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General Information

Name of the company	Joint stock company "Riga shipyard"
Legal status of the company	Joint stock company
Number, place and date of registration	000304589, 5 December 1991, companies register, Riga 4003045892, 26 August 2004, commercial register, Riga
Address	2 Gales street, Riga, LV-1015
Stock capital of the enterprise	LVL 11 672 107
Associate enterprise	"Tosmare Shipyard" JSC Reg.No. 42103022837
Address	42/44 Generala Baloza Street, Liepaya
Partnership	49.72%
Associate enterprise	"Remars Granula" SIA Reģ.Nr.54103022521
Address	2 Gales street, Riga, LV-1015
Partnership	49.80%
Type of operations	- 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.
Names and positions of the Board members	Vasilijs Melniks (Chairman of the Board) Igor Komarovs (Member of the Board until 06.01.2014) Larisa Artemenko (Member of the Board) Irina Rudzate (Member of the Board until 04.03.2013) Einars Buks (Member of the Board) Vladislavs Blums (Member of the Board appointed on 02.12.2013) Vladimirs Kozlovs (Member of the Board appointed on 06.01.2014)
Names and positions of the Council	Sergejs Golicins (Chairman of the Council until 05.01.2014) Anatolijs Ustinovs (Deputy Chairman of the Council until 05.01.2014) Gaidis Andrejs Zeibots (Member of the Council until 05.01.2014) Jekaterina Melnika (Member of the Council until 05.01.2014) Aleksandrs Cernavskis (Member of the Council) Gaidis Andrejs Zeibots (Chairman of the Council appointed on 06.01.2014) Jekaterina Melnika (Deputy Chairman of the Council appointed on 06.01.2014) Sergejs Golicins (Member of the Council appointed on 06.01.2014) Anatolijs Ustinovs (Member of the Council appointed on 06.01.2014)
Financial year	1 January, 2013 - 31 December, 2013
Auditor's name and address	Natalija Zaiceva Certified auditor (LZRA Certificate. No. 138) Licensed firm KSIA " UHY ORIENTS N" LZRA licence No. 28 G.Astras 8b street Riga, LV-1082 Latvia

"Riga Shipyard" JSC
Report of the Management
to 2013 annual report

In 2013 JSC's "Riga Shipyard" total net turnover made up 38 543 431 LVL, including ship building – 27 198 870 LVL, ship repairing – 10 371 857 LVL (compared to 2012 – 184 260 165 LVL, including floating oil land rig - 147 253 241 LVL, ship building – 27 137 154 LVL, ship repairing – 9 644 747 LVL).

The gross profit of JSC "Riga Shipyard" made up 20 906 LVL (the gross loss in 2012 together with gross loss made up - 2 970 138 LVL, net loss in 2013 made up 492 733 LVL (net profit in 2012 made up – 154 781 LVL).

In total JSC "Riga Shipyard" repaired 60 vessels during six months of 2013 (if compared of 2012 their number was 60), and also were built and launched into the water 8 hulls, (compared to 2012 there were built 5 hulls).

There were built and delivered to the customers:

- The 4th of five SWATH type patrol vessels – vessel "JELGAVA" for the Ministry of Defense of the Republic of Latvia;
- For Russian Federation customers were built and delivered last three of five restaurants for Russia: "BEAUTY", "MONTANA" and "FELICITA"

There were no significant changes in list of suppliers for products and services, as well as for raw material suppliers in 2013 and mostly remain the same traditional countries like: Western Europe, Russia, Ukraine, Lithuania as well as Latvia.

Traditionally, the main ship repairing customers were from Western Europe, Russia, and Latvia. However ship building customers for ship hulls have been mainly from the Scandinavian countries, for floating restaurants - from Russia, for SWATH type patrol vessels – from Latvia.

During the year 2013 JSC "Riga Shipyard" made investments for purchase and reconstruction of fixed assets in the amount of 1 billion 201 thousands LVL (compared with the first half of year 2012 JSC "Riga Shipyard" made investments for 977 thousands LVL).

The compressor station KC-3 with the production capacity 92 cub.m /min has been put into operation. Reconstructed and put into operation for shipbuilding needs the third hall of the second block with total are 4 036 sq.m for assembling of large-scale steel constructions and sections as well as for units welding. Welding tractor CS - 51 is purchased for welding the stiffeners to steel plating. The heat supply system was reconstructed and put into operation with total length of 1200 m (2 lines) and 5 heating units were improved.

There was made reconstruction of the 4th pass (production unit) of 2nd unit, which allow to produce sections, units and big metal structures. As well as the 3rd - 4th passes of 2nd unit in order to provide sanitary standarts in welding works.

There was purchased the unit LBH910, which was used for different diameter rivets, equipment installation, isolation etc., ship building and repair and as a result there was the economy of materials and human resources.

The overhauls of workshops, floating docks, portal cranes, tug boats and other fixed assets are still going on.

JSC's "Riga Shipyard" work and procedures are made according to the international quality management system standards – EN ISO 9001:2008. The quality assurance certificate has been received in 2001 already. Quality management system is continuously improved.

The development perspective of JSC "RIGA SHIPYARD" for the years 2014 – 2015 is oil drilling land rig building and sale.

JSC "RIGA SHIPYARD" has signed the cooperation agreement with company from USA for the oil drilling rig metal construction production.

Continuing to diversify products range and experience in building of oil drilling land rig production there were received commercial offers from Norwegian company for the complete (medium production) oil land rig package delivery. In the commercial package from the company there are two types of oil land drilling rigs. The complete testing of oil land drilling rigs and commissioning to customer representatives in Riga as well as oil land drilling rigs after sales service, which is enabled with JSC "RIGA SHIPYARD"'s maintenance service in the customers land.

During the period between the last day of the year, when the board has signed the annual report, there were no important circumstances or force majeure, which could affect the annual results and financial condition of the company.

The company is planning to cover annual losses from the previous year's undistributed profits and to continue business activities also in the next year with giving special role of environmental contamination minimising as well to invest in the production equipment modernisation and also modernisation of processes, which will raise the company's competitiveness at the market share

Chairman of the Board	_____	/V. MELNIKS/
Member of the Board	_____	/V.BLUMS/
Member of the Board	_____	/L.ARTEMENKO/
Member of the Board	_____	/E.BUKS/
Member of the Board	_____	/V.KOZLOVS/

February 28th, 2014

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 December, 2013 and its performance and cash flow in all significant aspects. The above mentioned financial statements are as per requirements of legislation of Latvian Republic.

The board endorses that, preparing this report:

there were used corresponding accounting methods, their application was consequent;

there were made reasonable and prudent resolutions;

it was guided by business continuation principle.

The Board of the enterprise is liable for preparation of a financial report, grounding on initial accountancy per each accounting period, which correctly reflects financial situation of the enterprise as at the end of the year of account, and ensures the financial report has been prepared complying with Latvian Legislation. The Board is liable for administering of respective accounting reports, for perseverance of means of the enterprise, as well as for elimination of deceit and other dishonest acts.

