

**"Rīgas kuģu būvētava" AS**

*Financial statements of three month of the year 2015  
prepared in accordance with  
requirements of Latvian statutory requirements,  
(not audited)*

*\* This version of financial statements is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, the original language version of financial statements takes precedence over this translation.*

**RĪGAS KUĢU BŪVĒTAVA AS REPORT ON PERIOD TILL 31<sup>ST</sup> OF MARCH 2015**  
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**RĪGAS KUĢU BŪVĒTAVA AS REPORT ON PERIOD TILL 31<sup>ST</sup> OF MARCH 2015**  
**GENERAL INFORMATION**

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Name of the company	Rīgas kuģu būvētava AS	
Legal status of the company	Joint stock company	
Number, place and date of registration	000304589, 5 December 1991, Companies register, Riga 40003045892, 26 August 2004, Commercial register, Riga	
Address	Gales street 2, Riga, LV-1015, Latvia	
Share capital of the Company	16 607 912 EUR	
Associates	Tosmares kuģubūvētava AS (49.72%)  Remars Granula SIA (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.	
NACE code	3011, 3315	
Names and positions of the Board members	Jānis Skvarnovičs	Chairman of the Board
	Vladislavs Blūms	Member of the Board
	Einārs Buks	Member of the Board
	Jekaterina Ivanova	Member of the Board
Names and positions of the Council	Vasiļijs Meļņiks	Chairman of the Council
	Aleksandrs Čerņavskis	Deputy Chairman of the Council
	Linards Baumanis	Member of the Council
	Valentīna Andrējeva	Member of the Council
	Gaidis Andrejs Zeibots	Member of the Council
Financial period	1 January 2015 - 31 March 2015	
Previous financial period	1 January 2014 - 31 March 2014	
Auditor's name and address	Deloitte Audits Latvija SIA LZRA licence No. 43 4a Gredu street, Riga, LV-1019, Latvia Reg.N.40003606960  Kitija Kepite Sworn Auditor Certificate No. 182	

**RĪGAS KUĢU BŪVĒTAVA AS REPORT ON THREE MONTHS OF YEAR 2015**  
**STATEMENT OF MANAGEMENT RESPONSIBILITIES**

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The management of Rīgas kuģu būvētava AS (the Company) is responsible for preparation of the financial statements.

The financial statements are prepared in accordance with the source documents and present fairly the financial position of the Company as of 31 March 2015 and the results of its operations and cash flows for the period then ended. The management confirms that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements as presented on pages 10 to 29. The management also confirms that the requirements of the legislation of the Republic of Latvia have been complied with and that the financial statements have been prepared on a going concern basis.

The management of the Company is also responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the management:

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Janis Skvarnovics  
(Chairman of the Board)

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Einars Buks  
(Member of the Board)

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Vladislavs Blums  
(Member of the Board)

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Jekaterina Ivanova  
(Member of the Board)

**RĪGAS KUĢU BŪVĒTAVA AS REPORT OF THREE MONTH 2015**  
**PROFIT OR LOSS STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

		3 month 2015	3 month 2014
	Notes	EUR	EUR
Net sales	3	4 653 047	3 291 245
Cost of sales	4	<u>(4 762 749)</u>	<u>(4 259 650)</u>
<b>Gross loss</b>		<b>(109 072)</b>	<b>(968 405)</b>
Distribution expenses	5	(15 433)	(43)
Administrative expenses	6	(234 764)	(189 312)
Other operating income	7	358 577	385 623
Other operating expenses	8	(265 860)	(249 448)
Interest and similar income			
Interest and similar expenses	9	<u>(76 365)</u>	<u>(81 470)</u>
<b>Loss before taxes</b>		<b>(343 547)</b>	<b>(1 103 055)</b>
Corporate income tax			
Deferred income tax			
Other taxes	10	<u>(33 553)</u>	<u>(33 306)</u>
<b>Net loss for the period</b>		<b><u>(377 100)</u></b>	<b><u>(1 136 361)</u></b>
Loss per share		(0.032)	(0.097)

The accompanying notes on pages 10 to 29 are an integral part of these financial statements.

These financial statements were signed on 29 May 2015 on the Company's behalf by:

\_\_\_\_\_  
Janis Skvarnovics  
(Chairman of the Board)

\_\_\_\_\_  
Einars Buks  
(Member of the Board)

\_\_\_\_\_  
Vladislavs Blums  
(Member of the Board)

\_\_\_\_\_  
Jekaterina Ivanova  
(Member of the Board)

## BALANCE SHEET AS OF 31 MARCH 2015

ASSETS	Notes	31.03.2015 EUR	31.03.2014 EUR
<b>Non-current assets</b>			
<b>Intangible assets</b>	11	<b>83 612</b>	<b>131 406</b>
<b>Fixed assets</b>			
Land and buildings		8 169 679	6 595 491
Leasehold improvements		3 358	9 951
Equipment and machinery		4 335 761	3 386 764
Floating docks		16 020 753	16 156 700
Other fixed assets		190 051	237 356
Fixed assets under construction		1 154 916	1 681 604
Advances for fixed assets		7 114	32 654
<b>Total fixed assets</b>	12	<b>29 881 632</b>	<b>28 100 520</b>
<b>Investment property</b>	12 (a)	<b>515 642</b>	<b>544 645</b>
<b>Non-current financial investments</b>			
Investments in associates	13	4 830 590	4 830 590
Securities		235	235
Loans and non-current receivables	14	1 218 022	1 205 611
<b>Total non-current financial investments</b>		<b>6 048 847</b>	<b>6 036 436</b>
<b>Total non-current assets</b>		<b>36 529 733</b>	<b>34 813 007</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables			2 903 578
Work in progress	15	2 489 557	354 033
	16	190 542	
Unfinished orders	17	41 532	489 583
Advances for inventories	18	170 492	708 433
<b>Total inventories</b>		<b>2 892 123</b>	<b>4 455 627</b>
<b>Account receivable</b>			
Trade receivables	19	1 615 908	2 631 597
Receivables from associates	20	1 263 534	1 381 734
Other receivables	21	734 151	708 607
Deferred expense	22	12 961	24 535
Accrued income	23	5 030 873	1 148 914
<b>Total receivables</b>		<b>8 657 427</b>	<b>5 895 387</b>
<b>Cash and bank</b>	24	<b>10 064</b>	<b>6 651</b>
<b>Total current assets:</b>		<b>11 559 614</b>	<b>10 357 665</b>
<b>TOTAL</b>		<b>48 089 347</b>	<b>45 170 672</b>

The accompanying notes on pages 10 to 29 are an integral part of these financial statements.

