

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

“RIGA SHIPYARD” JSC

financial statements for 3 months of the year 2012

(not audited)

Content

	<i>Pages</i>
Information on the company	3
Directorship report	4
Profit or Loss Statement	5
Balance Sheet	6
Cash flow statement	8
Own capital changes report	9
Notes to the financial statements	10

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.
Subsidiary company	Northsale Logistics Limited
Address	No. 1 Cornhill London EC3V 3ND Great Britain (United Kingdom)
Partnership	100 %
Associate enterprise	“Tosmare Shipyard” JSC Reg.No. 42103022837
Address	42/44 Generala Baloza Street, Liepaya
Partnership	49,72%
Associate enterprise	“Remars Granula” SIA Reg.Nr.54103022521
Address	2 Gales street, Riga, LV-1015
Partnership	49,80%
Name, surnames and positions of members of the Board	
Vasilijs Melniks	Chairman of the Board,
Igors Komarovs	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 Ustinovs	Deputy Chairman of the Council,
Aleksandrs Cernavskis	Member of the Council,
Jekaterina Melnika	Member of the Council, (appointed on 27.04.2012)
Gaidis Andrejs Zeibots	Member of the Council
Annual report	1 January – 31 March 2012
Tax authority	SRS Large tax payers department
Name and address of an auditor	Sworn auditors firm KSIA “ UHY ORIENTS N” LSAA certificate No 28 83/85 -12 A.Čaka street , Riga, LV-1011 Latvija Natalija Zaiceva, LACA certificate. No. 138

Notification on liability of the board

The Board of JSC “Riga Shipyard” (The Company) endorses that, according to information available at the time of preparing this report, Financial statements give a true picture of the Company’s financial situation on 31st March, 2012 and its performance and cash flow in all significant aspects. The above mentioned financial statements are as per requirements of legislation of Latvian Republic.

The board endorses that, preparing this report:

- there were used corresponding accounting methods, their application was consequent;
- there were made reasonable and prudent resolutions;
- it was guided by business continuation principle.

The Board of the enterprise is liable for preparation of a financial report, grounding on initial accountancy per each accounting period, which correctly reflects financial situation of the enterprise as at the end of the year of account, and ensures the financial report has been prepared complying with Latvian Legislation.

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

JSC “Riga Shipyard”
Chairman of the Board _____ **V. Melniks**

May 31st, 2012

Profit or Loss statement
For the years ending 31st of March 2012 and 31st of March 2011

		2012	2011	2012	2011
		3 months	3 months	3 months	3 months
		Ls	Ls	EUR	EUR
Net turnover	1	9701718	3808904	13804301	5419582
Sold production operating costs	2	10027520	4149228	14267876	5903820
Gross profit or losses		(325802)	(340324)	(463575)	(484238)
Selling costs	3	13443	2358	19128	3355
Administration costs	4	183917	190322	261690	270804
Other enterprise's business activity's income	5	847913	578347	1206472	822914
Other enterprise's business activity's costs	6	761741	474761	1083860	675524
Profit & Losses of business activity's		(436990)	(429418)	(621781)	(611007)
Other percents and the like income	7	7600	24322	10814	34607
Payment of interest and the like costs	8	25377	33711	36108	47966
Profit & Losses prior to extra ordinary items and taxes		(454767)	(438807)	(647075)	(624366)
Profit & loss prior to taxes		(454767)	(438807)	(647075)	(624366)
Income taxes of the enterprise		0	0	0	0
Other taxes		0	25986	0	36975
Year of account profit & loss (net income)		(454767)	(464793)	(647075)	(661341)
Profit per share		(0.04)	(0.04)	(0.06)	(0.06)

