
Total	1131040	364701	1609325	518923

Supplement to the balance sheet (continuation)

(21) Advance payments for goods

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
For goods	5681676	6978392	8084297	9929357
Total	5681676	6978392	8084297	9929357

(22) Debts of buyers and customers

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Buyers and customers accounting value	2789256	2686891	3968753	3823100
Generated reserves	(214292)	(239788)	(304909)	(341186)
Balance net value	2574964	2447103	3663844	3481914

(23) Associated companies debts

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
“Tosmares kuģu būvētava” JSC debt for service	9390	78749	13361	112050
SIA “Remars Granula” debt for service and credit	326635	317080	464760	451164
Total	336025	395829	478121	563214

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

Supplement to the balance sheet (continuation)

(24) Other debtors

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Accounting value	947982	849941	1348856	1209358
Generated reserves	(7479)	(141479)	(10641)	(201306)
Balance net value	940503	708462	1338215	1008052

Other debtors debts are as following:

Accounted VAT	2816	2816	4007	4007
Overpaid taxes				
-Value added tax	244900	439656	348461	625574
-Enterprise income tax	46368	43650	65976	62108
Enterprise income tax	49252		70079	
Social insurance payments	204904		291552	
Payments personal debts	444	1998	632	2843
Payment of salary	311	1894	443	2695
Short-term loans for shares of JSC “Tosmares kuģubūvetava”	14942	14942	21261	21261
Advance payment of service	370957	58131	527824	82713
Account with other debtors	5609	145375	7980	206850
Total	940503	708462	1338215	1008051

(25) Short-term loans to the enterprise’s copartners and directorship

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Total	10000	160865	14229	228890

	Directorship, copartners Ls	Directorship, copartners EUR
leaders debt for shares 31.03.2011	10 000	14 229
	10000	14229

Supplement to the balance sheet (continuation)

(26) Next period costs

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Enterprise’s property insurance premium sum	7997	3416	11379	4861
Subscription to the press	442	357	629	508
Inviting of specialists	0	1388	0	1975
Insurance of health	0	6202	0	8825
Check of floating means	2437	6584	3468	9368
Expenses for repair of the rented basic means	148	19662	211	27977
Advertisements	242	1609	344	2289
Payment lease of land	5978	5978	8506	8506
Costs of Representative cars	3301	0	4697	0
Exhibition	12196	1530	17353	2177
Software maintenance services	7100	0	10102	0
Others	7661	4820	10900	6857
Total	47502	51546	67589	73343

(27) Accrued proceeds

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Shipbuilding	15524736	663200	22089709	943649
Total	15524736	663200	22089709	943649

(28) Cash assets

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Short –term deposit	393641	0	560100	0
Money at a cash department	2700	1566	3842	2228
Money on current accounts	66007	19494	93919	27737
Other money means*	6176589	9635442	8788495	13710000
Total	6638937	9656502	9446356	13739965

- Deposits up to 90 days

Supplement to the balance sheet (continuation)

(29) Stock or share capital (equity capital)

“Rīga 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. 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 Acts:

1. Growth of the equity capital up to Ls 11 000 000 on 31 December 1998.
2. Growth of the equity capital up to Ls 11 672 107 on 30 December 1999.

“Rīgas kuģu būvētava” JSC shareholders on the 31.03.2011

	31.03.2011	%	31.03.2010	%	2011 year	2010 year
	Ls		Ls		EUR	EUR
“Remars-Rīga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	2258286	19.35	3329177	28.52	3213251	4736992
Private personae	3594627	30.79	2523736	21.62	5114694	3590953
Total	11672107	100	11672107	100	16607912	16607912

(30) Long term investments reevaluation reserves

	2011 year	2010 year	2011 year	2010 year
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
	8414995	8612885	11973458	12255031
Total	8414995	8612885	11973458	12255031

Reevaluation reserve was established due to valuation of floating docks. Reevaluation reserve is reduced by the amount that is difference between the wear to be calculated according to asset’s revaluated value and the wear to be calculated according to asset’s acquisition value.