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**RĪGAS KUĢU BŪVĒTAVA AS REPORT OF THREE MONTH 2015**  
**BALANCE SHEET AS OF 31 MARCH 2015**

	Notes	31.03.2015. EUR	31.03.2014. EUR
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	25	16 607 912	16 607 912
Non-current investments revaluation reserve	26	12 056 273	12 056 273
<b>Retained earnings</b>			
prior year's retained earnings		2 211 395	3 279 728
net loss for the year		(377 100)	(1 103 055)
<b>Total retained earnings</b>		<b>1 834 295</b>	<b>2 176 673</b>
<b>Total equity</b>		<b>30 498 480</b>	<b>30 840 858</b>
<b>Provisions</b>	27	<b>6 530</b>	<b>44 366</b>
<b>Non-current liabilities</b>			
Loans from banks	29 (a)	0	1 425 000
Deferred income	28 (a)	692 457	279 278
Leasing liabilities	30 (a)	62 018	87 854
Other loans	31 (a)	1 165 000	0
Deferred tax liabilities		2 661 850	2 905 959
<b>Total non-current liabilities</b>		<b>4 581 325</b>	<b>4 698 091</b>
<b>Current liabilities</b>			
Loans from banks	29 (b)	1 900 000	1 472 684
Other loans	31 (b)	1 165 000	0
Leasing liabilities	30 (b)	39 314	60 236
Advances from customers	32	4 188 434	1 098 868
Trade payables	33	3 934 754	5 463 053
Payables to associates	34	93 184	0
Taxes and social insurance payments	35	497 314	331 973
Other liabilities	36	410 215	363 300
Deferred income	28 (b)	72 120	0
Dividends unpaid	37	32 540	37 777
Accrued liabilities	38	670 137	759 466
		<b>13 003 012</b>	<b>9 587 357</b>
<b>Total current liabilities:</b>		<b>17 584 337</b>	<b>14 285 448</b>
<b>Total liabilities:</b>		<b>48 089 347</b>	<b>45 170 672</b>

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(Member of the Board)

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

	Share capital	Non-current investments revaluation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR
<b>Balance as of 31 December 2013</b>	<b>16 607 912</b>	<b>12 056 273</b>	<b>3 279 728</b>	<b>31 943 913</b>
Net loss for the period	-	-	(1 136 361)	(1 136 361)
Dividends				
<b>Balance as of 31 March 2014</b>	<b>16 607 912</b>	<b>12 056 273</b>	<b>2 143 367</b>	<b>30 807 552</b>
<b>Balance as of 31 December 2014</b>	<b>16 607 912</b>	<b>12 056 273</b>	<b>2 211 395</b>	<b>30 875 580</b>
Net loss for the period			(377 100)	(377 100)
Dividends				
<b>Balance as of 31 March 2015</b>	<b>16 607 912</b>	<b>12 056 273</b>	<b>1 834 295</b>	<b>30 498 480</b>

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(Member of the Board)



**RĪGAS KUĢU BŪVĒTAVA AS REPORT OF THREE MONTH 2015**  
**CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

	Notes	3 month 2015 EUR	3 month 2014 EUR
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Sales and service income		4 980 840	7 960 310
Cash to suppliers, personnel and other primary activity costs		<u>(4 904 491)</u>	<u>(5 008 572)</u>
<b>Gross cash flow generated from/(used in) operating activities</b>		<b>76 349</b>	<b>2 951 738</b>
Interest paid		(76 365)	(81 470)
Corporate income tax paid		<u>(11 202)</u>	<u>(11 202)</u>
<b>Net cash flow generated from /(used in) operating activities</b>		<b>(16)</b>	<b>2 859 066</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Sale of shares			
Acquisition of fixed and intangible assets		(504 334)	(214 390)
Proceeds from sales of fixed assets and intangible assets		134 237	5 000
Loans issued			
Interest received			
<b>Net cash flow used in investing activities</b>		<b>(370 097)</b>	<b>(209 390)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans received		315 000	
Loans repaid			(3 225 524)
Received subsidies			
Dividends paid			(119)
<b>Net cash flow (used in)/ generated from financing activities</b>		<b>315 000</b>	<b>(3 225 643)</b>
Net foreign exchange gains/losses		50	48
Net decrease in cash and cash equivalents		<u>(55 063)</u>	<u>(575 919)</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>65 127</b>	<b>582 570</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>		<b>10 064</b>	<b>6 651</b>

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### 1. GENERAL INFORMATION

Rīgas kuģu būvētava AS is registered in the Republic of Latvia on 5<sup>th</sup> of December, 1991 (further in text – the Company). The Company is registered as a joint stock company in the Commercial Register of the Republic of Latvia and the legal and business activity address is: Gales street 2, Riga, Latvia. The registration number in the Register of companies of the Republic of Latvia is 40003045892.

The main activities of the Company are building and repair of ships, yachts, catamarans, containers, trailers and technological equipment, as also port services, woodworking and making of furnitures that are envisaged to various functional purposes.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Laws of the Republic of Latvia on Accounting and on Annual Reports.

The financial statements have been prepared on the historical cost basis except for floating docks (included in property, plant and equipment) which are stated at their revalued amounts.

The financial statements cover the period from 1 January to 31 March 2015.

The statement of profit and loss is prepared according to the function of expense method.

The statement of cash flows is prepared using the direct method.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied also during the previous reporting period, unless otherwise stated.

### ACCOUNTING POLICIES

#### *Foreign currencies*

The accompanying financial statements are presented in the currency of the European Union, the Euro (hereinafter – EUR), which is the Company's functional and presentation currency. Until 1 January 2014, when Latvia joined the Eurozone and the Latvian Lat was replaced by the EUR, the Company carried out its accounting records and prepared its financial statements in the Latvian Lat. Since that date, the Company's accounting records have been carried out in the EUR. The conversion to the EUR was done using the official exchange rate set by the Bank of Latvia – 1 EUR/0.702804 Latvian Lat.