Chairman of the Board	_____	/V. MELNIKS/
Member of the Board	_____	/V.BLUMS/
Member of the Board	_____	/L.ARTEMENKO/
Member of the Board	_____	/E.BUKS/
Member of the Board	_____	/V.KOZLOVS/

February 28th, 2014

INCOME STATEMENT

For the years ending 31st of December 2013 and 31st of December 2012

	Notes	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Net sales	(1)	38,543,431	184,260,165	54,842,363	262,178,595
Cost of sales	(2)	(38,522,525)	(187,230,303)	(54,812,615)	(266,404,720)
Gross profit or losses		20,906	(2,970,138)	29,748	(4,226,125)
Distribution expenses	(3)	(40,348)	(89,409)	(57,410)	(127,218)
Administrative expenses	(4)	(799,694)	(739,945)	(1,137,862)	(1,052,847)
Other operating income	(5)	1,448,751	5,893,031	2,061,385	8,385,028
Other operating expenses	(6)	(783,746)	(1,585,910)	(1,115,170)	(2,256,547)
Interest and similar income	(7)	12,092	20,583	17,205	29,287
Interest and similar expenses	(8)	(289,859)	(166,282)	(412,432)	(236,598)
Profit or losses prior to extraordinary items and taxes		(431,898)	361,930	(614,536)	514,980
Profit or losses before taxes		(431,898)	361,930	(614,536)	514,980
Corporate income tax	(9a)	0	(91,034)	0	(129,530)
Deferred income tax	(9b)	32,801	5,833	46,672	8,300
Other taxes	(10)	(93,636)	(121,948)	(133,232)	(173,516)
Net profit or losses		(492,733)	154,781	(701,096)	220,234
Profit per share		-0.04	0.013	-0.06	0.019

Notes from 10. up to 24. page are an integral part of this report.

Chairman of the Board _____ /V. MELNIKS/ Member of the Board _____ /V.BLUMS/
Member of the Board _____ /E.BUKS/ Member of the Board _____ /L.ARTEMENKO/
Member of the Board _____ /V.KOZLOVS/

February 28th, 2014

BALANCE SHEET

For the years ending 31st of December 2013 and 31st of December 2012

	Notes	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
ASSETS					
Non-current assets					
I. Intangible assets					
Other intangible assets		100,946	135,318	143,633	192,540
Advances for intangible assets		0	0	0	0
Total intangible assets	(11)	100,946	135,318	143,633	192,540
II. Fixed assets					
Land and buildings		4,660,663	4,367,303	6,631,527	6,214,113
Leasehold improvements		6,993	11,657	9,951	16,587
Equipment and machinery		13,847,995	13,993,676	19,703,922	19,911,207
Other fixed assets		174,893	192,768	248,850	274,284
Fixed assets under construction		929,147	647,599	1,322,057	921,450
Advances for fixed assets		29,789	3,970	42,387	5,650
Total fixed assets	(12)	19,649,480	19,216,973	27,958,694	27,343,291
III. Investment property					
		389,683	416,324	554,470	592,376
IV. Non-current financial investments					
Investments in associates	(13)	3,394,958	3,394,958	4,830,590	4,830,590
Other securities and investments	(14)	165	165	235	235
Other loans and non-current receivables	(15)	847,308	505,915	1,205,611	719,852
Loans to shareholders and management	(16)	0	292,284	0	415,882
Total non-current financial investments		4,242,431	4,193,322	6,036,436	5,966,559
Total non-current assets		24,382,540	23,961,937	34,693,233	34,094,766
Current assets					
I. Inventories					
Raw materials and consumables	(17)	2,069,031	5,307,784	2,943,967	7,552,298
Work in progress	(18)	200,304	1,061,252	285,007	1,510,026
Orders in progress	(19)	89,500	34,667	127,347	49,327
Advances for inventories	(20)	284,792	3,172,170	405,223	4,513,591
Total inventories		2,643,627	9,575,873	3,761,544	13,625,242
II. Account receivables					
Trade receivables	(21)	2,672,312	3,327,425	3,802,358	4,734,499
Receivables from associates	(22)	937,850	1,195,588	1,334,441	1,701,168
Other receivables	(23)	379,265	2,642,491	539,644	3,759,925
Current loans to shareholders and management	(24)	0	20,000	0	28,458
Deferred expenses	(25)	25,175	34,786	35,821	49,495
Accrued income	(26)	12,427,928	13,502,159	17,683,348	19,211,840
Total receivables		16,442,530	20,722,449	23,395,612	29,485,385
III. Current financial investments					
Total short-term financial investments		0	0	0	0
IV. Cash and bank					
	(27)	409,433	23,660,357	582,570	33,665,655
Total current assets		19,495,590	53,958,679	27,739,726	76,776,282
Total assets		43,878,130	77,920,616	62,432,959	110,871,048

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Member of the Board _____ /E.BUKS/ Member of the Board _____ /L.ARTEMENKO/
Member of the Board _____ /V.KOZLOVS/

February 28th, 2014

BALANCE SHEET

For the years ending 31st of December 2013 and 31st of December 2012

	Pielikums	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
EQUITY, PROVISIONS AND LIABILITIES					
I. Equity					
Share capital	(28)	11,672,107	11,672,107	16,607,912	16,607,912
Non-current investments revaluation reserve	(29)	8,473,199	8,473,199	12,056,273	12,056,273
Retained earnings					
previous year's retained earnings		3,659,150	3,621,090	5,206,503	5,152,348
current years profit or losses		(492,733)	154,781	(701,096)	220,234
Total retained earnings		3,166,417	3,775,871	4,505,407	5,372,582
Total equity		23,311,723	23,921,177	33,169,592	34,036,767
II. Provisions					
Other provisions	(30)	1,180	50,000	1,680	71,144
Total provisions		1,180	50,000	1,680	71,144
III. Liabilities					
I. Non-current liabilities					
Leasing liabilities	(32)	37,374	41,618	53,178	59,217
Deferred income tax liabilities	(9c)	2,046,822	2,079,623	2,912,362	2,959,034
Total non-current liabilities		2,084,196	2,121,241	2,965,540	3,018,251
II. Current liabilities					
Loans from banks	(31)	4,373,700	3,705,567	6,223,214	5,272,547
Leasing liabilities	(32)	48,299	48,113	68,725	68,459
Advances from customers	(33)	9,314,943	22,403,810	13,253,972	31,877,750
Trade payables	(34)	3,604,866	24,573,881	5,129,262	34,965,484
Payables to associates	(35)	8,184	8,579	11,645	12,207
Taxes and social insurance payments	(36)	227,942	217,364	324,330	309,280
Other liabilities	(37)	249,927	199,328	355,618	283,620
Dividends unpaid	(38)	26,674	23,326	37,954	33,190
Accrued liabilities	(39)	430,218	648,230	612,147	922,349
Next period income	(40)	196,278	0	279,280	0
Total current liabilities		18,481,031	51,828,198	26,296,147	73,744,886
Total liabilities		20,565,227	53,949,439	29,261,687	76,763,137
Total equity, provisions and liabilities		43,878,130	77,920,616	62,432,959	110,871,048

Notes from 10. up to 24. page are an integral part of this report.