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

“Riga shipyard” JSC
report on period till 31st of March 2012

Balance Sheet at 31 March 2012

ASSETS	Remarks	31.03.2012 Ls	31.03.2011 Ls	31.03.2012 EUR	31.03.2011 EUR
<i>Long-term investments</i>					
I Intangible investments					
Other intangible investments		161100	4150	229226	5906
Advance payments of intangible investments			167895		238894
Intangible investments in total	9	161100	172045	229226	244800
II Fixed assets					
Buildings, constructions, perennial plants		4294662	3987009	6110754	5673002
Long-term investments into leased fixed assets		16487	363	23459	516
Equipment and machinery		14183705	14185035	20181593	20183486
Other fixed assets and stock		220594	267134	313878	380098
Up building of fixed assets and unfinished building objects		525939	411167	748343	585037
Advanced payments for fixed assets		73347	6323	104363	8997
Fixed assets in total		19314734	18857031	27482390	26831136
III Property deposit		424956	431846	604657	614461
Fixed assets and property deposit in total	10	19739690	19288877	28087047	27445597
IV Long-term financial investments					
Partnership in capital of related companies	11	2390		3400	
Partnership in capital of associated companies	12	3394958	3394958	4830590	4830590
Other equities and investments	13	165	165	235	235
Other loans and other long-term debtors	14	522573	535789	743554	762359
Loans to copartners of the enterprises and to the directorship	15	302284	312284	430111	444340
Long-term deposit			1447776		2060000
Long-term financial investments in total		4222370	5690972	6007890	8097524
Long-term investments in total		24123160	25151894	34324163	35787921
<i>Current assets</i>					
I Reserves					
Raw materials, direct materials and auxiliary materials	16	3567491	4290995	5076082	6105536
Unfinished production	17	1000283	251173	1423274	357387
Unfinished order	18	970860	1131040	1381409	1609325
Advance payments for goods	19	53031459	5681676	75456968	8084297
Reserves in total		58570093	11354884	83337733	16156545
II Debts of debtors					
Debts of buyers and customers	20	2577950	2574964	3668093	3663844
Associated companies debts	21	1227126	336025	1746043	478121
Other debtors	22	1871856	940503	2663413	1338215
Short-term loans to share holders and management of the	23	10000	10000	14229	14229
Next period costs	24	42574	47502	60578	67589
Accrued proceeds	25	81513742	15524736	115983605	22089709
Debtors in total		87243248	19433730	124135961	27651707
III Short-term financial investments					
Short-term deposit			393641		560100
Cash assets		2354825	6245296	3350614	8886256
IV Short-term deposit and cash assets in total	26	2354825	6638937	3350614	9446356
Current assets in total		148168166	37427551	210824308	53254608
Assets in total		172291326	62579445	245148471	89042529

“Riga shipyard” JSC
report on period till 31st of March 2012

Balance Sheet at 31 March 2012

LIABILITIES		Remarks	31.03.2012 Ls	31.03.2011 Ls	31.03.2012 EUR	31.03.2011 EUR
I	Equity capital					
	Stock or share capital (equity capital)	27	11672107	11672107	16607912	16607912
	Overrate reserved of financial fixed assets	28	8473199	8414995	12056273	11973458
	Retained earnings					
	a) previous years retained earnings		3621090	3566130	5152347	5074147
	b) year of account retained earnings		(454767)	(464793)	(647075)	(661341)
	<i>Retained earnings in total</i>		<i>3166323</i>	<i>3101337</i>	<i>4505273</i>	<i>4412806</i>
	Equity capital in total		23311629	23188439	33169458	32994176
II	Reserves					
	<i>Reserves in total</i>					
III	Creditors					
I	Long-term debts					
	Liability of Liability of leasing		91113	111395	129642	158501
	Deferred taxation reserves liabilities		2085456	1982723	2967337	2821161
	Long-term debts in total		2176569	2094118	3096979	2979662
II	Short-term debts					
	Loans from credit institutions	29	2992284	3404085	4257637	4843577
	Liability of leasing	30	34232	31651	48708	45034
	Other credit			421682		600000
	Advance payments received from buyers	31	140763506	31369466	200288425	44634729
	Debts to suppliers and contractors	32	2226637	1385890	3168219	1971944
	Debts to associated companies			182		259
	Taxes and social insurance payments	33	115952	2615	164985	3721
	Other creditors	34	218919	224433	311494	319340
	Unpaid previous years dividends	35	24652	24659	35077	35087
	Next period income	36	834	2834	1187	4032
	Accrued liabilities	37	426112	429391	606302	610968
	Short-term creditors in total		146803128	37296888	208882034	53068691
	Creditors in total		148979697	39391006	211979013	56048353
	Liabilities total		172291326	62579445	245148471	89042529

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, 2012

“Riga shipyard” JSC
report on period till 31st of March 2012

Cash flow Statement for 3 months of the year 2012 and 2011(as per direct method)