Until 1 January 2014, all transactions denominated in foreign currencies were translated into the Latvian Lat at the Bank of Latvia official rate of exchange prevailing on the transaction day. Starting from 1 January 2014, all transactions denominated in foreign currencies are translated into the EUR at the European Central Bank rate of exchange prevailing on the transaction day. At the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated at the European Central Bank rate of exchange prevailing on 31 March.

The exchange rates established by the European Central Bank are as follows:

	31.03.2015.	31.03.2014.
	EUR	EUR
1 USD	0.922084	0.726797
1 RUB	0.015985	0.020340
1 GBP	1.364629	1.208897

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies into the EUR are recognised in the statement of profit or loss.

***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable net of value added tax. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognized according to the following principles:

**Sale of goods**

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services, ship repairs and construction**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date, which is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the statement of profit and loss.

**Interest income**

Interest income is recognized in the statement of profit and loss on an accrual basis of accounting using the effective interest rate method.

**Dividends**

Dividend income is recognised when the right to receive the payment is established.

***Intangible assets***

Intangible assets primarily comprise software licences. All intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses. Amortisation of the assets is calculated using the straight-line method to allocate their cost over their estimated useful lives. Software licences are amortised over a period of 5-10 years.

***Property, plant and equipment***

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. The cost comprises the purchase price, transportation costs, installation, and other directly attributable expenses related to the acquisition or implementation. The cost of a self-constructed item of property, plant and equipment includes the cost of direct materials, services and workforce.

Subsequent to initial recognition, all items of property, plant and equipment, except for floating docks are stated at historical cost, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss for the period in which they incurred.

Land is not depreciated. Depreciation of other assets is commenced when the assets are ready for their intended use and calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Estimated useful life, years
Buildings	2 - 15
Other buildings and constructions	3.5 - 20
Equipment and machinery	5 - 50
Other fixed assets	10 - 40

The residual value and estimated useful life of an asset is reviewed and adjusted, if necessary, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the carrying amount and the sales proceeds of the asset and is recognised in the statement of profit or loss.

Construction in progress represents property, plant and equipment under construction and is stated at historical cost. This includes the cost of construction and other directly attributable expenses. Construction in progress is not depreciated as long as the respective assets are not completed and put into operation.

Leasehold improvements are amortised over the shorter of the useful life of the improvement and the term of the lease agreement.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as the Company's owned assets.

The Company capitalises items of property, plant and equipment with initial cost exceeding EUR 150 and useful life exceeding one year.

Floating docks are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity, but not less frequently than every 5 years, such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

Increases in the carrying amount arising on revaluation net of deferred tax are credited to 'non-current asset revaluation reserve' in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; any further decreases are charged to the statement of profit and loss. The revaluation reserve is transferred to the statement of profit and loss on the disposal of the revalued asset.

***Investment property***

Investment property is land, buildings or part these items held by the Company (as the owner or as the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the Company, and the cost of an asset can be measured reliably.

An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequent to initial recognition, investment property is stated at historical cost, less accumulated depreciation and accumulated impairment losses.

***Investments in subsidiaries and associates and other financial investments***

Investments in subsidiaries (i.e. where the Company holds more than 50% of interest in the share capital or otherwise controls the investee company) are measured initially at cost. Control is achieved where the Company has the power to govern the financial and operating policies of the investee company.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee company but is not control or joint control over those policies. Investments in associates are initially measured at cost.

Other financial investments represent investments in the share capital of another company which does not exceed 20% of the company's total share capital.

Subsequent to initial recognition, all investments are stated at historical cost less any accumulated impairment losses. The carrying amounts of investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised in the statement of profit and loss.

***Inventories***

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in, first-out FIFO method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution. If necessary, allowance is made for obsolete, slow moving and defective stock.

***Financial assets***

**Loans**

Loans are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition all loans are stated at amortised cost, using the effective interest rate method. Differences between the principal amount and the repayable value are gradually recognised in the statement of profit and loss over the period of the loan.

Loans are classified as current receivables if the maturity term does not exceed 12 months from the end of reporting period.

At each balance sheet date the Company assesses whether there is objective evidence that the carrying amount of loans may not be recoverable. The Company assesses each loan individually. If there is objective evidence that an impairment loss has incurred, the amount of the loss is recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The impairment loss is recognised in the statement of profit and loss as other operating expenses.

**Trade receivables**

Trade receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the statement of profit and loss as other operating expenses.

**RĪGAS KUĢU BŪVĒTAVA AS REPORT OF THREE MONTH 2015**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

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If, in subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit and loss.

Trade receivables are included in current assets, except for assets with maturities greater than 12 months after the end of the reporting period.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, balances of current accounts with banks and short-term deposits held at call with banks with the initial maturity of less than 90 days.

***Accrued revenue***

Accrued revenue represents earned revenue for services that were provided during the reporting period but invoiced during the next reporting period.

***Deferred expenses***

Expenses paid before the balance sheet date, that relate to the next reporting periods, are recognised as deferred expenses.

***Dividends***

Dividends are recorded in the financial statements of the Company in the period in which they are approved by the Company's shareholders.

***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition all borrowings are stated at amortised cost, using the effective interest rate method.

Differences between the proceeds and the redemption value are gradually recognised in the statement of profit and loss over the period of the borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability at least for 12 months after the end of reporting period.

***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they incurred.

***Leases***

Leases of assets under which the lessee assumes substantially all the risks and rewards of ownership associated with the asset are classified as finance leases. All other leases are classified as operating leases.

**The Company as lessor**

When the Company's assets are leased out under an operating lease, income from operating leases is recognised in the statement of profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and reduce the amount of income recognised over the lease term.

If the Company is a lessor in a finance lease arrangement, it recognises the asset in the balance sheet as a receivable at an amount equal to the present value of the lease payments. Lease income is recognised over the term of the lease on the basis of constant periodic rate of return.