Chairman of the Board	_____	/V. MELNIKS/	Member of the Board	_____	/V.BLUMS/
Member of the Board	_____	/E.BUKS/	Member of the Board	_____	/L.ARTEMENKO/
Member of the Board	_____	/V.KOZLOVS/			

February 28th, 2014

CASH FLOW STATEMENT

For the years ending 31st of December 2013 and 31st of December 2012
(direct method)

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
I. Cash flow from operating activities				
Sales and service income	43,585,833	182,195,180	62,017,053	259,240,386
Cash to suppliers, personnel and others primary activity costs	(66,479,321)	(179,239,769)	(94,591,552)	(255,035,215)
Gross cash flow generated from operating activities	(22,893,488)	2,955,411	(32,574,499)	4,205,171
Interest paid	(289,859)	(163,258)	(412,432)	(232,295)
Corporate income tax paid	(4,928)	(4,076)	(7,012)	(5,800)
Cash flow before extraordinary items	(23,188,275)	2,788,077	(32,993,943)	3,967,076
Net cash flow generated from operating activities	(23,188,275)	2,788,077	(32,993,943)	3,967,076
II. Cash flow from investment activity				
Selling out of shares	2390		3400	
Acquisition of fixed and intangible assets	(673,094)	(308,976)	(957,726)	(439,633)
Proceeds from sales of fixed assets and intangible assets	20,477	20,696	29,136	29,448
Loans issued	(1,288)	0	(1,833)	0
Loan repayment income		250		356
Interest received	12,092	20,224	17,205	28,776
Net cash flow generated from investing activities	(639,423)	(267,806)	(909,818)	(381,053)
III. Cash flow from financing activities				
Loans received	668133	3114085	950668	4430945
Expenses on repayment of loan		(24,825)		0
Dividends paid	(113,323)	(3)	(161,244)	(5)
Net cash flow generated from financing activities	554,810	3,089,257	789,424	4,395,617
IV. Net foreign exchange gains/losses	21,964	(342,276)	31,252	(487,016)
Net increase / (decrease) in cash and cash equivalents	(23,250,924)	5,267,252	(33,083,085)	7,494,624
Cash and cash equivalents at the beginning of the financial year	23,660,357	18,393,105	33,665,655	26,171,031
Cash and Cash equivalents at the end of the financial year	409,433	23,660,357	582,570	33,665,655

Notes from 10. up to 24. page are an integral part of this report.

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Member of the Board	_____	/E.BUKS/	Member of the Board	_____	/L.ARTEMENKO/
Member of the Board	_____	/V.KOZLOVS/			

February 28th, 2014

STATEMENT OF CHANGES IN EQUITY

For the years ending 31st of December 2013 and 31st of December 2012

	Stock or Share Capital	Non-current investments revaluation reserve	Retained earnings	Total
	Ls	Ls	Ls	Ls
Balance as at 31.12.2011.	11,672,107	8,473,199	3,621,090	23,766,396
Increase / decrease of share capital				0
Dividends for the year 2010				0
Profit or losses for the year			154,781	154,781
Balance as at 31.12.2012.	11,672,107	8,473,199	3,775,871	23,921,177
Increase / decrease of share capital				0
Dividends for the year 2012			(116,721)	(116,721)
Profit or losses for the year			(492,733)	(492,733)
Balance as at 31.12.2013.	11,672,107	8,473,199	3,166,417	23,311,723

	Stock or Share Capital	Non-current investments revaluation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR
Balance as at 31.12.2011.	16,607,912	12,056,273	5,152,348	33,816,533
Increase / decrease of share capital				0
Profit or losses for the year			220,234	220,234
Balance as at 31.12.2012.	16,607,912	12,056,273	5,372,582	34,036,767
Increase / decrease of share capital				0
Dividends for the year 2012			(166,079)	(166,079)
Profit or losses for the year			(701,096)	(701,096)
Balance as at 31.12.2013.	16,607,912	12,056,273	4,505,407	33,169,592

Notes from 10. up to 24. page are an integral part of this report.

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 Member of the Board _____ /E.BUKS/ Member of the Board _____ /L.ARTEMENKO/
 Member of the Board _____ /V.KOZLOVS/

February 28th, 2014

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

(1) General principles

Annual report has been prepared according to laws of Latvian Republic „Regarding Accountancy” and „Regarding Annual report”, rules of cabinet of Ministers of Latvian Republic No. 481 „ On cash flow report and report on changes of contents of own equity and the order of preparing”; and according to Rules of Cabinet of Ministers Latvian Republic No. 488 enforcement of law “Regarding Annual Report”, which must be used starting from July 1st of year 2011. The sums included in Financial Statements are gained, based on prior costs method.

Compared to previous report year the methods used by the Enterprise and the methods of evaluating have not been changed.

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

Cash flow statement has been prepared as per direct method.

The enclosed financial statements are made in Latvian national currency – lats (LVL).

According to Enterprises order No 116 as of November 28th 2013, there was conducted the balance items’ inventory.

(2) Agency continuation

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

(3) Income recognition and net sales

Net sales contain the total value of goods and services sold during the year excluding discounts value added tax and costs related to sales.

Income is recognized according to the following principles:

Revenue from ship repair are recognised in the reporting period when the relevant services were provided;

Sales of goods - after significant ownership risk and rewards have been passed to the buyer;

Revenue from shipbuilding - under the percentage of completion method (also see the remark 11 to policy of accountancy);

Income on fines and penalties - at the moment of receiving the payments;

Interest income - on an accrual basis;

Dividends – when there is legal basis for them.

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

The Enterprise is using the percentage method, to determine recognizable volume of income at exact period. According to this method the Enterprise determines the level of completion of the jobs, to calculate the costs related to fulfilment of the agreement which have arisen till the Balance date, comparing it to the total expected costs, expressing this comparison in percents. The costs which outcome during the report period, which are related to further actions with the contract, are excluded from the costs related to the contract, by calculating the level of completion. It is shown as the raw material and materials and other assets, depending on its character.

The Enterprise shows as assets huge gross debt amounts of the customers, according to jobs for all of the contracts in progress, and for which there has costs appeared, by counting it to recognized profit (and taking off the recognized expenditures) and taking off the amount of Invoices released to the clients. Debtor’s debts bonds for the invoices released, but unpaid invoices, as well as retention, which appears as “Debts of customers and clients”.

The Enterprise shows as bonds of Clients gross debt amount, according to jobs for all contracts being in progress, for which the sum of released invoices exceeds the expenditures incurred and added to the recognized profit (and taking off the recognized expenditures). The advances received from the client appear as “Advance received from the customers”.

(4) Segment Content

Operating Segment is identifiable public (consuming goods and services) section, which is characterized by the risks and benefits that differs from the risks and benefits of other part of public.

Geographical Segment is identifiable public that sells good and provides services in the particular economic environment and which is characterized by the risks and benefits that differs from the other part of public acting in the other economic environment.

(5) Revaluation of foreign currency in lats

(a) Currency 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.

Year-end exchange rates of most often used currencies were as follows:

	<u>31.12.2013.</u>	<u>31.12.2012.</u>
	Ls	Ls
1 USD	0.5150	0.5310
1 EUR	0.7028	0.7028
1 NOK	0.0837	0.0951
1 GBP	0.8430	0.8570
1 RUB	0.0156	0.0174

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

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

	<u>Years</u>
Ēkas	2 - 15
Citas būves un celtnes	3.5 - 20
Tehnoloģiskās iekārtas	5 - 50
Pārējie PL un inventārs	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 Non-current investments revaluation reserve. It is attributed to the dissolution of permanent assets in the calculation of profits, incomes losses.

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

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

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

(7) Investment property

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

(8) Investments in associates

Affiliated undertaking deposits are accounted according to its prior value, which means the costs of acquisition. Accordingly to this method the value of the investment is created by value of affiliated purchase and the costs related to the purchase.

(9) Other long-term investments

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

(10) Inventories

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

The reserves are valued at the lowest net sales value, purchase or production first cost.