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
A. Cash flow from primary activity				
Sales and service income	40213107	5086756	57218096	7237802
Cash to suppliers, personnel and others primary activity costs	58421411	6690577	83126179	9519833
Gross cash flow from primary activity	(18208304)	(1603821)	(25908083)	(2282031)
Interest paid	25377	33711	36108	47966
Primary activity before extraordinary items	(18233681)	(1637532)	(25944191)	(2329997)
Cash flow from extraordinary items				(2329997)
Net cash flow from primary activity	(18233681)	(1637532)	(25944191)	(2329997)
B. Cash flow from investment activity				
Related enterprises shares acquisition				
Selling out of shares				
Paid for fixed assets acquisition	174239	60125	247920	85550
Received for the fixed assets sold	5935	20434	8445	29075
Loans granted				
Decrease of long-term deposit		1461832		2080000
Repayment of loans		381		542
Interest received	7600	24322	10814	34607
Net cash flow from investment activity	(160704)	1446844	(228661)	2058674
C. Cash flow from financial activities				
Loan received	2400802		3416033	
Loan repaid		295628		420640
Loan received				
Dividend paid				
Net cash flow from financial activities	2400802	(295628)	3416033	(420640)
Result of currency exchange rates changing	(44697)	10936	(63598)	15559
Net cash flow and equivalent increase or decrease (A+B+C)	(16038280)	(475380)	(22820417)	(676404)
Cash and equivalent thereof at beginning of the period of accounts	18393105	6720676	26171031	9562660
Cash and equivalent thereof at the end of the period of account	2354825	6245296	3350614	8886256

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

May 31st, 2012

Changes in own capital report for 3 months 2012 and 2011

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 31.12.2010	11672107	16607912	8473199	12056273	3566130	5074147	23711436	33738332
Wear of revaluated part of the equipment			(58204)	(82815)			(58204)	(82815)
Changes in bonds of postponed taxes								
Period of account net profit & loss				(464793)	(661341)	(464793)	(661341)	
Balance as at 31.03.2011	11672107	16607912	8414995	11973458	3101337	4412806	23188439	32994176
Balance as at 31.12.2011	11672107	16607912	8473199	12056273	3621090	5152348	23766396	33816533
Wear of revaluated part of the equipment								
Changes in bonds of postponed taxes								
Period of account net profit & loss					(454767)	(647075)	(454767)	(647075)
Balance as at 31.03.2012	11672107	16607912	8473199	12056273	3166323	4505273	23311629	33169458

EPS for 31.03.2012 $LVL (454767) : 11672107 = (0,04) LVL$ or $(0,06) EUR$;

EPS for 31.03.2011 $(0,04) LVL$ or $(0,06) EUR$

Chairman of the Board

V. MELNIKS

Member of the Board

L.ARTEMENKO

May 31st, 2012

Notes: all sections of the financial reports are to be evaluated in EURO according to the rates of Bank of Latvia on 31.03.2012

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

Notes to the financial statements

Accounting policy

(1) General principles

Annual report has been prepared according to laws of Latvian Republic „Regarding Accountancy” and „Regarding Annual report”, rules of cabinet of Ministers of Latvian Republic No. 481 „ On cash flow report and report on changes of contents of own equity and the order of preparing”; and according to Rules of Cabinet of Ministers Latvian Republic No. 488 enforcement of law “Regarding Annual Report”, which must be used starting since July 1st of year 2011. The sums included in Financial Statements are gained, based on prior costs method. Compared to previous report year the methods used by the Enterprise and the methods of evaluating have not been changed. Profit & Loss calculation has been prepared as per turnover costs scheme. Cash flow statement has been prepared as per direct method. The enclosed financial statements are made in Latvian national currency – lats (LVL).

(2) Agency continuation

Present financial report has been prepared with reference to uninterrupted operation of company that an active realization and repayment liability is preceding in an ordinary way.

(3) Income recognition and net sales

Net sales contain the total value of goods and services sold during the year excluding discounts value added tax and costs related to sales. Income is recognized according to the following principles:

- Revenue from ship repair are recognised in the reporting period when the relevant services were provided;
- Sales of goods - after significant ownership risk and rewards have been passed to the buyer;
- Revenue from shipbuilding - under the percentage of completion method (also see the remark 11 to policy of accountancy);
- Income from fines and penalties - at the moment of receiving the payments;
- Interest income - on an accrual basis;
- dividends – when there is legal basis for them

The revenue from ship repair is recognized based on level of completion. Costs related to repair services contracts are recognized by the moment of their appearance. If it is not possible to estimate believably the result of service contract, the income is recognized just as much as costs arising from the contract are possible to get back. If it is possible to estimate the result and there is a large possibility that contract will result as profit, the income of such contract are recognized during the contract time. If there is possibility that total of contract costs will exceed total of contract incomes, than the expected loss is to be recognized as expenses at once.