**The Company as lessee**

Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

If the Company is a lessee in a finance lease arrangement, it recognises in the balance sheet the asset as an item of property, plant and equipment and a lease liability measured as the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance

charge so as to achieve a constant interest rate on the balance of liability outstanding. The interest element of the lease payment is charged to the statement of profit or loss over the lease period. The item of property, plant and equipment acquired under a finance lease is depreciated over the shorter of the useful life of the asset and the lease term, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

***Government grants***

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Accordingly, grants whose primary condition is that the Company should purchase or construct non-current assets are recognised as deferred revenue in the balance sheet and transferred to the statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the statement of profit or loss in the period in which they become receivable.

***Trade payables***

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are classified as non-current liabilities.

***Deferred revenue***

Deferred revenue represents non-current and current portion of advances received from customers for services which have not been yet provided at the balance sheet date. Deferred revenue is initially recognised at the present value of consideration received. Revenue is recognised in the statement of profit of loss in the period when the services have been provided to customers.

***Provisions***

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of provisions to be reimbursed for example under an insurance contract the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Expenses relating to any provision are presented in the statement of profit and loss net of any reimbursement.

***Accrual for unused employee vacations***

Accrual for unused vacations is computed by multiplying employees' average salary for the last 6 months by the number of unused vacation days at the end of the reporting period, additionally calculating employers' mandatory social insurance contributions.

***Corporate income tax***

Corporate income tax includes current and deferred taxes.

Current corporate income tax calculated in accordance with tax regulations of the Republic of Latvia applying a rate of 15% on taxable income generated by the Company during the taxation period.

Deferred income tax arising from temporary differences in the timing of the recognition of items in the tax returns and these financial statements is calculated using the liability method. The deferred income tax assets and liabilities are determined on the basis of the tax rates that are expected to apply when the timing differences reverse. The principal temporary timing differences arise from different rates of accounting and tax depreciation of property, plant and equipment, certain non-deductible provisions and accruals as well as from tax losses carried forward.

Deferred tax assets are only recognised in these financial statements where their recoverability is foreseen with reasonable certainty.

*Use of estimates and critical judgments*

The legislation of the Republic of Latvia requires that in preparing the financial statements the management of the Company makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of off-balance sheet assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The following are the critical judgments and key estimates concerning the future, and other key sources of estimation uncertainty which exist at the reporting date of the financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next reporting period:

*Allowance for doubtful trade receivables*

The Company's management evaluates the carrying amounts of trade receivables and assesses their recoverability, making an allowance for doubtful and bad trade receivables, if necessary.

*Net realisable value of inventories*

The Company's management evaluates the net realisable value of inventories based upon the expected sales prices and selling costs and assesses the physical condition of inventories during the annual stock count. If the net realisable value of inventories is lower than the cost of inventories then an allowance is recorded.

*Useful lives of property, plant and equipment*

Useful lives of property, plant and equipment are assessed at each balance sheet date and changed, if necessary, to reflect the Company's management current view on their remaining useful lives in the light of changes in technology, the remaining prospective economic utilisation of the assets and their physical condition.

*The carrying amounts of property, plant and equipment*

The Company's management reviews the carrying amounts of property, plant and equipment and assesses whenever indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Company's management calculates and records an impairment loss on property, plant and equipment based on the estimates related to the expected future use, planned liquidation or sale of the assets.

*Revaluation of floating docks*

The Company's management evaluates whether there have been significant changes in the fair values of floating docks which are carried at their revalued amounts. The management considers that the fair values of the revalued floating docks approximate their carrying amounts.

*Carrying amounts of issued loans*

The Company's management evaluates the carrying amounts of issued loans and evaluates their recoverability, making an allowance for doubtful loans, if necessary.

*Deferred tax asset on tax losses to be carried forward*

A deferred tax asset is recognised on all tax losses to be carried forward as of 31 March 2015. The Company's management assumes that it is probable that the Company will have sufficient taxable profits in the future against which the tax losses will be utilised.

*The carrying amounts of investments in associate*

The Company's management reviews the carrying amounts of the investments in associates and assesses whenever indications exist that the assets' recoverable amounts are lower than their carrying amounts.

*The determination of ship buildings construction contract stage of completion*

At each balance sheet date the Company's management evaluates the stage of completion of unfinished construction contracts and the associated revenue and costs.



**3. Net sales**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
<b>Business segments:</b>		
Ship repair	3 588 392	734 867
Shipbuilding	970 912	2 515 741
Mechanical engineering	92 591	35 952
Other works	1 152	4 685
<b>Total</b>	<b>4 653 047</b>	<b>3 291 245</b>

**4. Cost of sales**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Purchase costs of goods sold	(3 243 326)	(2 528 326)
Salary expenses	(891 616)	(1 057 042)
Depreciation of fixed assets	(306 277)	(374 869)
Social insurance	(202 409)	(241 591)
Other costs	(119 121)	(57 822)
<b>Total</b>	<b>(4 762 749)</b>	<b>(4 259 650)</b>

**5. Distribution expenses**

	<b>3 months of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Advertising expenses	(15 433)	(43)
<b>Total</b>	<b>(15 433)</b>	<b>(43)</b>

**6. Administrative expenses**

	<b>3 months of 2015</b>	<b>3 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Remuneration of the Council members	(55 206)	(25 552)
Remuneration of the Board members	(43 200)	(27 889)
Salary expenses (administration)	(32 825)	(24 498)
Social insurance	(30 285)	(17 669)
Representative vehicle maintenance expenses	(14 056)	(28 606)
Transportation costs, travelling allowances	(37 317)	(26 051)
Legal services	(70)	(17 788)
Depreciation of fixed assets	(10 048)	(8 000)
Representation costs	(5 415)	(4 429)
Communication costs	(3 323)	(3 720)
Office rent and utilities	(2 114)	(4 035)
Insurance	(905)	(1 075)
<b>Total</b>	<b>(234 764)</b>	<b>(189 312)</b>

**RĪGAS KUĢU BŪVĒTAVA AS REPORT OF THREE MONTH 2015**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

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**7. Other operating income**

	<b>3 months of 2015</b>	<b>3 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Income from rent and delivered utility services	173 026	242 862
Sale of materials	81 059	77 881
Net income from sales of fixed assets	45 361	0
Tugboat services income	12 807	24 076
Income from projects financing	18 030	0
Net income from exchange rate fluctuations	66	48
Chemical analyses	305	0
Remuneration to insurance expenditures	21 144	16 533
Other income	6 779	24 223
<b>Total</b>	<b>358 577</b>	<b>385 623</b>

