

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

“RIGA SHIPYARD” JSC
financial statements for 9 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 Reģ.Nr.54103022521	
Address	2 Gales street, Riga, LV-1015	
Partnership	49,80%	
Name, surnames and positions of members of the Board		
Vasilijš Melnikš	Chairman of the Board,	
Igors Komarovš	Member of the Board,	
Larisa Artemenko	Member of the Board,	
Irina Rudzate	Member of the Board,	
Einars Buks	Member of the Board	
Name, surnames and positions of members of the Council		
Sergejs Golicins	Chairman of the Council,	
Anatolijs Ustinovš	Deputy Chairman of the Council,	
Aleksandrs Cernavskis	Member of the Council,	
Juris Kaksitis	Member of the Council, (resigned on 21.10.2011)	
Gaidis Andrejs Zeibots	Member of the Council,	
Chief accountant	Marina Pudova	Phone 67080868
Annual report	1 January – 30 September 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 September 30th 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**

November 30th, 2011

“Riga shipyard” JSC
financial statements for 9 months of the year 2011

Profit or Loss statement

		2011 9 months Ls	2010 9 months Ls	2011 9 months EUR	2010 9 months EUR
Net turnover	1	23691025	21534728	33709292	30641157
Sold production operating costs	2	23256209	21617054	33090604	30758297
Gross profit or losses		434816	(82326)	618688	(117140)
Selling costs	3	32249	23890	45886	33992
Administration costs	4	610721	517602	868978	736481
Other enterprise's business activity's income	5	1214739	1203684	1728418	1712688
Other enterprise's business activity's costs	6	1144716	815919	1628784	1160948
Profit or Losses of business activity's		(138131)	(236053)	(196542)	(335873)
Income from other capital participation, securities and loans forming part of the fixed assets					
Other percents and the like income	7	49097	245709	69859	349612
Payment of interest and the like costs	8	121605	268134	173028	381520
Profit or Losses prior to extra ordinary items and taxes		(210639)	(258478)	(299711)	(367781)
Profit or Loss prior to taxes		(210639)	(258478)	(299711)	(367781)
Income taxes of the enterprise	9	0	9100	0	12948
Other taxes	10	78387	78338	111535	111465
Year of account profit or Loss (net income)		(289026)	(345916)	(411246)	(492194)
Profit or loss per share		(0,02)	(0,03)	(0,03)	(0,04)

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

November 30th, 2011

“Riga shipyard” JSC
financial statements for 9 months of the year 2011

Balance Sheet at 30th of September year 2011

ASSETS	Remarks	30.09.2011 Ls	30.09.2010 Ls	30.09.2011 EUR	30.09.2010 EUR
<i>Long-term investments</i>					
<i>I Intangible investments</i>					
Other intangible investments		2125	8487	3024	12076
Advance payments of intangible investments		167895	167895	238894	238894
<i>Intangible investments in total</i>	11	170020	176382	241918	250970
<i>II Fixed assets</i>					
Lands, buildings, constructions, perennial plants		3953679	3997637	5625578	5688124
Long-term investments into leased fixed assets		21348	560	30375	796
Equipment and machinery		14024565	14280127	19955158	20318789
Other fixed assets and stock		236841	298700	336994	425012
Up building of fixed assets and unfinished building objects costs		723381	347095	1029278	493871
Advanced payments for fixed assets		2190	10437	3116	14851
<i>Fixed assets in total</i>		18962004	18934556	26980499	26941443
<i>III Property deposit</i>					
		418691	444212	595744	632056
Fixed assets and property deposit in total	12	19380695	19378768	27576243	27573499
<i>IV Long-term financial investments</i>					
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	536470	546764	763328	777976
Loans to copartners of the enterprises and to the directorship	16	312284	322284	444340	458569
Long-term deposit	17	1447776	2909608	2060000	4140000
<i>Long-term financial investments in total</i>		5691653	7173779	8098493	10207370
<i>Long-term investments in total</i>		25242368	26728929	35916654	38031839
<i>Current assets</i>					
<i>I Reserves</i>					
Raw materials, direct materials and auxiliary materials	18	4885262	4604100	6951102	6551044
Unfinished production	19	68985	126248	98157	179635
Finished goods and goods for resale			70280		100000
Unfinished order	20	1275920	693193	1815471	986325
Advance payments for goods	21	6500531	3931820	9249422	5594476
<i>Reserves in total</i>		12730698	9425641	18114152	13411480
<i>II Debts of debtors</i>					
Debts of buyers and customers	22	3712610	3680198	5282568	5236450
Associated companies debts	23	910888	356975	1296077	507930
Other debtors	24	2815113	868281	4005544	1235453
Short-term loans to copartners of the enterprise's and to the directorship	25	10000	10000	14229	14229
Next period costs	26	33075	50435	47061	71763
Accrued proceeds	27	13776595	10674745	19602329	15188794
Debtors in total		21258281	15640634	30247808	22254619
<i>III Short-term financial investments</i>					
<i>Short-term deposit</i>					
<i>Cash assets</i>					
<i>Short-term deposit and cash assets in total</i>	28	1174337	5108085	1670931	7268150
<i>Current assets in total</i>		35163316	30174360	50032891	42934249
<i>Assets in total</i>		60405684	56903289	85949545	80966088