(4) Segment Content

Operating Segment is identifiable public (consuming goods and services) section, which is characterized by the risks and benefits that differs from the risks and benefits of other part of public. **Geographical Segment** is identifiable public that sells good and provides services in the particular economic environment and which is characterized by the risks and benefits that differs from the other part of public acting in the other economic environment.

(5) Revaluation of foreign currency in lats

(a) Currency used in transactions and accounting.

Items of the Company financial reports are accounted for in the currency of the economic environment, in which the Company operates (accounting currency). Items of financial reports are expressed in Latvian Lats (LVL), which is the Company accounting currency and reporting currency.

(b) Transactions and balances

All transactions in foreign currencies are converted to the accounting currency based upon the currency exchange rate of the relevant transaction date. Profit or loss obtained in the result of converting these transactions and monetary assets and liabilities in foreign currencies into lats based upon the year-end currency exchange rate are reflected in the Profit/ Loss Statement.

Exchange rates of most often used currencies, by March 31st were as follows:

	31.03.2012	31.03.2011
	Ls	Ls
1 USD	0,528	0,499
1 EUR	0,702804	0,702804
1 NOK	0,092	0,0891
1 GBP	0,84	0,799
1 RUB	0,018	0,0176

(6) Fixed assets and low-grade stock

Intangible and fixed assets are initially defined at the purchase cost, excluding the wear accumulated. The accusation value includes the expenditures, which are directly related to the acquisition of the fixed asset. Depreciation is calculated on a straight-line basis applying the following rates of depreciation set by the management, based on the estimated useful life of the fixed assets:

Depreciation % per annum

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

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

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

In case of the obvious evident that as a result of fixed asset’s repair and reconstruction in the future the economical achieved effect would be higher than 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. The reserves are valued at the lowest net sales value, purchase or production first cost.

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

(11) Long-term contract

Due to the character to the contract on establishing an asset and performed activities the dates of starting and completing the contract performance falls within different reporting periods. Revenues and costs related to the contract are recognised as revenues and expenditure, accordingly, taking into account the percentage volume of completion of contract works as on the Balance Sheet date. 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 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

The growth of revaluation value is decreased, when revaluated fixed asset is eliminated or disposed.

(17) Savings

Savings are possible bonds, caused by happening of report year or in previous years and by the moment of preparing the report, probably it will be necessary, that operational goods will flow away and the amount can be quite believably determined. Savings are estimated according to current value of costs, which will be necessary to solve the bonds after valuation.

(18) Reserves for unused vocations

Vocation cost reserves was calculated: average earning of past six month of the period reported per number of days of unused days of vacation by the end of year of period.

(19) Income tax of the enterprise

Enterprise income tax was calculated according to Latvia Republic tax laws. Tax laws in 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.

(20) Profit per share

Profit per share is determined by dividing the net profit or loss attributable to the Company shareholders with the weighted average number of shares.

(21) Related parties

Related parties are the Company's major shareholders, Board members and Council member, their close family members and the companies, that are controlled or affected by the above mentioned persons. Also related parties are the companies that are controlled or affected by the final controlling member. Related parties are as well the Company's related and associated companies, whose financial and main activity is under the Company's significant influence.

(22) Bookkeeping arrangement

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

(23) Use of estimation

In financial reports enterprise management must make estimations, assumptions which influence presented assets and liabilities at the date of annual report processing. Real results can differ from estimations.

(24) Financial risks

The principal financial instruments of the Company are money. The main objective of these financial instruments is to provide financing for the operations of the Company. The Company interacts with various other financial instruments, for example, trade receivables and payables and other creditors, following directly from its operations.

Financial risks, connected with the financial instruments of the Company, mainly, are interest rate risk, liquidity risk and credit risk.

In the conditions of regular activities the Enterprise is subject to credit and foreign exchange risks.

Credit risk

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

Percentage risk

Enterprise is subjected from credit interest rate changing risk.

Currency risk

The enterprise is having international operations and it is a subject to foreign currencies risk, which is generally caused by US dollar (USD).. As of 2005 the Bank of Latvia has stated a fixed official currency exchange rate for lats against euro, i.e. 0.702804, and ensures that the market rate will not differ from the official rate by more than 1%. As far as the Bank of Latvia maintains the above mentioned exchange corridor, the Company will not have a significant currency exchange risks in respect of assets and liabilities nominated in euro.