**8. Other operating expenses**

	<b>3 months of 2015</b>	<b>3 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Leased fixet assets maintenance costs	(162 280)	(162 887)
Material expenses	(74 406)	(53 688)
Costs on tugboat services	(11 446)	(18 890)
Representation costs 60%	(8 404)	(7 114)
Medical services	(3 171)	(3 334)
Burial expenses	(2 825)	(684)
Net loss from sale of foreign currency	(195)	(0)
Other expenses	(3 133)	(2 851)
<b>Total</b>	<b>(265 860)</b>	<b>(249 448)</b>

**9. Interest and similar expenses**

	<b>3 months of 2015</b>	<b>3 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Interest expenses for loans	(26 763)	(50 253)
Bank charges for guarantees	(40 490)	(22 826)
Penalties paid	(8 682)	(622)
State fee	(430)	(7 769)
<b>Total</b>	<b>(76 365)</b>	<b>(81 470)</b>

**10. Other taxes:**

	<b>3 months of 2015</b>	<b>3 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Real estate tax	(33 553)	(33 306)
<b>Total</b>	<b>(33 553)</b>	<b>(33 306)</b>

**11. Intangible assets**

	Software EUR	Advances for intangible assets	Total EUR
<b>Cost</b>			
<b>As of 01 01 2014</b>	<b>344 716</b>		<b>344 716</b>
Additions	0		0
Disposals	0		0
<b>As of 31 03 2014</b>	<b>344 716</b>		<b>344 716</b>
<b>Acumulated amortizations</b>			
<b>As of 01.01.2014</b>	<b>(201 083)</b>		<b>(201 083)</b>
Calculated	(12 227)		(12 227)
<b>As of 31 03 2014</b>	<b>(213 310)</b>		<b>(213 310)</b>
<b>Net carrying amount</b>			
<b>As of 01 01 2014</b>	<b>143 633</b>		<b>143 633</b>
<b>As of 31 03 2014</b>	<b>131 406</b>		<b>131 406</b>
<b>Cost</b>			
<b>As of 01 01 2015</b>	<b>344 716</b>		<b>344 716</b>
Additions	0		0
<b>As of 31 03 2015</b>	<b>344 716</b>		<b>344 716</b>
<b>Acumulated amortizations</b>			
<b>As of 31 12 2014</b>	<b>(249 159)</b>		<b>(249 159)</b>
Calculated	(11 945)		(11 945)
<b>As of 31 03 2015</b>	<b>(261 104)</b>		<b>(261 104)</b>
<b>Net carrying amount</b>			
<b>As of 01 01 2015</b>	<b>95 557</b>		<b>95 557</b>
<b>As of 31 03 2015</b>	<b>83 612</b>		<b>83 612</b>

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**12. Fixed assets**

	<b>Buildings, constru- ctions EUR</b>	<b>Advance payments EUR</b>	<b>Leasehold improve- ments PL EUR</b>	<b>Equipment and machines EUR</b>	<b>Floating docks EUR</b>	<b>Unfinished con- struction EUR</b>	<b>Other Fixed assets EUR</b>	<b>Total EUR</b>
<b>Cost/revaluation</b>								
<b>As of 01 01 2014</b>	<b>10 793 889</b>	<b>42 387</b>	<b>9 951</b>	<b>12 044 968</b>	<b>18 312 958</b>	<b>1 322 056</b>	<b>1 483 190</b>	<b>44 009 399</b>
Additions		74 327				441 811		516 138
Disposals				(39 939)			(23 315)	(63 254)
Reclassified	40 152	(84 060)		113 135		(82 263)	13 036	
<b>As of 31 03 2014</b>	<b>10 834 041</b>	<b>32 654</b>	<b>9 951</b>	<b>12 118 164</b>	<b>18 312 958</b>	<b>1 681 604</b>	<b>1 472 911</b>	<b>44 462 283</b>
<b>Depreciations</b>								
<b>As of 01 01 2014</b>	<b>(4 162 362)</b>			<b>(8 568 111)</b>	<b>(2 085 893)</b>		<b>(1 234 341)</b>	<b>(16 050 707)</b>
Calculated	(76 188)			(202 896)	(70 365)		(21 193)	(370 642)
Disposals				39 607			19 979	59 586
<b>As of 31 03 2014</b>	<b>(4 238 550)</b>			<b>(8 731 400)</b>	<b>(2 156 258)</b>		<b>(1 235 555)</b>	<b>(16 361 763)</b>
<b>Net carrying amount</b>								
<b>As of 01 01 2014</b>	<b>6 631 527</b>	<b>42 387</b>	<b>9 951</b>	<b>3 476 857</b>	<b>16 227 065</b>	<b>1 322 056</b>	<b>248 849</b>	<b>27 958 692</b>
<b>As of 31 03 2014</b>	<b>6 595 491</b>	<b>32 654</b>	<b>9 951</b>	<b>3 386 764</b>	<b>16 156 700</b>	<b>1 681 604</b>	<b>237 356</b>	<b>28 100 520</b>
<b>Cost/revaluation</b>								
<b>As of 01 01 2015</b>	<b>12 704 691</b>	<b>7 114</b>	<b>3 358</b>	<b>13 278 879</b>	<b>18 433 643</b>	<b>329 054</b>	<b>1 495 772</b>	<b>46 252 511</b>
Additions						853 032		853 032
Disposals				(105 834)				(105 834)
Reclassified	3 406			22 426		(27 170)	1 338	0
<b>As of 31 03 2015</b>	<b>12 708 097</b>	<b>7 114</b>	<b>3 358</b>	<b>13 195 471</b>	<b>18 433 643</b>	<b>1 154 916</b>	<b>1 497 110</b>	<b>46 999 709</b>
<b>Depreciations</b>								
<b>As of 01 01 2015</b>	<b>(4 462 909)</b>			<b>(8 743 843)</b>	<b>(2 350 896)</b>		<b>(1 290 242)</b>	<b>(16 847 890)</b>
Calculated	(75 509)			(153 623)	(61 994)		(16 817)	(307 943)
Disposals				37 756				37 756
<b>As of 31 03 2015</b>	<b>(4 538 418)</b>			<b>(8 859 710)</b>	<b>(2 412 890)</b>		<b>(1 307 059)</b>	<b>(17 118 077)</b>
<b>Net carrying amount</b>								
<b>As of 01 01 2015</b>	<b>8 241 782</b>	<b>7 114</b>	<b>3 358</b>	<b>4 535 036</b>	<b>16 082 747</b>	<b>329 054</b>	<b>205 530</b>	<b>29 404 621</b>
<b>As of 31 03 2015</b>	<b>8 169 679</b>	<b>7 114</b>	<b>3 358</b>	<b>4 335 761</b>	<b>16 020 753</b>	<b>1 154 916</b>	<b>190 051</b>	<b>29 881 632</b>

