

"Rīgas kugu buvetava" JSC

*Financial statements on six months 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.*

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RIGAS KUGU BUVETAVA JSC REPORT ON PERIOD TILL 30TH OF JUNE 2015
GENERAL INFORMATION

Name of the company	Rigas kugu buvetava JSC	
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	16 340 950 EUR	
Associates	Tosmares kugubuvetava JSC (49.72%) Reg.No.42103022837 Generala Baloza Street 42/44 Liepaja,Latvia Remars Granula LLC (49.80%) Reg.No.54103022521 Gales street 2, Riga, Latvia	
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	Janis Skvarnovics	Chairman of the Board
	Vladislavs Blums	Member of the Board
	Einars Buks	Member of the Board
	Jekaterina Ivanova	Member of the Board
Names and positions of the Council	Vasilijs Melniks	Chairman of the Council
	Aleksandrs Cernavskis	Deputy Chairman of the Council
	Linards Baumanis	Member of the Council
	Valentīna Andrejeva	Member of the Council
	Gaidis Andrejs Zeibots	Member of the Council
Financial period	1 January 2015 - 30 June 2015	
Previous financial period	1 January 2014 - 30 June 2014	
Auditor's name and address	Deloitte Audits Latvija LLC LZRA licence No. 43 4a Gredu street, Riga, LV-1019, Latvia Reg.N.40003606960 Kitija Kepite Sworn Auditor Certificate No. 182	

**RIGAS KUGU BUVETAVA JSC REPORT ON PERIOD TILL 30TH OF JUNE 2015
MANAGEMENT REPORT**

Company`s activities

In six month of 2015 Rigas kugu buvetava JSC (the Company) performed totally 32 ship repair works (compared to six month 2014 - 19 ships), built and launched 2 ship hulls (compared to six month 2014 - 4 hulls were built)
In six month of 2015, the suppliers of raw materials and services for Rigas kugu buvetava JSC did not change substantially and mainly cooperation partners were from Western Europe, Estonia, Lithuania and Latvia. Company`s clients in ship repair services and ship hulls construction mainly were from the clients of Scandinavian countries.

Development and financial results of the Company in six month of 2015

In six month of 2015 net turnover of Rigas kugu buvetava JSC reached 10 242 446 EUR, out of which the shipbuilding amounted 1 076 030 EUR, ship repair 8 436 874 EUR, (compared with six month of 2014 when turnover amounted to 6 916 066 EUR, accordingly shipbuilding 3 987 689 EUR and ship repair 2 875 202 EUR).

The Company finished the financial period with gross profit of 334 094 EUR (in six month of 2014 the gross losses were 950 051 EUR), and the net profit in six month 2015 was 13 619 EUR, (in six month of 2014 - net loss was 1 288 002 EUR).

In the six month of year 2015 Rigas kugu buvetava JSC performed investments in the fixed assets and reconstruction works for the total amount of 1.4 millions EUR (in the six month of year 2015 the Company invested 2.8 million EUR). It was purchased the Pipe thread maschine KRB 61 and four high preasure washing maschines, Rigas kugu buvetava JSC also continues to perform the thorough overhaul of production buildings, floating docks, portal cranes, tugs and other fixed assets.

Rigas kugu buvetava JSC operates and fulfills production procedures in accordance with the international quality control standards - EN ISO 9001: 2008. The quality certificate was received already in the year 2001 and the quality ensuring system is constantly improved.

Events for the Research and Development of the Company

The Board of the company sustains the work on development of new ways of activities, which will help to explore production powers of the company more effectively. After the market research, the company finds the operations of productions of industrial components to be perspective. To developpe this field of activity the company has received the certificate that confirms conformity to standard EN1090-1+A1+2011 issued by Bureau Veritas Latvia LLC.

Future Development of the Company

Estimating the current market situation and the Company`s potentials, the management will continue to work in order to increase the volume of ship repair and construction works. In order to ensure the above mentioned, the Company plans to buy the additional equipment for ships washing and cleaning, that will allow to increase the handling rate of ships in docks, total planned investments amounts to 75 000 EUR.