Chairman of the Board

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“Riga shipyard” JSC
financial statements for 9 months of the year 2011

Balance Sheet at 30th of September year 2011

LIABILITIES		Remarks	30.09.2011	30.09.2010	30.09.2011	30.09.2010
			Ls	Ls	EUR	EUR
I	Equity capital					
	Stock or share capital (equity capital)	29	11672107	11672107	16607912	16607912
	Overrate reserved of financial fixed assets	30	8298588	8496479	11807824	12089400
	Retained earnings					
	a) previous years retained earnings		3566130	3406611	5074147	4847171
	b) year of account retained earnings		(289026)	(345916)	(411246)	(492194)
	<i>Retained earnings in total</i>		<i>3277104</i>	<i>3060695</i>	<i>4662901</i>	<i>4354977</i>
	Equity capital in total		23247799	23229281	33078637	33052289
II	Reserves					
	<i>Reserves in total</i>					
III	Creditors					
I	Long-term debts					
	Liability of leasing		139843	117627	198979	167368
	Deferred taxation reserves liabilities		1982723	2046145	2821161	2911402
	Long-term debts in total		2122566	2163772	3020140	3078770
II	Short-term debts					
	Loans from credit institutions	31	4082725	3697723	5809194	5261386
	Liability of leasing	32	10197	49246	14509	70071
	Advance payments received from buyers	33	28243885	24692172	40187428	35133795
	Debts to suppliers and contractors	34	1763192	2106552	2508796	2997353
	Debts to associated companies			182		259
	Taxes and social insurance payments	35	166221	164676	236511	234313
	Other creditors	36	236568	253455	336607	360637
	Unpaid previous years dividends	37	2834	4833	4032	6877
	Next period income	38	24652	24783	35077	35263
	Accrued liabilities	39	505045	516614	718614	735075
	Short-term creditors in total		35035319	31510236	49850768	44835029
	Creditors in total		37157885	33674008	52870908	47913799
	Liabilities total		60405684	56903289	85949545	80966088