Liquidity risk

The Company follows cautious liquidity risk management and accordingly maintains sufficient amount of cash and ensures availability of financing by using loan facilities granted by banks. The Company management monitors operative forecasts of liquidity reserves based upon expected cash flow. Most of the Company liabilities are short-term. The management considers that the Company will have sufficient liquid funds obtained from core operations and utilisation of loan facilities with the Latvian banks

(25) Retraining

In order to meet post classification for year 2012 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

	2012	2011	2012	2011
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
Shipbuilding	8051535	2970758	11456302	4227008
Ship repair	1623092	828801	2309452	1179278
Mechanical engineering	7244	9345	10307	13296
Other works	19847	0	28240	0
Total	9701718	3808904	13804301	5419582

(2) Sold products operating costs

	2012	2011	2012	2011
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
Material costs (raw materials and materials, value of goods, services from outside)	8606072	2935050	12245337	4176200
Salary	821528	709873	1168929	1010058
Social tax	197172	166981	280550	237593
Depreciation of fixed assets	272208	227895	387317	324263
Other costs	130540	109429	185743	155706
Total	10027520	4149228	14267876	5903820

(3) Selling costs

	2012	2011	2012	2011
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
Advertisement	13443	2358	19128	3355
Total	13443	2358	19128	3355

(4) Administration costs

	2012	2011	2012	2011
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
Liaison costs	3782	3007	5381	4279
Office maintenance costs	640	135	911	192
Salary of administration	12605	11702	17935	16650
Remuneration of the board	62074	56452	88323	80324
Remuneration of the council	38250	45000	54425	64029
Social insurance costs	26268	26262	37376	37367
Depreciation of fixed assets	3713	5843	5283	8314
Transport costs, travel allowances	11682	17491	16622	24887
Legal services	1525	0	2170	0
Assurance	782	524	1113	746
Representation costs	2889	3099	4111	4409
Representation costs of the car	19707	20807	28040	29607
Total	183917	190322	261690	270804

Supplement to Profit or Loss Statement (continuation)

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

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Income generated by transport services rendering				
Income generated by leased FA payments and public services	354882	286455	504952	407588
Tugboat services income	32691	114191	46515	162479
Selling out of raw materials and materials	277022	160457	394167	228310
Income generated by education services				
Income generated by chemical analyses	197	210	280	299
Net income generated by realization of fixed assets	4539	4950	6458	7043
Previous year income	1084	0	1542	0
Currency selling income	147972	8281	210545	11783
Income generated by fluctuation of currency rate	0	2951	0	4199
Mediation services	28112	0	40000	0
Other income	1414	852	2013	1213
Total	847913	578347	1206472	822914

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

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Material purchase costs	261229	155779	371695	221654
Losses incurred by currency exchange rate fluctucations	192669	0	274143	0
Medical services	2118	2213	3014	3149
Social infrastructure objects costs (medical services)				
Costs on tugboat services	16996	49027	24183	69759
Material benefits	120	0	171	0
Burial costs	498	620	709	882
Net loss incurred by fixed assets’ exclusion	1299	3930	1848	5592
Representation costs	4502	4990	6406	7100
Costs on maintenance of leased FA	281388	256968	400379	365633
Other costs	922	1234	1312	1755
Total	761741	474761	1083860	675524

Supplement to Profit or Loss Statement (continuation)

(7) Other percents and the like income

	2012	2011	2012	2011
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
Depositing percentage	6920	24285	9846	34554
Bank interests	1	37	2	53
Interests income for loans	4	0	6	0
Received penalty payments	675	0	960	0
Total	7600	24322	10814	34607

(8) Payment off percents and the like costs

	2012	2011	2012	2011
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
Paid off penalty	0	35	0	50
Paid off interests	12501	22696	17787	32293
Guarantee maintenance	12876	10980	18321	15623
Total	25377	33711	36108	47966

Supplement to Profit or Loss Statement (continuation)

(9) Other intangible investments LVL

	Concessions, patents, licenses, trade- marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments Total
Initial value						
01.01.2011			74372		167895	242267
Bought						
Relocated						
Written off						
31.03.2011	0	0	74372		167895	242267
Depreciation						
01.01.2011			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