These financial statements were signed on 27 August, 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)

RIGAS KUGU BUVETAVA JSC REPORT ON SIX MONTHS OF THE YEAR 2015
STATEMENT OF MANAGEMENT RESPONSIBILITIES

The management of Rigas kugu buvetava JSC (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 30 June, 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 11 to 30. 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:

Janis Skvarnovics
(Chairman of the Board)

Einars Buks
(Member of the Board)

Vladislavs Blums
(Member of the Board)

Jekaterina Ivanova
(Member of the Board)

RIGAS KUGU BUVETAVA JSC REPORT OF SIX MONTH 2015
PROFIT OR LOSS STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2015

		6 month 2015	6 month 2014
	Notes	EUR	EUR
Net sales	3	10 242 446	6 916 066
Cost of sales	4	<u>(9 908 352)</u>	<u>(7 866 117)</u>
Gross loss		334 094	(950 051)
Distribution expenses	5	(15 433)	(339)
Administrative expenses	6	(463 949)	(450 298)
Other operating income	7	941 644	921 955
Other operating expenses	8	(599 899)	(592 680)
Interest and similar income	9	7 809	8 169
Interest and similar expenses	10	<u>(123 541)</u>	<u>(158 146)</u>
Loss before taxes		80 725	(1 221 390)
Corporate income tax		0	0
Other taxes	11	<u>(67 106)</u>	<u>(66 612)</u>
Net loss for the period		<u>13 619</u>	<u>(1 288 002)</u>
Profit or Loss per share		0.001	(0.11)

The accompanying notes on pages 11 to 30 are an integral part of these financial statements.
These financial statements were signed on 27th of August, 2015 on behalf of the Company:

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(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 30 JUNE 2015

ASSETS	Notes	30.06.2015 EUR	30.06.2014 EUR
Non-current assets			
Intangible assets	12	71 667	119 456
Fixed assets			
Land and buildings		8 094 150	7 850 574
Leasehold improvements		3 358	9 951
Equipment and machinery		4 185 585	4 396 344
Floating docks		15 958 759	16 086 334
Other fixed assets		178 846	226 321
Fixed assets under construction		1 700 751	729 745
Advances for fixed assets		7 114	12 928
Total fixed assets	13	30 128 563	29 312 197
Investment property	13 (a)	507 262	534 821
Non-current financial investments			
Investments in associates	14	4 830 590	4 830 590
Securities		235	235
Loans and non-current receivables	15	1 218 022	1 207 426
Total non-current financial investments		6 048 847	6 038 251
Total non-current assets		36 756 339	36 004 725
Current assets			
Inventories			
Raw materials and consumables	16	2 407 975	2 709 533
Work in progress	17	134 914	488 980
Unfinished orders	18	64 258	485 482
Advances for inventories	19	141 516	472 717
Total inventories		2 748 663	4 156 712
Account receivable			
Trade receivables	20	2 451 616	3 328 889
Receivables from associates	21	1 269 734	1 295 984
Other receivables	22	756 706	297 816
Deferred expense	23	9 524	18 452
Accrued income	24	328 612	1 583 260
Total receivables		4 816 192	6 524 401
Cash and bank	25	86 800	12 814
Total current assets:		7 651 655	10 693 927
TOTAL		44 407 994	46 698 652

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RIGAS KUGU BUVETAVA JSC REPORT OF SIX MONTH 2015
BALANCE SHEET AS OF 30 JUNE, 2015