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November 30th, 2011

“Riga shipyard” JSC
financial statements for 9 months of the year 2011

Cash flow statement for 9 months of year 2011 and 9 months of year 2010

	30.09.2011 Ls	30.09.2010 Ls	30.09.2011 EUR	30.09.2010 EUR
A Cash flow from primary activity				
Sales income	23375165	17402626	33259863	24761706
Cash to suppliers, personnel and others primary activity costs	30293948	20786992	43104405	29577223
Gross cash flow from primary activity	(6918783)	(3384366)	(9844542)	(4815517)
Interest paid	121605	268134	173028	381520
Corporate income tax				
Primary activity before extraordinary items	(7040388)	(3652500)	(10017570)	(5197037)
Cash flow from extraordinary items				
Net cash flow from primary activity	(7040388)	(3652500)	(10017570)	(5197037)
B Cash flow from investment activity				
Related and associated enterprises shares acquisition				
Selling out of shares				
Intangible and fixed assets acquisition	433617	471678	616981	671137
Revenue from tangible and intangible investment sales	72500	11007	103158	15662
Loans granted	2769	20512	3940	29186
Decrease deposit	1855473	2818245	2640100	4010000
Revenue created by return of loan	827	8005	1177	11390
Interest received	49097	245709	69859	349611
Dividends received				
Net cash flow from financial activity	1541511	2590776	2193373	3686340
C Cash flow from financial activities				
Loan repaid	396318		563910	
Loan received	421682	1045485	600000	1487591
Expenditure on debt repayment				
Dividend paid	7	6	10	9
Net cash flow from financial activities	(25371)	(1045491)	(36100)	(1487600)
Result of currency exchange rates changing	(22091)	29334	(31433)	41739
Net cash flow and equivalent increase or decrease (A+B+C)	(5546339)	(2077881)	(7891730)	(2956558)
Cash and equivalent thereof at beginning of the period of accounts	6720676	7185966	9562661	10224708
Cash and equivalent thereof at the end of the period of account	1174337	5108085	1670931	7268150

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

November 30th, 2011

Changes in own capital report for 6 months of year 2011 and 6 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 *			(174610)	(248446)			(174610)	(248446)
Dividends								
Period of account net profit & loss					(345916)	(492194)	(345916)	(492194)
Balance as at 30.09.2010	11672107	16607912	8496479	12089400	3060695	4354977	23229281	33052289
Balance as at 31.12.2010	11672107	16607912	8473199	12056273	3566130	5074147	23711436	33738332
Revaluation reserve *			(174611)	(248449)			(174611)	(248449)
Dividends								
Period of account net profit & loss					(289026)	(411246)	(289026)	(411246)
Balance as at 30.09.2011	11672107	16607912	8298588	11807824	3277104	4662901	23247799	33078637

* Long-term asset reevaluation reserve to the calculated depreciation amount

EPS on 30.09.2011. LVL (289026):11672107 = -0,02 LVL or - 0,03 EUR ;
EPS on 30.09.2010. - 0,03 LVL or -0,04 EUR

Chairman of the Board

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Member of the Board

L.ARTEMENKO

November 30th, 2011

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 30.09.2011.

Notes mentioned on pages 10th - 31st 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 - by 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 goods 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 September 30th were as follows:

	30.09.2011.	30.09.2010.
	Ls	Ls
1 USD	0,516	0,517
1 EUR	0,702804	0,702804
1 NOK	0,0895	0,0884
1 GBP	0,807	0,819
1 RUB	0,0163	0,0170

(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 fixed assets 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 fixed assets.

Company capitalizes fixed 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, 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 is 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 account and demand deposits in the credit institutions with term up 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 is 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 average number of shares.

(20) Related parties

Related parties are the Company’s major shareholders, Members of the Board and Members of the Council, close members of their families 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 target 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 Euros.