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

(11) Long-term agreement

Due to the character to the contract on establishing an asset and performed activities the dates of starting and completing the contract performance falls within different reporting periods. Revenues and costs related to the contract are recognised as revenues and expenditure, accordingly, taking into account the percentage volume of completion of contract works as on the Balance Sheet date. (see 3rd explanation "The recognition of income and net turnover").

(12) Account receivable

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

Account receivables check has been executed on December 31st 2012.

(13) Accured income

Riga Shipyard's new building and ship repair incomes are acknowledged respective to its executive degree (see see 3rd explanation "The recognition of income and net turnover").

(14) Cash and cash equivalents

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

(15) Equity capital and dividends

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

(16) Revaluation reserve

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

(17) Provisions

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

(18) Accrued liabilities for unused annual leave

Unused annual leave expenses are calculated: average earning of past six month of the period reported per number of days of unused days of annual leave by the end of year of period.

(19) Corporate income tax

Corporate income tax was calculated according to Latvia Republic tax laws. Tax laws in 2012 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) Managing financial risks

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

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

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

Credit risk

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

Interest rate risks

Enterprise is subjected from credit interest rate changing risk.

Foreign currency risks

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

(25) Retraining

In order to meet post classification for year 2012 the comparative readings for year 2013 in necessary cases individual post classification has changed.

Notes to the financial statement
Notes to Income Statement

Information on segments

Management defined the following kinds of industrial works:

- a) By operating activities;
b) By location.

(1) Net sales	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
(a)				
Shipbuilding	27,198,870	27,137,154	38,700,506	38,612,692
Self elevating Floating drilling unit	0	147,253,241	0	209,522,485
Ship repair	10,731,857	9,644,747	15,270,057	13,723,239
Mechanical engineering	562,703	172,154	800,654	244,953
Other works	50,001	52,869	71,146	75,226
Total	38,543,431	184,260,165	54,842,363	262,178,595
(b)				
Latvia	14,654,811	12,301,277	20,851,917	17,503,140
Russia	10,307,221	1,580,814	14,665,854	2,249,295
Great Britain	0	21,857	0	31,100
Norway	1,642,122	4,518,981	2,336,531	6,429,931
Cyprus	1,360,162	1,372,855	1,935,336	1,953,397
Belize	0	14,232	0	20,250
Malta	1,379,042	1,272,153	1,962,200	1,810,111
Panama	0	377,971	0	537,804
Liberia	0	843,995	0	1,200,897
Sweden	1,685,877	809,324	2,398,787	1,151,564
Finland	3,806,239	1,411,325	5,415,790	2,008,135
Iceland	94,476	23,594	134,427	33,571
Denmark	144,862	29,800	206,120	42,402
The Netherlands	0	162,973	0	231,890
Antigua and Barbuda	0	69,123	0	98,353
Mauritius	0	622,351	0	885,526
Marshall Island	269,270	170,758	383,137	242,967
Estonia	555,591	161,965	790,535	230,455
Italy	210,841	261,999	300,000	372,791
Croatia	0	208,135	0	296,149
Belgium	1,487,132	917,629	2,115,998	1,305,668
Israel	0	9,851,184	0	14,016,974
Ukraine	0	147,253,241	0	209,522,485
Germany	945,785	2,629	1,345,731	3,740
Total	38,543,431	184,260,165	54,842,363	262,178,595
(2) Cost of sales	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Purchase costs of goods sold	(31,918,718)	(180,841,133)	(45,416,245)	(257,313,750)
Salary expenses	(3,855,410)	(3,585,112)	(5,485,754)	(5,101,155)
Social insurance	(900,076)	(839,665)	(1,280,693)	(1,194,736)
Depreciation of fixed assets	(1,281,952)	(1,071,683)	(1,824,053)	(1,524,868)
Provisions for annual leave expenses	(8,126)	0	(11,562)	0
Other costs	(558,243)	(892,710)	(794,308)	(1,270,211)
Total	(38,522,525)	(187,230,303)	(54,812,615)	(266,404,720)
(3) Distribution expenses	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Advertising expenses	(40,348)	(89,409)	(57,410)	(127,218)
Total	(40,348)	(89,409)	(57,410)	(127,218)
(4) Administrative expenses	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Communication costs	(16,861)	(19,448)	(23,991)	(27,672)
Office rent and utilities	(3,214)	(1,617)	(4,573)	(2,301)
Annual financial report costs	(10,000)	(8,000)	(14,229)	(11,383)
Salary expenses (administration)	(59,527)	(45,846)	(84,699)	(65,233)
Remuneration to the Board	(198,366)	(236,448)	(282,249)	(336,435)
Remuneration to the Council	(157,500)	(158,400)	(224,102)	(225,383)
Social insurance	(96,527)	(102,541)	(137,346)	(145,903)
Depreciation of fixed assets	(15,778)	(12,812)	(22,450)	(18,230)
Transportation costs, travelling allowances	(89,055)	(41,135)	(126,714)	(58,530)
Legal services	(20,673)	(3,410)	(29,415)	(4,852)
Insurance	(1,829)	(2,365)	(2,602)	(3,365)
Representation costs	(41,425)	(15,925)	(58,942)	(22,660)
Representative vehicle maintenance expenses	(88,939)	(91,998)	(126,550)	(130,900)
Total	(799,694)	(739,945)	(1,137,862)	(1,052,847)

Fees paid to auditor for the audit of 2013 financial statements 10 000,- LVL / 14 228,72 EUR.

Notes to Income Statement (continuation)