	Notes	30.06.2015. EUR	30.06.2014. EUR
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Share capital	26	16 340 950	16 607 912
Non-current investments revaluation reserve	27	12 056 273	12 056 273
Retained earnings		266 962	
prior year's retained earnings		2 211 395	3 279 728
net loss for the year		13 619	(1 288 002)
Total retained earnings		2 225 014	1 991 726
Total equity		30 889 199	30 655 911
Provisions	28	6 530	23 705
Non-current liabilities			
Loans from banks	30	0	1 900 000
Deferred income	29	674 427	416 176
Leasing liabilities	31	54 530	77 612
Other loans	32	1 165 000	1 215 000
Deferred tax liabilities		2 661 850	2 905 959
Total non-current liabilities		4 555 807	6 514 747
Current liabilities			
Loans from banks	30	1 900 000	1 009 886
Other loans	32	850 703	
Leasing liabilities	31	37 916	45 665
Advances from customers	33	1 054 250	1 223 833
Trade payables	34	3 125 187	6 017 309
Payables to associates	35	41 002	11 645
Taxes and social insurance payments	36	751 950	319 459
Other liabilities	37	385 546	344 496
Deferred income	29	72 120	
Dividends unpaid	38	32 540	37 773
Accrued liabilities	39	705 244	494 223
Total current liabilities:		8 956 458	9 504 289
		13 512 265	16 019 036
Total liabilities:		44 407 994	46 698 652

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE, 2015

	Share capital	Non-current investments revaluation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR
Balance as of 31 December, 2013	16 607 912	12 056 273	3 279 728	31 943 913
Net loss for the period	-	-	(1 288 002)	(1 288 002)
Dividends				
Balance as of 30 June, 2014	16 607 912	12 056 273	1 991 726	30 655 911
Balance as of 31 December, 2014	16 607 912	12 056 273	2 211 395	30 875 580
Reserves drawn up in the result of the denomination	(266 962)			
Net loss for the period			13 619	13 619
Dividends				
Balance as of 30 June, 2015	16 340 950	12 056 273	2 225 014	30 889 199

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RIGAS KUGU BUVETAVA JSC REPORT OF SIX MONTH 2015
CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2015

	Notes	6 month 2015 EUR	6month 2014 EUR
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Sales and service income		11 492 241	11 193 579
Cash to suppliers, personnel and other primary activity costs		(11 199 131)	(10 785 186)
Gross cash flow generated from/(used in) operating activities		293 110	408 393
Interest paid		(123 541)	(158 146)
Corporate income tax paid		(11 202)	(11 202)
Net cash flow generated from/(used in) operating activities		169 569	239 045
CASH FLOWS USED IN INVESTING ACTIVITIES			
Sale of shares			
Acquisition of fixed and intangible assets		(397 177)	(501 155)
Proceeds from sales of fixed assets and intangible assets		174 247	21 488
Loans issued			
Interest received			
Net cash flow used in investing activities		(222 930)	(479 667)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans received		410 000	3 025 000
Lons repaid		(335 000)	(3 353 928)
Received subsidies			
Dividends paid			(122)
Net cash flow (used in)/ generated from financing activities		75 000	(329 050)
Net foreign exchange gains/losses		34	(84)
Net decrease in cash and cash equivalents		21 673	(569 756)
Cash and cash equivalents at the beginning of the financial year		65 127	582 570
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		86 800	12 814

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Vladislavs Blums
(Member of the Board)

Jekaterina Ivanova
(Member of the Board)

1. GENERAL INFORMATION

Rigas kugu buvetava JSC is registered in the Republic of Latvia on 5th 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 Annual Reports, regulations No.481 of Cabinet of Ministers of 21.06.2011. „On order how to prepare statement of cash flow and statement of changes in equity” and regulations No.488 of Cabinet of Ministers of 21.06.2011. „On use of the law 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 30 June, 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

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 30 June.

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

	30.06.2015.	30.06.2014.
	EUR	EUR
1 USD	0.89823	0.7342
1 RUB	0.01623	0.0218
1 GBP	1.41143	1.2505

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.

RIGAS KUGU BUVETAVA JSC REPORT OF SIX MONTH 2015
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2015

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 or 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 30 June 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.