(28) Liquidity risk

The Company follows cautious liquidity risk management and maintains sufficient amount of cash and ensures availability of financing by using loan facilities granted by banks accordingly. 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 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Shipbuilding	14778852	13687681	21028412	19475815
Ship repair	8718285	7785258	12405002	11077424
Mechanical engineering	182417	59077	259556	84059
Other works	11471	2712	16322	3859
Total	23691025	21534728	33709292	30641157
(2) Sold products operating costs	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Material costs (raw materials and materials, value of goods, outsources)	19026706	17694882	27072564	25132550
Salary	2515501	2416241	3579236	3483001
Social insurance costs	586942	563297	835143	801499
Depreciation of fixed assets	756448	591816	1076329	842078
Other costs	370612	350818	527332	499169
Total	23256209	21617054	33090604	30758297
(3) Selling costs	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Advertisement	32249	23890	45886	33992
Total	32249	23890	45886	33992
(4) Administration costs	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Liaison costs	14201	9526	20206	13554
Office maintenance costs	714	2202	1016	3133
Salary of administration	35646	40931	50720	58240
Remuneration of the Board	177952	154467	253203	219787
Remuneration of the Council	135000	120248	192088	171097
Social insurance costs	80247	72318	114181	102899
Depreciation of fixed assets	16995	20281	24182	28857
Transport costs, business trips	75016	61170	106738	87037
Legal services	254	334	361	475
Insurances	1909	2483	2716	3533
Representation expenses	11765	5003	16740	7119
Costs of the representation cars	61022	28639	86827	40750
Total	610721	517602	868978	736481

Supplement to Profit or Loss Statement (continuation)

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

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Income generated by leased FA payments and utility services	697535	664415	992503	945377
Tugboat services income	189793	81824	270051	116425
Sales of raw materials and materials	269420	202643	383350	288335
Income generated by chemical analyses	619	831	881	1182
Income generated by realization of fixed assets	16501	9276	23479	13199
Proceeds from exchange rate fluctuations	0	5208	0	7410
Currency selling revenue	7935	27593	11290	39261
Proceeds from the creditors' debt write-off	2504	16025	3563	22802
Proceeds from previous year	1021	10609	1453	15095
Loss consideration	24680	177934	35116	253177
Other income	4731	7326	6732	10425
Total	1214739	1203684	1728418	1712688

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

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Material purchase costs	246345	184460	350517	262463
Losses from from exchange rate fluctuations	32994	0	46946	0
Medical services	7458	5731	10612	8154
Costs on tugboat services	90676	28965	129020	41213
The donations	4507	1402	6413	1995
Material benefits	320	300	455	427
Burial costs	2046	1675	2911	2383
Costs incurred by fixed assets’ exclusion	146780	1505	208849	2141
Representaiont expenses	19176	7625	27285	10849
Costs on maintenance of leased FA	428309	383527	609429	545710
Previous year costs	0	43108	0	61337
Losses	0	154060	0	219208
Special reserved sum provided for unsecured debts	163824	0	233101	0
Other costs	2281	3561	3246	5068
Total	1144716	815919	1628784	1160948

Supplement to Profit or Loss Statement (continuation)

(7) Other interest and the like income

	2011 year 9 months	2010 year 9 months	2011 year 9 months	2010 year 9 months
	Ls	Ls	EUR	EUR
Depositing interest	48916	245129	69601	348787
Bank interests	144	225	205	320
Interest income on loans	37	63	53	90
Fines received	0	292	0	415
Total	49097	245709	69859	349612

(8) Payment off percents and the like costs

	2011 year 9 months	2010 year 9 months	2011 year 9 months	2010 year 9 months
	Ls	Ls	EUR	EUR
Paid off penalty	2035	146891	2896	209007
Paid off interests	73644	81494	104786	115956
Guarantee maintenance	45806	39749	65176	56557
State fee	120	0	170	0
Total	121605	268134	173028	381520

(9) Income taxes of the enterprise

	2011 year 9 months	2010 year 9 months	2011 year 9 months	2010 year 9 months
	Ls	Ls	EUR	EUR
Income tax advance payments	0	9100	0	12948
Total	0	9100	0	12948

(10) Other taxes

	2011 year 9 months	2010 year 9 months	2011 year 9 months	2010 year 9 months
	Ls	Ls	EUR	EUR
Real estate tax	78387	78338	111535	111465
Total	78387	78338	111535	111465

Supplement to the balance sheet at 30th of September` 2010

(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
Purchased						
Relocated						
Written off						
30.09.2010	0	0	74372		167895	242267
Depreciation						
01.01.2010	0	0	58421			58421
Estimated			7464			7464
Written off						
30.09.2010	0	0	65885			65885
Balance value 01.01.2010	0	0	15951		167895	183846
Balance value 30.09.2010	0	0	8487		167895	176382