Real Estate (buildings) cadastral value as of 31 03 2015: 5 723 487 EUR(as of 31 03 2014: 5 863 935 EUR).

Information about assets used as collaterals for borrowings included in Notes 29 and 39.

**RĪGAS KUĢU BŪVĒTAVA AS REPORT OF THREE MONTH 2015**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

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**12a. Investment property**

	Investment property EUR
<b>Cost</b>	
As of 01 01 2014	839 583
Additions	
As of 31 03 2014	839 583
<b>Accumulated depreciation</b>	
As of 01 01 2014	(285 113)
Calculated	(9 825)
As of 31 03 2014	(294 938)
<b>Net carrying amount</b>	
As of 01 01 2014	554 470
As of 31 03 2014	544 645
 <b>Cost</b>	
As of 01 01 2015	845 227
Additions	0
As of 31 03 2015	845 227
<b>Accumulated depreciation</b>	
As of 01 01 2015	(321 203)
Calculated	(8 382)
As of 31 03 2015	(329 585)
<b>Net carrying amount</b>	
As of 01 01 2015	524 024
As of 31 03 2015	515 642

**RĪGAS KUĢU BŪVĒTAVA AS REPORT OF THREE MONTH 2015**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

**13. Investments in associates**

**Shares in the capital of associates and their carrying values:**

Name	31 03 2015	Participating interest	Equity	Profit/ (loss)
	EUR	%	31 03 2015 EUR	01 01 2015- 31 03 2015 EUR
AS "Tosmares kuģubūvētava"	3 630 590	49.72	5 779 881	(55 3640)
SIA "Remars Granula"	1 200 000	49.80	246 825	(7 235)
<b>Total</b>	<b>4 830 590</b>		<b>6 026 706</b>	<b>(62 599)</b>

Name	31 03 2014	Participating interest	Equity	Profit/ (loss)
	EUR	%	31 03 2014 EUR	01 01 2014- 31 03 2014 EUR
AS "Tosmares kuģubūvētava"	3 630 590	49.72	6 215 292	(304 345)
SIA "Remars Granula"	1 200 000	49.80	246 825	26 251
<b>Total</b>	<b>4 830 590</b>		<b>6 457 619</b>	<b>(278 094)</b>

**14. Other loans and non-current receivables**

Name / Type of Loan	As of 31.03.2014	Loans issued in 2015	Interest accrued	Currency exchange rate change	As of 31.03.2015	Term of repayment
	Loans to employees (students)	107 204	0			107 204
Loans for Tosmares Kuģubūvētava AS shares	1 110 818	0	38 725		1 110 818	Year 2020
<b>Total</b>	<b>1 218 022</b>				<b>1 218 022</b>	

Total amount receivable after 5 years: 1 212 702 EUR.

**15. Raw materials and consumables**

	3month of 2015	3month of 2014
	EUR	EUR
Metal, non-ferrous metals, pipes	1 648 010	1 750 318
Metal ware	70 005	73 718
Equipment	60 628	73 018
Fuel	3 789	8 408
Varnish and paint	19 239	61 607
Cables	28 284	42 504
Coveralls	6 698	10 189
Technical rubber ware	2 355	13 997
Wire cables	15 234	2 129
Household goods	840	21 546
Other	634 475	846 144
<b>Total</b>	<b>2 489 557</b>	<b>2 903 578</b>

**RĪGAS KUĢU BŪVĒTAVA AS REPORT OF THREE MONTH 2015**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

<b>16. Work in progress</b>	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Shipbuilding orders	190 542	354 033
<b>Total</b>	<b>190 542</b>	<b>354 033</b>

Work in progress contains orders with up to 10% (zero cycle) performed from total contractual value.

<b>17. Unfinished orders</b>	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Ship repair orders	35 965	420 027
Various	2 369	3 659
Mechanical engineering orders	3 198	65 897
<b>Total</b>	<b>41 532</b>	<b>489 583</b>

<b>18. Advances for inventories</b>	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
For materials	170 492	708 433
<b>Total</b>	<b>170 492</b>	<b>708 433</b>

<b>19. Trade receivables</b>	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Book value of trade receivables	2 176 221	3 024 766
Provisions for bad and doubtful debts	(560 313)	(393 169)
<b>Trade receivables, net</b>	<b>1 615 908</b>	<b>2 631 597</b>

**Change in provisions (EUR)**

	<b>Trade</b>	<b>Other</b>	<b>Total</b>
	<b>receivables</b>	<b>receivables</b>	
<b>Provisions as of 31.12.2014.</b>	<b>560 313</b>	<b>46 748</b>	<b>607 061</b>
Increase in provisions	0	0	0
<b>Provisions as of 31.03.2015.</b>	<b>560 313</b>	<b>46 748</b>	<b>607 061</b>

**20. Receivables form associates**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
SIA "Remars Granula" debt for loan according to assignment agreement *	770 000	770 000
SIA "Remars Granula" loan **	491 925	485 874
AS "Tosmares kuģubūvētava" debt for service and materials	1 609	55 860
AS "Tosmares kuģubūvētava" advance for services	0	70 000
<b>Total</b>	<b>1 263 534</b>	<b>1 381 734</b>

\* Debt related to assignment (cession) agreement signed with SEB bank AS, Rigas Kugu buvetava and SIA Remars Granula, collateralated by a pledge.