RIGAS KUGU BUVETAVA JSC REPORT OF SIX MONTH 2015
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2015

3. Net sales

	6 month of 2015	6 month of 2014
	EUR	EUR
Business segments:		
Ship repair	8 436 874	2 875 202
Shipbuilding	1 706 030	3 987 689
Mechanical engineering	98 141	47 088
Other works	1 401	6 087
Total	10 242 446	6 916 066

4. Cost of sales

	6 month of 2015	6 month of 2014
	EUR	EUR
Purchase costs of goods sold	(6 716 278)	(4 701 042)
Salary expenses	(1 845 820)	(2 017 270)
Depreciation of fixed assets	(634 972)	(566 257)
Social insurance	(418 380)	(460 411)
Other costs	(292 902)	(121 137)
Total	(9 908 352)	(7 866 117)

5. Distribution expenses

	6 months of 2015	6 month of 2014
	EUR	EUR
Advertising expenses	(15 433)	(339)
Total	(15 433)	(339)

6. Administrative expenses

	6 months of 2015	6 months of 2014
	EUR	EUR
Remuneration of the Council members	(110 412)	(88 721)
Remuneration of the Board members	(86 400)	(77 031)
Salary expenses (administration)	(68 087)	(59 537)
Social insurance	(61 109)	(51 803)
Representative vehicle maintenance expenses	(30 717)	(53 882)
Transportation costs, travelling allowances	(61 248)	(44 829)
Legal services	(70)	(28 858)
Depreciation of fixed assets	(20 242)	(16 015)
Representation costs	(9 781)	(10 128)
Communication costs	(8 512)	(9 460)
Office rent and utilities	(5 631)	(8 194)
Insurance	(1 740)	(1 840)
Total	(463 949)	(450 298)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2015

7. Other operating income

	6 months of 2015	6 months of 2014
	EUR	EUR
Income from rent and delivered utility services	325 049	433 288
Sale of materials	226 566	173 826
Net income from sales of fixed assets	79 566	137 291
Written-off accounts payable	0	68 058
Tugboat services income	37 455	47 206
Income from projects financing	36 060	19 413
Net income from exchange rate fluctuations	74	0
Chemical analyses	585	146
Remuneration to insurance expenditures	209 677	0
Other income	26 612	42 727
Total	941 644	921 955

8. Other operating expenses

	6 months of 2015	6 months of 2014
	EUR	EUR
Leased fixet assets maintenance costs	(321 845)	(312 128)
Material expenses	(213 792)	(171 712)
Costs on tugboat services	(19 812)	(41 892)
Representation costs 60%	(15 091)	(16 445)
Medical services	(6 114)	(5 844)
Material allowances, gifts	(714)	(651)
Donations	(500)	(2 858)
Burial expenses	(3 086)	(1 481)
Net loss from exchange rate fluctuations	0	(83)
Net loss from sale of foreign currency	(209)	(122)
Other expenses	(18 736)	(39 464)
Total	(599 899)	(592 680)

9. Interest and similar income

	6 months of 2015	6 months of 2014
	EUR	EUR
Interest income on loans issued	7 809	8 169
Total	7 809	8 169

10. Interest and similar expenses

	6 months of 2015	6 months of 2014
	EUR	EUR
Interest expenses for loans	(68 733)	(91 533)
Bank charges for guarantees	(40 490)	(37 038)
Penalties paid	(13 707)	(7 252)
State fee	(611)	(22 323)
Total	(123 541)	(158 146)

11. Other taxes:

	6 months of 2015	6 months of 2014
	EUR	EUR
Real estate tax	(67 106)	(66 612)
Total	(67 106)	(66 612)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2015

12. Intangible assets

	Software EUR	Advances for intangible assets	Total EUR
Cost			
As of 01.01.2014.	344 716		344 716
Additions			
Disposals			
As of 30.06.2014.	344 716		344 716
Acumulated amortizations			
As of 01.01.2014.	(201 083)		(201 083)
Calculated	(24 177)		(24 177)
As of 30.06.2014.	(225 260)		(225 260)
Net carrying amount			
As of 01.01.2014.	143 633		143 633
As of 30.06.2014.	119 456		119 456
Cost			
As of 01.01.2015.	344 716		344 716
Additions			
As of 30.06.2015.	344 716		344 716
Acumulated amortizations			
As of 31.12.2014.	(249 159)		(249 159)
Calculated	(23 890)		(23 890)
As of 30.06.2015.	(273 049)		(273 049)
Net carrying amount			
As of 01.01.2015.	95 557		95 557
As of 30.06.2015.	71 667		71 667