(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
Purchased						
Written off						
Relocated						
Revaluated						
30.09.2010	0	0	105822		238894	344716
Depreciation						
01.01.2010	0	0	83125			83125
Estimated			10621			10621
Written off						
30.09.2010	0	0	93746			93746
Balance value 01.01.2010	0	0	22697		238894	261591
Balance value 30.09.2010	0	0	12076		238894	250970

Supplement to the balance sheet at 30st of September` 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						
01.01.2011	0	0	74372		167895	242267
Purchased						
Relocated						
Written off						
30.09.2011	0	0	74372		167895	242267
Depreciation						
01.01.2011	0	0	68373			68373
Estimated			3874			3874
Written off						
30.09.2011	0	0	72247			72247
Balance value 01.01.2011	0	0	5999		167895	173894
Balance value 30.09.2011	0	0	2125		167895	170020

(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
Purchased						
Written off						
Relocated						
Revaluated						
30.09.2011	0	0	105822		23894	344716
Depreciation						
01.01.2011	0	0	97285			97285
Estimated			5513			5513
Written off						
30.09.2011	0	0	102798			102798
Balance value 01.01.2011	0	0	8537		238894	247231
Balance value 30.09.2011	0	0	3024		238894	241918

“Riga shipyard” JSC
financial statements for 9 months of the year 2011

Supplement to the balance sheet at 30th of September` 2010

(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
Purchased	142834			915415	16139	1247475	39267	2361130
Written off	8258	1126		162370	115	1074388	28830	1275087
Relocated								
30.09.2010	6275765	542913	560	19739418	986243	347095	10437	27902431
Depreciation								
01.01.2010	2147537	94985		5107590	629199			7979311
Estimated	137975	4842		339010	58458			540285
Written off	7384	1126		161918	114			170542
Relocated				174609				174609
30.09.2010	2278128	98701		5459291	687543			8523663
Balance value 01.01.2010	3993652	449054	560	13878783	341020	174008		18837077
Balance value 30.09.2010	3997637	444212	560	14280127	298700	347095	10437	19378768

(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
Purchased	203234			1302518	22964	1774997	55872	3359585
Written off	11750	1602		231032	164	1528716	41021	1814285
Relocated								
30.09.2010	8929609	772495	796	28086661	1403298	493871	14851	39701581
Depreciation								
01.01.2010	3055670	135151	0	7267447	895270	0	0	11353538
Estimated	196321	6890	0	482368	83178	0	0	768757
Written off	10506	1602	0	230389	162	0	0	242659
Relocated				248446				248446
30.09.2010	3241485	140439	0	7767872	978286			12128082
Balance value 01.01.2010	5682455	638946	796	19747728	485228	247590	0	26802743
Balance value 30.09.2010	5688124	632056	796	20318789	425012	493871	14851	27573499

“Riga shipyard” JSC
financial statements for 9 months of the year 2011

Supplement to the balance sheet at 30th of September` 2011

(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
Purchased	70201	2138	20985	488878	11803	1068939	49586	1712530
Written off				265684	8554	573020	52154	899412
Relocated								
30.09.2011	6429669	557974	21348	20138364	968299	723381	2190	28841225
Depreciation								
01.01.2011	2333829	119556		5612851	684452			8750688
Estimated	142161	19727		397031	53401			612320
Written off				70694	6395			77089
Relocated				174611				174611
30.09.2011	2475990	139283		6113799	731458			9460530
Balance value 01.01.2011	4025639	436280	363	14302319	280598	227462	4758	19277419
Balance value 30.09.2011	3953679	418691	21348	14024565	236841	723381	2190	19380695