\*\* Loan interest rate 5%, repayment term on demand.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

**21. Other receivables**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Book value	780 899	719 259
Provisions established	(46 748)	(10 652)
<b>Other receivables, net</b>	<b>734 151</b>	<b>708 607</b>

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Value added tax overpaid	246 346	422 045
Corporate income tax	56 207	157 031
Advance payments for services	332 571	83 927
Interests	38 725	0
Payments personal debts	42 335	39 538
Payment of salary	16 892	360
Other receivables	1 075	5 706
<b>Total</b>	<b>734 151</b>	<b>708 607</b>

**22. Deferred expenses**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Land rent	0	11 342
Property insurance	7 323	5 089
Renovation costs of leased fixed assets	4 944	4 933
Other expenses	694	2 941
Subscription to the press	0	230
<b>Total</b>	<b>12 961</b>	<b>24 535</b>

**23. Accrued income**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Shipbuilding	4 337 664	692 835
Ship repair	693 209	456 079
<b>Total</b>	<b>5 030 873</b>	<b>1 148 914</b>

**24. Cash and bank**

	<b>3 month 2015</b>	<b>3 month 2014</b>
	<b>EUR</b>	<b>EUR</b>
Cash at bank on current accounts	6 958	6 162
Cash on hand	3 106	489
<b>Total</b>	<b>10 064</b>	<b>6 651</b>



**RĪGAS KUĢU BŪVĒTAVA AS REPORT OF THREE MONTH 2015**  
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**25. Share capital**

Rīgas kuģu būvētava AS was founded in 1995. Share capital of the Company is 16 607 912 EUR, which is comprised of 11 672 107 ordinary shares, nominal value of one share is 1 LVL (1.42 EUR). Currently there are in total 11 672 107 shares of which 10 000 000 shares are publicly traded and 1 672 107 shares are in closed issue. The joint stock company is public and its shares are quoted on exchange market AS NASDAQ OMX on the secondary list. All shares give equal rights for receiving dividends, liquidation quotes and voting rights at the shareholders meeting. 1 share gives 1 voting right.

Amendments to the Statutes:

1. Increase of the share capital up to EUR 15 651 590 on 30 December 1998.
2. Increase of the share capital up to EUR 16 607 912 on 30 December 1999.

Share capital as of 31.03.2015 is not yet denominated in EUR currency

**AS "Rīgas kuģu būvētava" shareholders**

	<b>31.03.2015</b>	<b>%</b>	<b>31.03.2014</b>	<b>%</b>
	<b>EUR</b>		<b>EUR</b>	
Remars-Riga AS	8 279 967	49.86	8 279 967	49.86
Individuals	5 082 656	30.60	5 768 879	34.73
Other legal entities	3 245 289	19.54	2 559 066	15.41
<b>Total</b>	<b>16 607 912</b>	<b>100</b>	<b>16 607 912</b>	<b>100</b>

**26. Non-current investments revaluation reserve**

Based on certified appraisers valuation report, Company performed revaluation of floating docks. In 2007 Baltic Kontor SIA performed valuation of the Company's real estate (three floating docks) and as a result of the valuation estimated fair value of three floating docks which as of 20.12.2017 amounted to 17 107 000 EUR.

Company's management considers that floating docks value increase is permanent and it is appropriate to value assets at their fair value. Difference arising from revaluation for the amount of 12 056 273 EUR was recognized in equity under Long-term investments revaluation reserve that was decreased by the related deferred tax liability.

Subsequently in 2012 and 2014 certified appraisers performed floating docks' revaluation and concluded that estimated value does not significantly differ from previously evaluated value and no amendments into value of floating docks was recognized. In performing valuation the appraisers used a cost approach including adjustments for the docks technical condition, age and technological usefulness of the assets. The values obtained were compared to available information in the market for the similar assets.

**27. Provisions**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Provisions for warranty repairs	6 530	44 366
<b>Total</b>	<b>6 530</b>	<b>44 366</b>

In accordance with the concluded agreements, the Company provides to the customers free of charge guarantee repair in accordance with universal agreement conditions during 6 months for the executed qualitative repair works and for the quality of materials during 12 months. The Board has created the provisions taking as a basis the experience of the previous years to execute such kind of the repair works.

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**28. Deferred income**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
1) Financing in accordance with the signed agreement in 2013 with the Ministry of Environmental Protection and Regional Development for the project implementation "Measure of the Energy efficiency in the production buildings"	447 001	72 091
2) Financing in accordance with an agreement signed in 2012 with the government agency LIAA about the EU co-financed project Rīgas kuģu būvētava AS Heating system reconstruction.	317 576	207 187
<b>Total</b>	<b>764 577</b>	<b>279 278</b>
<b>(a) Total long-term part</b>	<b>692 457</b>	<b>279 278</b>
<b>(b) Total short-term part</b>	<b>72 120</b>	<b>-</b>

**29. Loans from banks**

**a) Long-term part**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
ABLV Bank AS	0	1 425 000
<b>Total</b>	<b>0</b>	<b>1 425 000</b>

**b) Short – term part**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
ABLV Bank AS	1 900 000	0
Nordea Bank AB affiliate in Latvia	0	1 472 684
<b>Total</b>	<b>1 900 000</b>	<b>1 472 684</b>

1. In October 2013 the Company concluded with ABLV Bank AS the Creditline contract No. 13-FP-0207 for current assets needs. The repayment term is 18 October 2015. The interest rate is 4,5% + 6 months EURIBOR. Mortgage agreement on real estate properties was signed. Pledged real estate net book value as of 31 March 2015 is 5 801 448 EUR.

2. On the 4 September 2014 the Company had concluded amendments to the Overdraft and guarantee line agreement No. 2003/4 /OD/GA and Overdraft agreement No. 2012-187-OD with Nordea Bank affiliate in Latvia. On 31 March 2015 the total Guarantee line limit was 2 172 000 EUR, and as security floating dock K-4, 2 floating cranes, 14 portal cranes and accounts receivables were pledged. The balance sheet value of assets pledged as of 31 March 2015 is 6 607 563 EUR.