(5) Other operating income	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Income generated by transport services provided	13,671	10,893	19,452	15,499
Income generated by leased FA payments and utility expenses	798,812	1,241,435	1,136,607	1,766,403
Tugboat services income	154,473	112,034	219,795	159,410
Sales of raw materials and materials	171,932	607,405	244,637	864,259
Educational services	0	792	0	1,127
Income generated by chemical analyses	1,010	1,344	1,437	1,912
Net income from sales of fixed assets	8,162	90,861	11,613	129,284
Previous year income	60,305	4,117	85,806	5,858
Decrease of provisions for unused annual leave	0	14,792	0	21,047
Remuneration to insurance expenditures	9,819	51,323	13,971	73,026
Net income from exchange rate fluctuations	42,768	3,336,045	60,853	4,746,764
Currency selling revenue	1,878	0	2,672	0
Agents' fees	168,673	393,570	240,000	560,000
Other income	17,248	28,420	24,542	40,439
Total	1,448,751	5,893,031	2,061,385	8,385,028
(6) Other operating expenses	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Material expenses	(145,102)	(477,690)	(206,462)	(679,692)
Net loss from sale of foreign currency	0	(132,779)		(188,927)
Medical services	(8,790)	(8,287)	(12,507)	(11,791)
Costs on tugboat services	(76,623)	(70,105)	(109,025)	(99,750)
Donations	(8,646)	(5,002)	(12,302)	(7,117)
Material allowances, gifts	(7,005)	(7,564)	(9,967)	(10,763)
Burial expenses	(3,596)	(1,873)	(5,117)	(2,665)
Representation costs 60%	(69,591)	(26,011)	(99,019)	(37,010)
Leased FA maintenance costs	(437,661)	(642,836)	(622,735)	(914,676)
Provisions for bad and doubtful debts	0	(156,393)	0	(222,527)
Provisions for warranty repairs	0	(50,000)	0	(71,144)
Previous year expenses	(15,369)	(5,892)	(21,868)	(8,384)
Other expenses	(11,363)	(1,478)	(16,168)	(2,101)
Total	(783,746)	(1,585,910)	(1,115,170)	(2,256,547)
(7) Interest and similar income	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Interest income on deposit	1,688	9,479	2,402	13,488
Bank interests	567	1,233	807	1,754
Interest income on loans issued	9,187	9,196	13,071	13,085
Penalties received	650	675	925	960
Total	12,092	20,583	17,205	29,287
(8) Interest and similar expenses	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Penalties paid	(24,670)	(8,015)	(35,102)	(11,404)
Interest charge	(159,884)	(78,125)	(227,494)	(111,162)
Bank charges for warranty	(105,305)	(80,142)	(149,836)	(114,032)
Total	(289,859)	(166,282)	(412,432)	(236,598)
(9) Corporate income tax				
(9a) Components of corporate income tax	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Corporate income tax according to the tax return	0	(91,034)	0	(129,530)
Changes in deferred income tax	32,801	5,833	46,672	8,300
Total	32,801	(85,201)	46,672	(121,230)
(9b) Movement and components of deferred tax:	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Deferred tax liabilities:				
Difference between residual value of FA in financial accounting and tax purposes	(13,835,011)	(14,094,373)	(19,685,428)	(20,054,470)
Net deferred tax liability (assets):				
Provisions for leave expenses	(188,350)	(180,223)	(267,999)	(256,434)
Provisions for warranty repair	(1,180)	(50,000)	(1,680)	(71,144)
Total temporary differences	(13,645,481)	(13,864,150)	(19,415,749)	(19,726,892)
Deferred taxation liabilities/(assets), rate 15%	(2,046,822)	(2,079,623)	(2,912,362)	(2,959,034)
Deferred tax liabilities	(2,046,822)	(2,079,623)	(2,912,362)	(2,959,034)
(9c) Deferred income tax liabilities	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Tax at the beginning of the financial year	2,079,623	2,085,456	2,959,034	2,967,334
Deferred taxation increase/decrease	(32,801)	(5,833)	(46,672)	(8,300)
Total	2,046,822	2,079,623	2,912,362	2,959,034
(10) Other taxes	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Real estate tax	(93,636)	(121,948)	(133,232)	(173,516)
Total	(93,636)	(121,948)	(133,232)	(173,516)

Notes to the balance sheet by December 31st 2013

(11) Intangible assets (LVL)

	Concessions, patents, licenses, trademarks and similar rights	Research and development costs	Other intangible assets (software.)	Goodwill	Advances for intangible assets	Total
	Ls	Ls	Ls	Ls	Ls	Ls
Cost/revaluation						
01.01.2012.	0	0	242,267		0	242,267
Additions						0
Disposals						0
Revaluation						0
31.12.2012.	0	0	242,267	0	0	242,267
Depreciation						
01.01.2012.	0	0	72,534	0	0	72,534
Calculated			34,415			34,415
Disposals						0
31.12.2012.	0	0	106,949	0	0	106,949
Net carrying amount						
01.01.2012.	0	0	169,733	0	0	169,733
31.12.2012.	0	0	135,318	0	0	135,318

Intangible assets (EUR)

	Concessions, patents, licenses, trademarks and similar rights	Research and development costs	Other intangible assets (software.)	Goodwill	Advances for intangible assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost/revaluation						
01.01.2012.	0	0	344,716		0	344,716
Additions						0
Disposals						0
Revaluation						0
31.12.2012.	0	0	344,716	0	0	344,716
Depreciation						
01.01.2012.	0	0	103,207			103,207
Calculated			48,969			48,969
Disposals						0
31.12.2012.	0	0	152,176	0	0	152,176
Net carrying amount						
01.01.2012.	0	0	241,509	0	0	241,509
31.12.2012.	0	0	192,540	0	0	192,540

Notes to the balance sheet by December 31st 2013

11. Intangible assets (LVL)

	Concessions, patents, licenses, trademarks and similar rights	Research and development costs	Other intangible assets (software.)	Goodwill	Advances for intangible assets	Total
	Ls	Ls	Ls	Ls	Ls	Ls
Cost/revaluation						
01.01.2013.	0	0	242,267	0	0	242,267
Additions						0
Disposals						0
Revaluation						0
31.12.2013.	0	0	242,267	0	0	242,267
Depreciation						
01.01.2013.	0	0	106,949	0	0	106,949
Calculated			34,372			34,372
Disposals						0
31.12.2013.	0	0	141,321	0	0	141,321
Net carrying amount						
01.01.2013.	0	0	135,318	0	0	135,318
Net carrying amount						
31.12.2013.	0	0	100,946	0	0	100,946

Intangible assets (EUR)

	Concessions, patents, licenses, trademarks and similar rights	Research and development costs	Other intangible assets (software.)	Goodwill	Advances for intangible assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost/revaluation						
01.01.2013.	0	0	344,716			344,716
Additions						0
Disposals						0
Revaluation						0
31.12.2013.	0	0	344,716	0	0	344,716
Depreciation						
01.01.2013.	0	0	152,176			152,176
Calculated			48,907			48,907
Disposals						0
31.12.2013.	0	0	201,083	0	0	201,083
Net carrying amount						
01.01.2013.	0	0	192,540	0	0	192,540
Net carrying amount						
31.12.2013.	0	0	143,633	0	0	143,633

Notes to the balance sheet by December 31st 2013

(12) Fixed assets and investment property (LVL)

	Land and buildings	Advances for fixed assets	Leasehold improvements	Equipment and machinery	Other fixed assets	Fixed assets under construction	Investment property	Total
	Ls	Ls	Ls	Ls	Ls	Ls	Ls	Ls
Cost/revaluation								
01.01.2012.	6,842,006	18,567	16,487	20,495,036	983,153	295,020	576,395	29,226,664
Additions	243,511	108,559		698,892	21,757	1,329,456	12,717	2,414,892
Disposals	(51)	(123,156)	(4,830)	(466,528)	(156)	(976,877)		(1,571,598)
Revaluation								0
31.12.2012.	7,085,466	3,970	11,657	20,727,400	1,004,754	647,599	589,112	30,069,958
Depreciation								
01.01.2012.	(2,522,476)	0	0	(6,265,738)	(748,724)	0	(145,860)	(9,682,798)
Calculated	(195,738)			(763,996)	(63,418)		(26,928)	(1,050,080)
Disposals	51			296,010	156			296,217
31.12.2012.	(2,718,163)	0	0	(6,733,724)	(811,986)	0	(172,788)	(10,436,661)
Net carrying amount								
01.01.2012.	4,319,530	18,567	16,487	14,229,298	234,429	295,020	430,535	19,543,866
Net carrying amount								
31.12.2012.	4,367,303	3,970	11,657	13,993,676	192,768	647,599	416,324	19,633,297

Real Estate (building) cadastral value at 31.12.2012. is - 4 121 826,- LVL.