Supplement to the balance sheet (continuation)

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

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
	3404085	3609287	4843577	5135553
Total	3404085	3609287	4843577	5135553

The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA with JSC “Nordea Bank Finland Plc.” On Marts 31st 2011 2 floating docks, 3 running new building project, all requirement rights belonging to the depositor, reserves and debtor debts had been pawned as a guarantee to the received loan.

(32) Liability of leasing

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Long-term	111395	4139	158501	5889
Short-term	31651	1797	45034	2557
Total	143046	5936	203535	8446

The average yearly interest in SIA „Nordea Finance Latvija Līzings” is 4,39 %, SIA „Unicredit Leasing ” is 4,85%. The interest of Lease is shown as costs of report year.

(33) Other credit

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
	421682	0	600000	0
Total	421682	0	600000	0

Supplement to the balance sheet (continuation)

(34) Advance payments received from buyers

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
For shipbuilding	29834930	21189454	42451281	30149877
For ship repair	1521966	66559	2165562	94705
Others	12570	7645	17886	10878
Total	31369466	21263658	44634729	30255460

(35) Debts to suppliers and contractors

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Debts for services	195805	50672	278605	72100
Debts for materials	702822	502445	1000026	714915
Debts subcontractors	487263	581343	693313	827176
Total	1385890	1134460	1971944	1614191

(36) Debts to associated companies

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
“Tosmare Shipyard” JSC	182	0	259	0
Total	182	0	259	0

(37) Taxes and social insurance payments

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Social insurance payments	0	77245	0	109910
Residents income tax	0	41156	0	58560
Risk tax	164	159	233	226
Natural resources tax	2451	1160	3488	1650
Total	2615	119720	3721	170346

Supplement to the balance sheet (continuation)

(38) Other creditors

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Salary	188432	156596	268115	222816
Payments for deductions from salary	393	962	559	1369
Payments by return to personae	2084	510	2965	726
Payments for credit cards	1726	1161	2456	1652
Payments for debts to other enterprises	31798	44924	45245	63918
Total	224433	204153	319340	290481

(39) Unpaid previous years dividends

	Ls	EUR
31.12.2010	24659	35087
Calculated	0	0
Paid off	0	0
31.03.2011	24659	35087

(40) Next period income

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
Free of charge received base means had been formed that will be referred to PL incomings at the period of base means use.	2834	4833	2834	6877
Total	2834	4833	2834	6877

(41) Accrued liabilities

	2011 year 3 months Ls	2010 year 3 months Ls	2011 year 3 months EUR	2010 year 3 months EUR
For services	235004	192047	334381	273259
Accruals for vocations	194387	173595	276587	247003
Total	429391	365642	610968	520262

Supplement to the balance sheet (continuation)

(42) Out of balance liabilities

On May 12th 2005 a Treaty Nr KD05091/12 for the final amount of Ls 100 000 had been concluded with JSC “SEB Banka” as a guarantee of “Remars Granula” responsibilities that is based on Credit agreement Nr KD 05091 as of May 2nd 2005.

On February 10th 2006 Loan agreement (mortgage) had been concluded with JSC “SEB Banka” as an additional guarantee to “Remars Granula” responsibilities based on Credit agreement Nr KD 05091 as of May 2nd 2005 (with improvements as of May 12th 2005) with loan of belonging to the enterprise building workshop of granula.

In June 28th 2010 there was concluded the Mortgage agreement No 9/10059 between JSC “Rīgas kuģu būvētava” and State Revenue service as a collateral for requested amounts for overpaid taxes with pledged Real Estate (buildings) of JSC “Rīgas kuģu būvētava”

The report for 3 month of year 2011 pages 1 to 32 we approve:

Chairman of the Board

V. MELNIKS

Member of the Board

I.KOMAROVS

Member of the Board

L.ARTEMENKO

Member of the Board

I.RUDZATE

Member of the Board

E.BUKS

May 31st , 2011