(9) Other intangible investments EUR

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
Initial value						
01.01.2011			105822		238894	344716
Bought						
Written off						
Relocated						
Revaluated						
31.03.2011	0	0	105822		238894	344716
Depreciation						
01.01.2011			97285			97285
Estimated			2631			2631
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 Profit or Loss Statement (continuation)

(9) Other intangible investments LVL

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments Total
Initial value						
01.01.2012			242267			242267
Bought						
Relocated						
Written off						
31.03.2012	0	0	242267			242267
Depreciation						
01.01.2012			72534			72534
Estimated			8633			8633
Written off						
31.03.2012	0	0	81167			81167
Balance value 01.01.2012	0	0	169733			169733
Balance value 31.03.2012	0	0	161100			161100

(9) Other intangible investments EUR

	Concessions, patents, licenses, trade-marks and similar rights	Research and development costs	Other intangible rights	Intangible value of enterprise	Advance payments of intangible investments	Intangible investments total
Initial value						
01.01.2012			344716			344716
Bought						
Written off						
Relocated						
Revaluated						
31.03.2012	0	0	344716			344716
Depreciation						
01.01.2012			103207			103207
Estimated			12284			12284
Written off						
31.03.2012	0	0	115490			115490
Balance value 01.01.2012	0	0	241509			241509
Balance value 31.03.2012	0	0	229226			229226

“Riga shipyard” JSC
report on period till 31st of March 2012

Supplement to Profit or Loss Statement (continuation)

(10) Report on long-term investments movement LVL

	Buildings, constructions Ls	Investments assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction Ls	Advance Payment for FA Ls	Total Ls
Initial value								
01.01.2011	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	1993383	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

(10) Fixed assets (EUR)

	Buildings, construction s	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 Profit or Loss Statement (continuation)

Supplements to the balance sheet

(10) Report on long-term investments movement LVL

	Buildings, constructions Ls	Investments assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction Ls	Advance Payment for FA Ls	Total Ls
Initial value								
01.01.2012	6842006	576395	16487	20495036	983153	295020	18567	29226664
Bought	24197	1143		161251	3095	420605	90383	700674
Written off				2986		189686	35603	228275
Relocated								
31.03.2012	6866203	577538	16487	20653301	986248	525939	73347	29699063
Depreciation								
01.01.2012	2522476	145860		6265738	748724			9682798
Estimated	49065	6722		206311	16930			279028
Written off				2453				2453
Relocated								
31.03.2012	2571541	152582		6469596	765654			9959373
Balance value 01.01.2012	4319530	430535	16487	14229298	234429	295020	18567	19543866
Balance value 31.03.2012	4294662	424956	16487	14183705	220594	525939	73347	19739690

(10) Fixed assets (EUR)

	Buildings, constructions	Investment assets	Long-term investments into leased FA	Equipment and machinery	Other fixed assets	Unfinished construction	Advance Payment for FA	Total
Initial value								
01.01.2012	9735298	820136	23459	29161809	1398901	419775	26419	41585797
Bought	34429	1626	0	229440	4404	598467	128603	996969
Written off				4249		269899	50659	324807
Relocated								
31.03.2012	9769727	821762	23459	29387000	1403305	748343	104363	42257959
Depreciation								
01.01.2012	3589160	207540		8915343	1065338			13777381
Estimated	69813	9565		293554	24089			397021
Written off				3490				3490
Relocated								
31.03.2012	3658973	217105		9205407	1089427			14170912
Balance value 01.01.2012	6146138	612596	23459	20246466	333563	419775	26419	27808416
Balance value 31.03.2012	6110754	604657	23459	20181593	313878	748343	104363	28087047

Supplement to the balance sheet (continuation)

(11) Partnership in capital of related companies

	31.03.2012 Ls	Share capital %	31.03.2011. Ls	Share capital %	31.03.2012. EUR	31.03.2011. EUR
Northsale Logistics Limited	2390	100	0	0	3400	0
Investments	2390	100	0	0	3400	0

(12) Partnership in capital of associated companies

	31.03.2012. Ls	Share capital (%)	31.03.2011. Ls	Share capital (%)	31.03.2012 EUR	31.03.2011 EUR
Branch enterprise “Tosmares kuģubūvetava” JSC investment value	2551593	49,72	2551593	49,72	3630590	3630590
SIA “Remars Granula”	843365	49,80	843365	49,80	1200000	1200000
Investments	3394958		3394958		4830590	4830590