3. On the 7 January 2015 there was signed the Guarantee Agreement No. 2014-263-GA with Nordea Bank affiliate in Latvia. On 31 March 2015 the total Guarantee line limit was 724 000 EUR, and as security floating dock K-4, 2 floating cranes, 14 portal cranes and accounts receivables were pledged. The balance sheet value of assets pledged as of 31 March 2015 is 6 607 563 EUR.

4. On the 8 December 2014 there was signed the Bank Guarantee limit Agreement with AS Baltic International Bank No. 05/10/14. As of 31 March 2015 the total Guarantee limit available is 3 500 000 EUR, used Guarantee limit is 810 000 EUR. As security 1st stage mortgage agreement for floating dock No 170 was signed. The mortgaged property balance sheet value as of 31 March 2015 is 10 179 201 EUR.

**30. Leasing liabilities**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
a) Total long-term part of leasing liabilities	62 018	87 854
b) Total short-term part of leasing liabilities	39 314	60 236
<b>Total</b>	<b>101 332</b>	<b>148 090</b>

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<b>31.</b>	<b>Other loans</b>		
		<b>3 month of 2015</b>	<b>3 month of 2014</b>
		<b>EUR</b>	<b>EUR</b>
	a) Long-term part (interest 6%) *	1 165 000	0
	b) Short -term part (interest 4,5%)**	1 165 000	0
	<b>Total</b>	<b>2 330 000</b>	<b>0</b>
	.* In the Years 2014 and 2015 Company received a loan from Foreign Fund ,the repayment term is 2018.		
	** In the Year 2014 Company received 2 loans from private person repayment term is 2015.		
	No assets are pledged as collateral.		
<b>32.</b>	<b>Advances from customers</b>		
		<b>3 month of 2015</b>	<b>3 month of 2014</b>
		<b>EUR</b>	<b>EUR</b>
	For shipbuilding	3 513 454	1 074 486
	For ship repair	674 980	20 250
	Others	0	4 132
	<b>Total</b>	<b>4 188 434</b>	<b>1 098 868</b>
<b>33.</b>	<b>Trade payables</b>		
		<b>3 month of 2015</b>	<b>3 month of 2014</b>
		<b>EUR</b>	<b>EUR</b>
	Payables for services	2 774 822	1 495 133
	Payables for materials	1 159 932	3 967 920
	<b>Total</b>	<b>3 934 754</b>	<b>5 463 053</b>
<b>34.</b>	<b>Payables to associates</b>		
		<b>3 month of 2015</b>	<b>3 month of 2014</b>
		<b>EUR</b>	<b>EUR</b>
	AS "Tosmares kuģubūvētava"	93 184	0
	<b>Total</b>	<b>93 184</b>	<b>0</b>

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**35. Taxes and social insurance payments**

	01.01.2015. EUR	Calculated EUR	Calculated penalty and delay fees EUR	(Paid)/ repaid EUR	Transferred to other taxes EUR	31.03.2015 EUR
Social insurance payments	116 922	335 533		(21 144)	(227 207)	204 104
Value added tax	(167 260)	(390 138)			311 052	(246 346)
Personal income tax	309 211	186 548	5 569	(190 100)	(84 625)	226 603
Corporate income tax	(56 207)					(56 207)
Real estate tax	49 234	33 553		(17 096)		65 691
Natural resources tax	684	752		(685)		751
Risk duty	165	494		(494)		165
Customs duty on import		49		(49)		0
<b>Total</b>	<b>252 749</b>	<b>166 791</b>	<b>5 569</b>	<b>(229 568)</b>	<b>780</b>	<b>194 761</b>
<b>Tax debt</b>	<b>476 216</b>					<b>497 314</b>
<b>Tax overpayment *</b>	<b>(223 467)</b>					<b>(302 553)</b>

\* The overpayment of taxes is included in Other receivables (Note 21).

**36. Other liabilities**

	3 month of 2015 EUR	3 month of 2014 EUR
Salaries	254 150	236 572
Payments for debts	98 493	83 035
Payments to personnel	33 222	28 784
Payments for credit cards	24 350	14 473
Retention from salaries	0	436
<b>Total</b>	<b>410 215</b>	<b>363 300</b>

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**37. Dividends unpaid**

	<b>3 month of 2015</b>	<b>3 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
<b>As at the beginning of the period</b>	32 540	37 954
Dividends calculated	0	0
Dividends paid	0	177
Written-off (older than 10 years)	0	0
<b>As at the end of the period</b>	<b>32 540</b>	<b>37 777</b>

**38. Accrued liabilities**

	<b>3 month of 2015</b>	<b>3 month of 2015</b>
	<b>EUR</b>	<b>EUR</b>
For services	479 906	491 468
Accrued liabilities for unused annual leave expenses	190 231	267 998
<b>Total</b>	<b>670 137</b>	<b>759 466</b>

**39. Off-balance liabilities**

1. The Company has concluded agreements for land and pier lease with Riga Free Port authority. The agreement is valid till 31.08.2028. The Company has the priority to extend the agreement term.

2. On the 28 December 2010 there was issued ship covered bond No.EH 28.12.2010/KO about floating dock deposit in the favour of UniCreditBank AS and bond is valid until the secured obligations are fully met. Ship bond is issued as a guarantee for Eiroholdings SIA obligations, that results from credit line agreement No.EH 01.07.2008/CL dated on 1 July 2008; creditline obligations as of 31 marchr 2015 is 1 469 994 EUR. Maximum guarantee claim is 4 183 243 EUR . Mortgaged floating dock 791, with the balance sheet value as of 31 March 2015 4 952 022 EUR. At the date of approval of these financial statements Management considers that there is low probability that the settlement of the obligation resulting from the above mentioned agreement is likely.

3. On December 12 2014 between Rīgas kuģu būvētava AS and ABLV Bank AS was signed mortgage agreement No. 14-FP-0328/01 for the first mortgage on Rīgas kuģu būvētava AS real estate - as security for Remars- Riga AS liabilities that are resulting from 12 December 2014 credit agreement No. 14-FP-0328. As of 31 March 2015 liabilities amounted to 2 127 906 EUR. Total amount of secured claim is 2 860 000 EUR. The pledged property balance sheet value as of 31 March 2015 is 6 309 244 EUR. At the date of approval of these financial statements Management considers that there is low probability that the settlement of the obligation resulting from the above mentioned agreement is likely.

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