Fixed assets and investment property (EUR)

	Land and buildings	Advances for fixed assets	Leasehold improvements	Equipment and machinery	Other fixed assets	Fixed assets under construction	Investment property	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost/revaluation								
01.01.2012.	9,735,298	26,419	23,459	29,161,809	1,398,901	419,775	820,136	41,585,797
Additions	346,485	154,466		994,434	30,957	1,891,645	18,095	3,436,082
Disposals	(73)	(175,235)	(6,872)	(663,810)	(222)	(1,389,970)		(2,236,182)
Revaluation								0
31.12.2012.	10,081,710	5,650	16,587	29,492,433	1,429,636	921,450	838,231	42,785,697
Depreciation								
01.01.2012.	(3,589,160)	0	0	(8,915,343)	(1,065,338)	0	(207,540)	(13,777,381)
Calculated	(278,509)			(1,087,068)	(90,236)		(38,315)	(1,494,128)
Disposals	72			421,185	222			421,479
31.12.2012.	(3,867,597)	0	0	(9,581,226)	(1,155,352)	0	(245,855)	(14,850,030)
Net carrying amount								
01.01.2012.	6,146,138	26,419	23,459	20,246,466	333,563	419,775	612,596	27,808,416
Net carrying amount								
31.12.2012.	6,214,113	5,650	16,587	19,911,207	274,284	921,450	592,376	27,935,667

Real Estate (building) cadastral value at 31.12.2012. is - 5 864 830,- EUR

Notes to the balance sheet by December 31st 2013

12. Fixed assets and investment property (LVL)

	Land and buildings	Advances for fixed assets	Leasehold improvements	Equipment and machinery	Other fixed assets	Fixed assets under construction	Investment property	Total
	Ls	Ls	Ls	Ls	Ls	Ls	Ls	Ls
Cost/revaluation								
01.01.2013.	7,085,466	3,970	11,657	20,727,400	1,004,754	647,599	589,112	30,069,958
Additions	500,522	30,433		661,731	37,756	1,489,933	950	2,721,325
Disposals		(4,614)	(4,664)	(53,459)	(118)	(1,208,385)		(1,271,240)
Revaluation								0
31.12.2013.	7,585,988	29,789	6,993	21,335,672	1,042,392	929,147	590,062	31,520,043
Depreciation								
01.01.2013.	(2,718,163)	0	0	(6,733,724)	(811,986)	0	(172,788)	(10,436,661)
Calculated	(207,162)			(798,651)	(55,631)		(27,591)	(1,089,035)
Disposals				44,698	118			44,816
31.12.2013.	(2,925,325)	0	0	(7,487,677)	(867,499)	0	(200,379)	(11,480,880)
Net carrying amount								
01.01.2013.	4,367,303	3,970	11,657	13,993,676	192,768	647,599	416,324	19,633,297
31.12.2013.	4,660,663	29,789	6,993	13,847,995	174,893	929,147	389,683	20,039,163

Real Estate (building) cadastral value at 31.12.2012. is - 4 121 826,- LVL.

Fixed assets and investment property (EUR)

	Land and buildings	Advances for fixed assets	Leasehold improvements	Equipment and machinery	Other fixed assets	Fixed assets under construction	Investment property	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost/revaluation								
01.01.2013.	10,081,710	5,650	16,587	29,492,433	1,429,636	921,450	838,231	42,785,697
Additions	712,179	43,302	0	941,558	53,722	2,119,984	1,352	3,872,097
Disposals		(6,565)	(6,636)	(76,065)	(168)	(1,719,377)		(1,808,811)
Revaluation								0
31.12.2013.	10,793,889	42,387	9,951	30,357,926	1,483,190	1,322,057	839,583	44,848,983
Depreciation								
01.01.2013.	(3,867,597)	0	0	(9,581,226)	(1,155,352)	0	(245,855)	(14,850,030)
Calculated	(294,765)			(1,136,378)	(79,156)		(39,258)	(1,549,557)
Disposals				63,600	168			63,768
31.12.2013.	(4,162,362)	0	0	(10,654,004)	(1,234,340)	0	(285,113)	(16,335,819)
Net carrying amount								
01.01.2013.	6,214,113	5,650	16,587	19,911,207	274,284	921,450	592,376	27,935,667
31.12.2013.	6,631,527	42,387	9,951	19,703,922	248,850	1,322,057	554,470	28,513,164

Real Estate (building) cadastral value at 31.12.2012. is - 5 864 830,- EUR

Financial result of disposed, eliminated and sold fixed assets:

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Initial cost	53,577	466,735	76,233	664,104
Accumulated depreciation	(44,816)	(296,217)	(63,767)	(421,479)
Residual value	8,761	170,518	12,466	242,625
Profit from selling the fixed assets	(16,923)	(261,379)	(24,079)	(371,909)
Profit or losses from disposal of fixed assets	(8,162)	(90,861)	(11,613)	(129,284)

Notes to the balance sheet by December 31st 2013

(13) Investments in associates (LVL)

Name	31.12.2013.				31.12.2012.			
	31.12.2013. Participating interest	Equity 31.12.13.	Profit / (loss) 2013.g.	31.12.2012.	Participating interest	Equity 31.12.12.	Profit / (loss) 2012.g.	
	Ls	%	Ls	Ls	Ls	%	Ls	Ls
Branch enterprise "Tosmares kuģubūvētava" JSC investment value	2551593	49.72	4,650,527	-68499	2551593	49.72	4,650,527	(34,302)
Ltd "Remars Granula"	843365	49.8	108678	43180	843365	49.8	108678	11882
Investments value	3394958		4759205	-25319	3,394,958		4,759,205	(22,420)

Investments in associates (EUR)

Name	31.12.2013.				31.12.2012.			
	31.12.2013. Participating interest	Equity 31.12.13.	Profit / (loss) 2013.g.	31.12.2012.	Participating interest	Equity 31.12.12.	Profit / (loss) 2012.g.	
	EUR	%	EUR	EUR	EUR	%	EUR	EUR
Branch enterprise "Tosmares kuģubūvētava" JSC investment value	3,630,590	49.72	6,617,104	-97465	3,630,590	49.72	6,617,104	(48,807)
Ltd "Remars Granula"	1,200,000	49.8	154635	61440	1,200,000	49.8	154635	16907
Investments value	4830590		6771739	-36025	4,830,590		6,771,739	(31,900)

(14) Other securities and investments (LVL)

Name	Value of shares		31.12.2013.		31.12.2012.	
	2,013	2,012	Amount	EUR	Amount	EUR
"Baltic International Bank" JSC	5	5	33	165	33	165
Total	5	5	33	165	33	165

Other securities and investments (EUR)

Name	Value of shares		31.12.2013.		31.12.2012.	
	2,013	2,012	Amount	EUR	Amount	EUR
"Baltic International Bank" JSC	7	7	33	235	33	235
Total	7	7	33	235	33	235

(15) Other loans and non-current receivables (LVL)

Name / Type of Loan	31.12.2012.	Loans issued in 2013	Debt extinguished in 2013	Reallocation Current 2013	Difference between currency exchange rates changing	31.12.2013.	Term of payment	Percent correlation
Loans for Students	67454	1288			-2121	66621	2014-2029	-
Loans for shares	438461	780687		438461		780687	2014-2015	-
Total	505915	781975	0	438461	-2121	847308		

Amount to be paid back after 5 years: 44 503,- Ls.

Other loans and non-current receivables (EUR)

Name / Type of Loan	31.12.2012.	Loans issued in 2013	Debt extinguished in 2013	Reallocation Current 2013	Difference between currency exchange rates changing	31.12.2013.	Term of payment	Percent correlation
Loans for Students	95978	1833			-3018	94793	2014-2029	-
Debt for shares	623874	1110818		623874		1110818	2014-2015	-
Total	719852	1112651	0	623874	-3018	1205611		

Amount to be paid back after 5 years: 63 322,- EUR.