(13) Other equities and investments

Name enterprise	Parts or shares value		31.03.2012			31.03.2011		
	2012	2011	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

(14) Other loans and other long-term debtors

	2012 year 3 months Ls	2011 year 3 months Ls	2012 year 3 months EUR	2011 year 3 months EUR
Student loan payout	69111	67328	98336	95799
Shares loan payout	453462	468461	645218	666560
Kopā	522573	535789	743554	762359

Supplement to the balance sheet (continuation)

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

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Long-term loans	302284	312284	430111	444340
Total	302284	312284	430111	444340

	Ls	Euro
Copartners and directorship		
Including: Long-term	302284	430111
Short-term	10000	14229
31.03.2012	312284	444340

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

(16) Raw materials, direct materials and auxiliary materials

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
1. Metal ware	61702	58369	87794	83052
2. Timbering	6275	3244	8929	4616
3. Metal, non-ferrous metals, pipes	2018073	1928590	2871459	2744136
4. Wire cables	1182	5101	1682	7258
5. Fuel	9045	5866	12870	8347
6. Coveralls	10802	6878	15370	9787
7. Equipment	22712	326657	32316	464791
8. Cables	25213	75813	35875	107872
9. Varnish and paint	93820	90092	133494	128189
10. Household goods	1510	278	2149	396
11. Technical rubber ware	11556	13634	16443	19399
12. Other	1305601	1776473	1857701	2527693
Total	3567491	4290995	5076082	6105536

(17) Unfinished production

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Shipbuilding orders	1000283	251173	1423274	357387
Total	1000283	251173	1423274	357387

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

Supplement to the balance sheet (continuation)

(18) Unfinished orders

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
1) Ship repair orders	952028	1118204	1354614	1591061
2) Mechanical engineering orders	13937	6852	19831	9750
3) Various	4895	5984	6964	8514
Total	970860	1131040	1381409	1609325

(19) Advance payments for goods

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
For goods	53031459	5681676	75456968	8084297
Total	53031459	5681676	75456968	8084297

(20) Debts of buyers and customers

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Buyers and customers accounting value	2697973	2789256	3838870	3968753
Generated reserves for doubtful debtors	(120023)	(214292)	(170777)	(304909)
Balance net value	2577950	2574964	3668093	3663844

(21) Associated companies debts

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
“Tosmares kuģu būvētava” JSC debt for service and materials	362666	9390	516027	13361
SIA “Remars Granula” debt for service	199	12719	283	18098
SIA “Remars Granula” debt for credit*	323102	313916	459733	446662
SIA “Remars Granula” debt for credit according to assignment agreement **	541159	0	770000	0
Total	1227126	336025	1746043	478121

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

** the debt is secured by a pledge

Supplement to the balance sheet (continuation)

(22) Other debtors

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Accounting value	1879335	947982	2674055	1348856
Generated reserves	(7479)	(7479)	(10642)	(10641)
Balance net value	1871856	940503	2663413	1338215

Other debtors debts are as following:

Accounted VAT	424	2816	603	4007
Overpaid taxes				
Value added tax	380622	244900	541576	348461
Enterprise income tax	0	46368	0	65976
Social insurance payments	0	204904	0	291552
Enterprise income tax	0	49252	0	70079
Payments personal debts	212	444	302	632
Payment of salary	456	311	649	443
Short-term loans for “Tosmares kuģubūvetava” JSC’S shares	14942	14942	21261	21261
Advance payment of service	1379992	370957	1963552	527824
Account with other debtors	95208	5609	135470	7980
Total	1871856	940503	2663413	1338215

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

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Total	10000	10000	14229	14229

	Directorship, copartners Ls	Directorship, copartners EUR
Managements debt for shares	10000	14229
31.03.2012	10000	14229

Supplement to the balance sheet (continuation)

(24) Next period costs

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Enterprise’s property insurance premium sum	6333	7997	9011	11379
Subscription to the press	191	442	272	629
Check of floating means	3374	2437	4801	3468
Expenses for repair of the rented basic means	6538	148	9303	211
Advertisements	285	242	406	344
Payment lease of land	5978	5978	8506	8506
Costs of Representative cars	1717	3301	2443	4697
Exhibition	3259	12196	4637	17353
Software maintenance services	3632	7100	5168	10102
Others	11267	7661	16031	10900
Total	42574	47502	60578	67589