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2015

13. Fixed assets

	Buildings, constru- ctions EUR	Advance payments EUR	Leasehold improve- ments PL EUR	Equipment and machines EUR	Floating docks EUR	Unfinished con- struction EUR	Other Fixed assets EUR	Total EUR
Cost/revaluation								
As of 01 01 2014	10 793 889	42 387	9 951	12 044 968	18 312 958	1 322 056	1 483 190	44 009 399
Additions		211 129				2 217 308		2 428 437
Disposals		(240 588)		(446 936)			(23 315)	(710 839)
Reclassified	1 377 273			1 410 516		(2 809 619)	21 830	0
As of 30 06 2014	12 171 162	12 928	9 951	13 008 548	18 312 958	729 745	1 481 705	45 726 997
Depreciations								
As of 01 01 2014	(4 162 362)			(8 568 111)	(2 085 893)		(1 234 341)	(16 050 707)
Calculated	(158 226)			(198 489)	(140 731)		(41 000)	(538 446)
Disposals				154 396			19 957	174 353
As of 30 06 2014	(4 320 588)			(8 612 204)	(2 226 624)		(1 255 384)	(16 414 800)
Net carrying amount								
As of 01 01 2014	6 631 527	42 387	9 951	3 476 857	16 227 065	1 322 056	248 849	27 958 692
As of 30 06 2014	7 850 574	12 928	9 951	4 396 344	16 086 334	729 745	226 321	29 312 197
Cost/revaluation								
As of 01 01 2015	12 704 691	7 114	3 358	13 278 879	18 433 643	329 054	1 495 772	46 252 511
Additions						1 410 379		1 410 379
Disposals				(378 522)				(378 522)
Reclassified	3 406			28 980		(38 682)	6 296	0
As of 30 06 2015	12 708 097	7 114	3 358	12 929 337	18 433 643	1 700 751	1 502 068	47 284 368
Depreciations								
As of 01 01 2015	(4 462 909)	0	0	(8 743 843)	(2 350 896)	0	(1 290 242)	(16 847 890)
Calculated	(151 038)	0	0	(306 557)	(123 988)		(32 980)	(614 563)
Disposals				306 648				306 648
As of 30 06 2015	(4 613 947)	0	0	(8 743 752)	(2 474 884)	0	(1 323 222)	(17 155 805)
Net carrying amount								
As of 01 01 2015	8 241 782	7 114	3 358	4 535 036	16 082 747	329 054	205 530	29 404 621
As of 30 06 2015	8 094 150	7 114	3 358	4 185 585	15 958 759	1 700 751	178 846	30 128 563

Real Estate (buildings) cadastral value as of 30 06 2015: 5 723 487 (as of 30 06 2014: 5 863 935 EUR).

Information about assets used as collaterals for borrowings included in Notes 30 and 40.

RIGAS KUGU BUVETAVA JSC REPORT OF SIX MONTH 2015
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2015

14. (a) Investment property

	Investment property EUR
Cost	
As of 01 01 2014	839 583
Additions	
As of 30 06 2014	839 583
Accumulated depreciation	
As of 01 01 2014	(285 113)
Calculated	(19 649)
As of 30 06 2014	(304 762)
Net carrying amount	
As of 01 01 2014	554 470
As of 30 06 2014	534 821
 Cost	
As of 01 01 2015	845 227
Additions	0
As of 30 06 2015	845 227
Accumulated depreciation	
As of 01 01 2015	(321 203)
Calculated	(16 762)
As of 30 06 2015	(337 965)
Net carrying amount	
As of 01 01 2015	524 024
As of 30 06 2015	507 262

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2015

14. Investments in associates

Shares in the capital of associates and their carrying values:

Name	30 06 2015	Participating interest	Equity	Profit/ (loss)
	EUR	%	30 06 2015 EUR	01 01 2015- 30 06 2015 EUR
JSC "Tosmares kugubuvetava"	3 630 590	49.72	5 906 661	71 416
LLC "Remars Granula"	1 200 000	49.80	245 667	(8 394)
Total	4 830 590		6 152 328	63 022