(16) Loans to shareholders and management

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Non-current loans	0	292,284	0	415,882
Total	0	292,284	0	415,882
Copartners and directorship	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Including: Non-current	0	292,284	0	415,882
Current	0	20,000	0	28,458
Total	0	312,284	0	444,340

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

Notes to the balance sheet by December 31st 2013

(17) Raw materials and consumables	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
1. Metal ware	54,928	58,891	78,156	83,794
2. Timbering	1,810	1,483	2,575	2,110
2. Metal, non-ferrous metals, pipes	1,239,314	2,541,996	1,763,385	3,616,934
4. Wire cables	1,454	766	2,069	1,090
5. Fuel	6,396	7,115	9,101	10,124
6. Coveralls	8,762	8,005	12,467	11,390
7. Equipment	10,829	237,432	15,408	337,835
8. Cables	20,530	98,166	29,212	139,678
9. Varnish and paint	101,193	190,919	143,985	271,653
10. Household goods	1,048	474	1,491	674
11. Technical rubber ware	9,903	11,181	14,091	15,909
12. Other	612,864	2,151,356	872,027	3,061,107
Total	2,069,031	5,307,784	2,943,967	7,552,298

(18) Work in progress	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
1. Shipbuilding orders	200,304	1,061,252	285,007	1,510,026
Total	200,304	1,061,252	285,007	1,510,026

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

(19) Orders in progress	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
1. Ship repair orders	17,017	15,814	24,213	22,501
2. Mechanical engineering orders	68,950	14,017	98,107	19,944
3. Various	3,533	4,836	5,027	6,882
Total	89,500	34,667	127,347	49,327

(20) Advances for inventories	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
1. For goods	284,792	3,172,170	405,223	4,513,591
Total	284,792	3,172,170	405,223	4,513,591

(21) Trade receivables	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Book value of trade receivables	2,930,407	3,585,520	4,169,594	5,101,735
Provisions for bad and doubtful debts	(258,095)	(258,095)	(367,236)	(367,236)
Net worth of trade receivables	2,672,312	3,327,425	3,802,358	4,734,499

Changes in provisions (LVL)

	Trade receivables	Other receivables	Total
Provisions 31.12.2012.	258,095	7,487	265,582
Decrease in provisions	0	0	0
Increase in provisions	0	0	0
Provisions 31.12.2013.	258,095	7,487	265,582

Changes in provisions (EUR)

	Trade receivables	Other receivables	Total
Provisions 31.12.2012.	367,236	10,652	377,888
Decrease in provisions	0	0	0
Increase in provisions	0	0	0
Provisions 31.12.2013.	367,236	10,652	377,888

(22) Receivables from associates	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Tosmares kuģu būvētava" JSC debt for service and materials	6,021	279,973	8,567	398,365
"Tosmares kuģu būvētava" advance for services	49,196	42,168	70,000	60,000
SIA "Remars Granula" debt for credit*	341,474	332,288	485,874	472,803
SIA "Remars Granula" debt for credit according to assignment agreement **	541,159	541,159	770,000	770,000
Total	937,850	1,195,588	1,334,441	1,701,168

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

** The debt is secured by a commercial pledge.

(23) Other receivables	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Book value	386,752	2,649,978	547,131	3,770,577
Provisions established	(7,487)	(7,487)	(10,652)	(10,652)
Net carrying amount	379,265	2,642,491	539,644	3,759,925
Input VAT accepted	424	424	603	603
Value added tax overpaid	132,528	354,053	188,570	503,772
Corporate income tax	94,478	0	134,430	
Payments personal debts	8,993	829	12,796	1,180
Payment of salary	194	530	276	754
Non-current loans for "Tosmares kuģubūvētava" JSC'S shares	0	29,942	0	42,604
Advance payments for services	48,430	2,074,955	68,909	2,952,395
Other receivables	94,218	181,758	134,060	258,617
Total	379,265	2,642,491	539,644	3,759,925

Notes to the balance sheet by December 31st 2013

(24) Current loans to shareholders and management

	Management Ls	Management EUR
31.12.2012.	20,000	28,458
Loan issued		
Loan repaid		
Sold	(20,000)	(28,458)
31.12.2013.	0	0

(25) Deferred expenses

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Prepayments of company's property insurance payments	10,383	15,951	14,774	22,696
Subscription to the press	136	226	194	322
Health insurance	8,984	5,439	12,783	7,739
Renovation costs of leased fixed assets	4,633	4,829	6,592	6,871
Advertising expenses	0	44	0	63
Other expenses	1,039	8,297	1,478	11,804
Total	25,175	34,786	35,821	49,495

(26) Accrued income

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Shipbuilding	12,245,122	12,189,302	17,423,238	17,343,814
Ship repair	182,806	1,172,650	260,110	1,668,530
Machinery	0	140,207	0	199,496
Total	12,427,928	13,502,159	17,683,348	19,211,840

This item reflects the costs related to the contract and recognized profit.

(27) Cash and bank

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Cash on hand	1,017	1,559	1,447	2,218
Cash at bank on current accounts	408,416	587,381	581,123	835,768
Other money means*	0	23,071,417	0	32,827,669
Total	409,433	23,660,357	582,570	33,665,655

*deposits up to 90 days included.

(28) Share 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 31.12.2013:

	12/31/2013 Ls	%	12/31/2012 Ls	%	12/31/2013 EUR	12/31/2012 EUR
"Remars-Rīga" JSC	5,819,194	49.86	5,819,194	49.86	8,279,967	8,279,967
Other limited companies	1,798,522	15.41	1,862,545	15.95	2,559,066	2,650,163
Individuals	4,054,391	34.73	3,990,368	34.19	5,768,879	5,677,782
Total	11,672,107	100	11,672,107	100	16,607,912	16,607,912

(29) Non-current investments revaluation reserve

	LVL	EUR
31.12.2012.	8,473,199	12,056,273
Increase according to the revaluation		
Decrease according to the revaluation		
Decrease according to the value of elimination		
31.12.2013.	8,473,199	12,056,273

The revaluation reserve was created evaluating the floating docks with the certified external expert involved.

(30) Provisions

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Provisions for warranty repair	1,180	50,000	1,680	71,144
Total	1,180	50,000	1,680	71,144

Notes to the balance sheet by December 31st 2013

(31) Loans from banks (Current)	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
ABLV Bank	1,306,794	0	1,859,400	
Nordea Bank Finland PLC	3,066,906	3,705,567	4,363,814	5,272,547
Total	4,373,700	3,705,567	6,223,214	5,272,547

1. The enterprise had concluded the Overdraft and guarantee line agreement Nr 2003 / 4 / OD / GA and Overdraft agreement No2012-187-OD with JSC "Nordea Bank Finland Plc." On December 31st 2012 2 floating docks, two floating cranes, 14 portal cranes 4 running new building project and debtor debts had been pawned as a guarantee to the received loan. The balance value of stuff pawned is LVL 13 383 330.

2. The enterprise had concluded with JSC "ABLV Bank" the contract No. 13-FP-0206 (creditline), a Cession contract was concluded, and the contract No. 13-FP-0207(creditline) with pledged Real Estate (building) of JSC "Rīgas kuģu būvētava". The balance value of stuff pawned is LVL 3 427 572.