(25) Accrued proceeds

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Shipbuilding	80678811	15524736	114795605	22089709
Ship repair	834931	0	1188000	0
Total	81513742	15524736	115983605	22089709

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

(26) Cash assets

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Short –term deposit	0	393641	0	560100
Money at a cash department	4891	2700	6959	3842
Money on current accounts	15151	66007	21558	93919
Other money means*	2334783	6176589	3322097	8788495
Total	2354825	6638937	3350614	9446356

* The money means, which serves as guarantee (financial support) for contract as of 02nd of November year 2009 for issuance of guaranties and contract as of 28th of November year 2011 on issuance of LC by Unicredit Bank based on contract concluded between JSC “Rīgas kuģu būvētava” and Abeking & Rasmussen Schiffs- und Yachtwerft Aktiengesellschaft as of May 30th year 2008 on building and delivery of five patrol boats for needs of Latvian Ministry of Defense.

Supplement to the balance sheet (continuation)

(27) Stock or share capital (equity capital)

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

The joint stock company is public and its shares are quoted on exchange market A/S NASDAQ OMX SECOND LIST. All the shares give equal rights for dividends receive, liquidation quotes and vote rights at the shareholders meeting. 1 share gives 1 vote right. The enterprise does not have shares that it held or anybody else on its behalf.

Amendments to the Statutes:

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

“Rīgas kuģu būvētava” JSC shareholders on the 31.03.2012

	31.03.2012	%	31.03.2011	%	2012 year	2011 year
	Ls		Ls		EUR	EUR
“Remars-Rīga” JSC	5819194	49.86	5819194	49.86	8279967	8279967
Other limited companies	1957952	16.77	2258286	28.57	2785915	3213251
Private personae	3894961	33.37	3594627	21.57	5542030	5114694
Total	11672107	100	11672107	100	16607912	16607912

(28) Long term investments revaluation reserves

	2012	2011	2012	2011
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
	8473199	8414995	12056273	11973458
Total	8473199	8414995	12056273	11973458

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

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

	2012	2011	2012	2011
	3 months	3 months	3 months	3 months
	Ls	Ls	EUR	EUR
	2992284	3404085	4257637	4843577
Total	2992284	3404085	4257637	4843577

The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA with JSC “Nordea Bank Finland Plc.” On March 31st 2012 2 floating docks, one 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. The balance value of pledged is Ls 23 279 808.

Supplement to the balance sheet (continuation)

(30) Liability of leasing

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Long-term	91113	111395	129642	158501
Short-term	34232	31651	48708	45034
Total	125345	143046	178350	203535

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.

(31) Advance payments received from buyers

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
For shipbuilding	140331771	29834930	199674121	42451281
For ship repair	427899	1521966	608845	2165562
Others	3836	12570	5459	17886
Total	140763506	31369466	200288425	44634729

(32) Debts to suppliers and contractors

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Debts for services	1046042	683068	1488384	971918
Debts for materials	1180595	702822	1679835	1000026
Total	2226637	1385890	3168219	1971944

(33) Taxes and social insurance payments

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Social insurance payments	41518	0	59075	0
Residents income tax	34566	0	49183	0
Real estate tax	215	0	306	0
Enterprise income tax	34403	0	48951	0
EIT for nonresident	547	0	778	0
Risk tax	159	164	226	233
Natural resources tax	4544	2451	6466	3488
Total	115952	2615	164985	3721

Supplement to the balance sheet (continuation)

(34) Other creditors

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
Salary	194772	188432	277136	268115
Payments for deductions from salary	781	393	1111	559
Payments by return to personae	1565	2084	2227	2965
Payments for credit cards	3771	1726	5366	2456
Payments for debts to other enterprises	18030	31798	25654	45245
Total	218919	224433	311494	319340

(35) Unpaid previous years dividends

	Ls	EUR
31.12.2011.	24652	35077
Calculated	0	0
Paid off	0	0
31.03.2012.	24652	35077

(36) Next period income

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 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.	834	2834	1187	4032
Total	834	2834	1187	4032

Supplement to the balance sheet (continuation)

(37) Accrued liabilities

	2012 3 months Ls	2011 3 months Ls	2012 3 months EUR	2011 3 months EUR
For services	231097	235004	328821	334381
Accruals for vocations	195015	194387	277481	276587
Total	426112	429391	606302	610968

(38) Out of balance obligations

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

The report for 3 month of 2012 pages 1 to 30 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, 2012