

INDEPENDENT AUDITOR'S REPORT

To the shareholders of A/S „Rīgas kuģu būvētava”

Report on the Financial Statements

1. We have audited the accompanying financial statements of A/S „Rīgas kuģu būvētava” set out on pages 5 to 25 of the accompanying annual report, which comprise the balance sheet as of 31 December 2013 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Explanation of opinion with objection

6. As it is mentioned in the supplement Nr.13 of financial statement „Partnership in capital of associated companies”, in the balance sheet of the enterprise is included investment in capital of associated company to the tune of LVL 843 365, which is a purchase expense of the investment. Also in the balance sheet of the enterprise as of 31 December 2013 is included these associated company's debt of account receivable in amount of LVL 882 633, which payment is significantly overdue. The biggest asset of associated company is the technological equipment with account value of LVL 1 704 003, which according by our available information currently is not participating in a production process. In turn the largest creditor of associated company is A/S „Rīgas kuģu būvētava”.

We were not provided with the assessment of the market value of the mentioned equipment, in connection with this we cannot estimate the cash flow statement of associated company in case of sale or use of this equipment.

The financial statement does not reflect losses from possible decrease of investment and debt of account receivable value. In our opinion, the value of this investment and the value of debt of account receivable has decreased, but as the company management has not made an estimate of future cash flows from these investment and debt of account receivable, therefore we have not been able to determine reliably the amount of losses, that should be recognized as a result of the decrease in the value.

7. In the balance sheet of the enterprise as of 31 December 2013 in the supplement Nr.15 reflected a receivable LVL 780 687 with repayment term in 2020. These receivable is without ensuring. We have not received sufficient evidence of the return of receivable, in connection with this we cannot estimate possible decrease of these receivable.

Opinion with objection

8. In our opinion, except for possible influence of circumstances mentioned in 6th and 7th paragraph the financial statement give a true and fair view of the financial position of A/S „Rīgas kuģu būvētava” as of 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with the Latvian law ”On the Annual Report”.

Report on Other Legal and Regulatory Requirements

We have read the management report as shown on the page 3 of the annual report and we have not identified any material discrepancies between the historical financial information presented in the management report and the financial statements for the year ended 31 December 2013.

SIA “UHY Orients N” Member of the board
Licence No.28
Latvia

Natālija Zaiceva
Certified Auditor of
Certificate No.138

Riga, Latvia
10 April 2014