(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
Purchased	99887	3042	29859	695611	16794	1520963	70555	2436711
Written off				378035	12172	815333	74209	1279749
Relocated								
30.09.2011	9148595	793925	30375	28654310	1377765	1029278	3116	41037364
Depreciation								
01.01.2011	3320740	170113		7986369	973888			12451110
Estimated	202277	28068		564924	75982			871251
Written off				100590	9099			109689
Relocated				248449				248449
30.09.2011	3523017	198181		8699152	1040771			13461121
Balance value 01.01.2011	5727968	620770	516	20350365	399255	323648	6770	27429292
Balance value 30.09.2011	5625578	595744	30375	19955158	336994	1029278	3116	27576243

Supplement to the balance sheet (continuation)

(13) Partnership in capital of associated companies

	30.09.2011. Ls	Share capital (%)	30.09.2010. Ls	Share capital (%)	30.09.2011. EUR	30.09.2010. EUR
Branch enterprise “Tosmares kuģubūvetava” JSC investment value	2551593	49,72	2551593	49,72	3630590	3630590
“Remars Granula” Ltd.	843365	49,80	843365	49,80	1200000	1200000
Investments	3394958		3394958		4830590	4830590

(14) Other equities and investments

Name enterprise	Parts or shares value		30.09.2011			30.09.2010		
	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)

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Student loan payout	68009	63302	96768	90071
Shares loan payout	468461	483462	666560	687905
Kopā	536470	546764	763328	777976

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

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 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	
30.09.2011	322284		458569	

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

Supplement to the balance sheet (continuation)

(17) Long-term deposit

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
	1447776	2909608	2060000	4140000
Total	1447776	2909608	2060000	4140000

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

(18) Raw materials, direct materials and auxiliary materials

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
1. Metal ware	63110	61029	89797	86836
2. Timbering	2758	4026	3924	5728
3. Metal, non-ferrous metals, pipes	2162804	2010198	3077393	2860254
4. Wire cables	5600	5587	7968	7950
5. Fuel	7636	7643	10865	10875
6. Coveralls	8529	6430	12136	9149
7. Equipment	499623	309879	710899	440918
8. Cables	76552	76426	108924	108744
9. Varnish and paint	57227	121823	81427	173339
10. Household goods	5375	6060	7648	8623
11. Technical rubber ware	13226	13550	18819	19280
12. Other	1982822	1981449	2821302	2819348
Total	4885262	4604100	6951102	6551044

(19) Unfinished production

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Shipbuilding orders	68985	126248	98157	179635
Total	68985	126248	98157	179635

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

Supplement to the balance sheet (continuation)

(20) Unfinished orders

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
1) Ship repair orders	1256845	681345	1788329	969467
2) Mechanical engineering orders	12724	6213	18105	8840
3) Various	6351	5635	9037	8018
Total	1275920	693193	1815471	986325

(21) Advance payments for goods

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
For goods and materials	6500531	3931820	9249422	5594476
Total	6500531	3931820	9249422	5594476

(22) Debts of buyers and customers

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Buyers and customers accounting value	4090726	3916936	5820579	5573298
Generated reserves on doubtful debts	(378116)	(236738)	(538011)	(336848)
Balance net value	3712610	3680198	5282568	5236450

(23) Associated companies debts

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
“Tosmares kuģu būvētava” JSC debt for service	42896	39703	61036	56492
SIA “Remars Granula” debt for service and loan	867992	317272	1235041	451438
Total	910888	356975	1296077	507930

Supplement to the balance sheet (continuation)

(24) Other debtors

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Accounting value	2822592	1009760	4016185	1436759
Generated reserves	(7479)	(141479)	(10641)	(201306)
Balance net value	2815113	868281	4005544	1235453

Other debtors debts are as following:

Accounted VAT	425	2816	605	4007
Overpaid taxes				
-Value added tax	469041	613216	667385	872528
-Enterprise income tax	45751	40436	65098	57535
Payments personal debts	670	126	953	179
Short-term loans for shares of JSC “Tosmares kuģubūvetava”	14941	14942	21259	21261
Advance payment of service	2283154	196532	3248635	279640
Account with other debtors	1131	213	1609	303
Total	2815113	868281	4005544	1235453