(32) Leasing liabilities	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
I. Current part of leasing liabilities				
2012	48,299	48,113	68,725	68,459
Interest charges				
Total current part of leasing liabilities	48,299	48,113	68,725	68,459
II. Non-current part of leasing liabilities				
Total non-current part of leasing liabilities	37,374	41,618	53,178	59,217
Total leasing liabilities	85,673	89,731	121,903	127,676

(33) Advances from customers	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
For shipbuilding	9,292,701	21,824,647	13,222,323	31,053,675
For ship repair	14,232	423,075	20,250	601,981
Others	8,010	156,088	11,399	222,094
Total	9,314,943	22,403,810	13,253,972	31,877,750

(34) Trade payables	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Debts for services	2,728,995	23,304,125	3,883,010	33,158,784
Debts for materials	875,871	1,269,756	1,246,252	1,806,700
Total	3,604,866	24,573,881	5,129,262	34,965,484

(35) Payables to associates	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
SIA "REMARS GRANULA"	8,184	8,579	11,645	12,207
Total	8,184	8,579	11,645	12,207

(36) Taxes and social insurance payments in 2013 (LVL)

	01.01.2013.	Calculated	Calculated	(Paid)/	Transferred to	31.12.2013.
	Ls	Ls	penalty and	repaid	other taxes	Ls
			delay fees	Ls	Ls	
Social insurance payments	102,956	1,258,942		(1,108)	(1,254,411)	106,379
Value added tax	(354,053)	(1,626,720)	1,458	(10,061)	1,856,848	(132,528)
Personal income tax	49,744	705,210	8,326	(184,061)	(458,447)	120,772
Corporate income tax	44,900			(983)	(138,395)	(94,478)
Corporate income tax for nonresidents	546	5,049			(5,595)	0
Real estate tax	11,871	93,636	325	(105,528)		304
Natural resources tax	7,199	3,737		(10,602)		334
Risk duty	148	1,902		(1,897)		153
Total	(136,689)	441,756	10,109	(314,240)	0	936

t.sk.:

Tax debt	217,364	227,942
Tax overpayment	(354,053)	(227,006)

Taxes and social insurance payments in 2013 (EUR)

	01.01.2013.	Calculated	Calculated	(Paid)/	Transferred to	31.12.2013.
	EUR	EUR	penalty and	repaid	other taxes	EUR
			delay fees	EUR	EUR	
Social insurance payments	146,493	1,791,313		(1,576)	(1,784,866)	151,364
Value added tax	(503,772)	(2,314,614)	2,075	(14,316)	2,642,057	(188,570)
Personal income tax	70,777	1,003,423	11,847	(261,895)	(652,311)	171,841
Corporate income tax	63,888			(1,399)	(196,919)	(134,430)
Corporate income tax for nonresidents	777	7,184			(7,961)	0
Real estate tax	16,891	133,232	462	(150,153)		432
Natural resources tax	10,243	5,317		(15,085)		475
Risk duty	211	2,706		(2,699)		218
Total	(194,492)	628,561	14,384	(447,123)	0	1,330

t.sk.:

Tax debt	309,280	324,330
Tax overpayment	(503,772)	(323,000)

Notes to the balance sheet by December 31st 2013

(37) Other liabilities	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Salaries	187,028	159,275	266,117	226,628
Retention from salaries	751	560	1,069	797
Payments to personnel	33,212	290	47,256	413
Payments for credit cards	13,196	3,118	18,777	4,436
Payments for debts to other enterprises	15,740	36,085	22,399	51,346
Total	249,927	199,328	355,618	283,620
(38) Dividends unpaid	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
31.12.2012.	23,326	24,652	33,190	35,077
Dividends calculated	116,721	0	166,079	0
Dividends paid	(113,373)	(3)	(161,315)	(5)
Disposals		(1,323)		(1,882)
31.12.2013.	26,674	23,326	37,954	33,190
(39) Accrued liabilities	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
For services	241868	468,007	344149	665,915
Accrued liabilities for unused annual leave expenses	188350	180,223	267998	256,434
Total	430,218	648,230	612,147	922,349
(40) Next period income	2013.gads	2012.gads	2013	2012
	Ls	Ls	EUR	EUR
	196278	0	279280	0
Kopā	196278	0	279280	0
(41) Transactions with related parties (LVL)				

Related company or related parties	Type of relation	Goods sold or Services provided		Goods acquired or Services received		Other transactions	
		Ls	Ls	Ls	Ls	Ls	Ls
JSC „Remars –Rīga”	Significant ascendar	271861	919208				
JSC „Tosmares Kuģu būvētavā”	Assoc.Comp.	7834	663962				
„Remars-Granula” Ltd.	Assoc.Comp.	395	0		9186		
Total		280090	1583170		9186		

Transactions with related parties (EUR)

Related company or related parties	Type of relation	Goods sold or Services provided		Goods acquired or Services received		Other transactions	
		EUR	EUR	EUR	EUR	EUR	EUR
JSC „Remars –Rīga”	Significant ascendar	386823	1307915				
JSC „Tosmares Kuģu būvētavā”	Assoc.Comp.	11147	944733				
„Remars-Granula” Ltd.	Assoc.Comp.	562	0		13071		
Total		398532	2252648		13071		

(42) Subsequent events

In the period of time since the Report's last day till the day of signing the report by the board, no any exceptional or significant circumstances affecting annual results or the Company's financial statement as on December 31st of 2013.

(43) Off-balance liabilities

- The enterprise has concluded agreements for land and pier lease with Rīga Free Port authority. The agreement is valid through On August 31st year 2028. The Enterprise has the priority to extend the agreement term.
- On the 28th of December, 2011 there was issued ship covered bond No.EH 28.12.2010/KO about foalting dock deposit in the favour of "UniCreditBank".
- On the 15th of June, 2011 there was signed the commercial pledge agreement with the bank JSC "DNB NORD Banka" No. 17/11K23-2 about the 1st mortgage of real estate of - boiler house.

General remarks

(1) Average number of people employed	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Average number of people employed during the financial year	601	643	601	643
(2) Total remuneration to personnel	4,568,125	4,846,441	6,499,317	6,895,864
- salary	3,703,876	3,927,306	5,270,140	5,588,053
- social insurance payments	864,249	919,135	1,229,716	1,307,811
- including:				
Personnel salary (production department)				
- salary	3,288,483	3,486,612	4,679,090	4,961,002
- social insurance payments	767,722	816,595	1,092,370	1,161,910
- Total	4,056,205	4,303,207	5,771,460	6,122,912
Administration				
- salary	59,527	45,846	84,699	65,233
- social insurance payments	14,201	10,886	20,206	15,489
- Total	73,728	56,732	104,905	80,722
Remuneration to the Board				
- remuneration	198,366	236,448	282,249	336,435
- social insurance payments	46,635	55,766	66,356	79,348
- Total	245,001	292,214	348,605	415,783
Remuneration to the Council				
- remuneration	157,500	158,400	224,102	225,383
- social insurance payments	35,691	35,888	50,784	51,064
- Total	193,191	194,288	274,886	276,447

The annual report of year 2013 pages 1 to 24 we approve:

Chairman of the Board	_____	/V. MELNIKS/	Member of the Board	_____	/V.BLUMS/
Member of the Board	_____	/E.BUKS/	Member of the Board	_____	/L.ARTEMENKO/
Member of the Board	_____	/V.KOZLOVS/			

February 28th, 2014