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

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
	10000	10000	14229	14229
Total	10000	10000	14229	14229

(26) Next period costs

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Enterprise’s property insurance premium sum	4727	2308	6726	3284
Subscription to the press	330	223	470	317
Health Insurance	0	7244	0	10307
Test of floating means	2072	5405	2948	7691
Expenses for repair of the rented FA	1215	16929	1729	24088
Advertisement	297	405	423	576
Land rental fee	5978	5978	8506	8506
costs on representative car	2509	4093	3570	5824
Others	15947	7850	22689	11170
Total	33075	50435	47061	71763

Supplement to the balance sheet (continuation)

(27) Accrued proceeds

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Shipbuilding	13776595	10674745	19602329	15188794
Total	13776595	10674745	19602329	15188794

(28) Cash assets

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Money at a cash department	2506	1696	3566	2413
Money on current accounts	36802	22652	52365	32231
Other money means*	1135029	5083737	1615000	7233506
Total	1174337	5108085	1670931	7268150

- **Deposits up to 90 days**

(29) Stock or share capital (equity capital)

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

The joint stock company is public and its shares are quoted on exchange market. 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 30.09.2011

	30.09.2011 Ls	%	30.09.2010 Ls	%	2011 year 9 months EUR	2010 year 9 months EUR
“Remars-Rīga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	2258286	19.35	3335061	28.57	3213251	4745364
Private personae	3594627	30.79	2517852	21.57	5114694	3582581
Total	11672107	100	11672107	100	16607912	16607912

Supplement to the balance sheet (continuation)

(30) Long term investments reevaluation reserves

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
	8298588	8496479	11807824	12089400
Total	8298588	8496479	11807824	12089400

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.

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

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
	4082725	3697723	5809194	5261386
Total	4082725	3697723	5809194	5261386

The enterprise has concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA with JSC “Nordea Bank Finland Plc.”

On September 30th 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 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Long-term	139843	117627	198979	167368
Short-term	4082725	49246	5809194	70071
Total	4222568	166873	6008173	237439

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.

Supplement to the balance sheet (continuation)

(33) Advance payments received from buyers

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
For shipbuilding	25966304	24644139	36946722	35065451
For ship repair	177658	46077	252785	65562
Others	2099923	1956	2987921	2782
Total	28343885	24692172	40187428	35133795

(34) Debts to suppliers and contractors

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Debts for services and materials	82978	876797	118067	1247570
Debts subcontractors	1680214	1229755	2390729	1749783
Total	1763192	2106552	2508796	2997353

(35) Taxes and social insurance payments

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Social insurance payments	91918	121267	130788	172547
Residents income tax	65949	34377	93837	48914
Risk tax	179	175	255	249
Natural resource tax	8175	8857	11631	12603
Total	166221	164676	236511	234313

Supplement to the balance sheet (continuation)

(36) Other creditors

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Salary	215398	214295	306484	304914
Payments for deductions from salary	976	1341	1389	1908
Payments for debts to other enterprises	20194	37819	28734	53815
Total	236568	253455	336607	360637

(37) Next period income

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
Free of charge received FA had been formed that will be referred to FA incomings at the period of base means use.	2834	4833	4032	6877
Total	2834	4833	4032	6877

(38) Unpaid previous years dividends

	Ls	EUR
31.12.2010	24659	35087
Calculated	0	0
Paid off	7	10
30.09.2011	24652	35077

Supplement to the balance sheet (continuation)

(39) Accrued liabilities

	2011 year 9 months Ls	2010 year 9 months Ls	2011 year 9 months EUR	2010 year 9 months EUR
For services	310658	343019	442026	488072
Accruals for vocations	194387	173595	276588	247003
Total	505045	516614	718614	735075

The report for 9 months of year 2011 pages 1st to 31st 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

November 30th, 2011