Name	30 06 2014	Participating interest	Equity	Profit/ (loss)
	EUR	%	30 06 2014 EUR	01 01 2014- 30 06 2014 EUR
JSC "Tosmares kugubuvetava"	3 630 590	49.72	5 793 097	(726 540)
LLC "Remars Granula"	1 200 000	49.80	264 147	48 072
Total	4 830 590		6 057 244	(678 468)

15. Other loans and non-current receivables

Name / Type of Loan	As of	Loans	Interest	Currency	As of	Term of
	30.06.2014	issued in	accrued	exchange	30.06.2015	repayment
		2015		rate		
				change		
Loans to employees (students)	107 204				107 204	2015-2029
Loans for Tosmares Kuģubūvētava AS shares	1 110 818				1 110 818	Year 2020
Total	1 218 022				1 218 022	

Total amount on 30th of June, 2015 receivable after 5 years: 1 212 702 EUR.

16. Raw materials and consumables

	6 month of 2015	6 month of 2014
	EUR	EUR
Metal, non-ferrous metals, pipes	1 710 288	1 817 409
Metal ware	69 394	73 127
Timbering	1 176	1 268
Equipment	18 378	48 887
Fuel	3 038	7 031
Varnish and paint	22 039	27 496
Cables	30 033	29 609
Coveralls	4 941	12 339
Technical rubber ware	51 884	14 302
Wire cables	6 407	5 649
Household goods	6 899	23 388
Other	483 498	649 028
Total	2 407 975	2 709 533

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

17. Work in progress

	6 month of 2015	6 month of 2014
	EUR	EUR
Shipbuilding orders	134 914	488 980
Total	134 914	488 980

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

18. Unfinished orders

	6 month of 2015	6 month of 2014
	EUR	EUR
Ship repair orders	58 575	409 443
Various	3 198	73 338
Mechanical engineering orders	2 485	2 701
Total	64 258	485 482

19. Advances for inventories

	6 month of 2015	6 month of 2014
	EUR	EUR
For materials	141 516	472 717
Total	141 516	472 717

20. Trade receivables

	6 month of 2015	6 month of 2014
	EUR	EUR
Book value of trade receivables	3 011 929	3 722 058
Provisions for bad and doubtful debts	(560 313)	(393 169)
Trade receivables, net	2 451 616	3 328 889

Change in provisions (EUR)

	Trade	Other	Total
	receivables	receivables	
Provisions as of 30.06.2014.	560 313	46 748	607 061
Increase in provisions	0	0	0
Provisions as of 30.06.2015.	560 313	46 748	607 061

21. Receivables form associates

	6 month of 2015	6 month of 2014
	EUR	EUR
LLC "Remars Granula" debt for loan according to assignment agreement *	770 000	770 000
LLC "Remars Granula" loan **	499 734	494 042
JSC "Tosmares kugubuvetava" debt for service and materials	0	31 942
Total	1 269 734	1 295 984

* Debt related to assignment (cession) agreement signed with SEB bank JSC, Rigas kugu buvetava JSC and Remars Granula LLC, collateralized by a pledge.

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

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22. Other receivables

	6 month of 2015	6 month of 2014
	EUR	EUR
Book value	803 454	308 468
Provisions established	(46 748)	(10 652)
Other receivables, net	756 706	297 816

	6 month of 2015	6 month of 2014
	EUR	EUR
Value added tax	561 866	102 234
Corporate income tax	0	56 260
Advance payments for services	53 487	78 724
Interests	38 724	0
Payments personal debts	85 136	55 007
Payment of salary	17 168	159
Other receivables	325	5 432
Total	756 706	297 816

23. Deferred expenses

	6 month of 2015	6 month of 2014
	EUR	EUR
Property insurance	4 207	8 255
Health insurance	3 296	3 274
Renovation costs of leased fixed assets	1 513	0
Other expenses	0	408
Subscription to the press	508	6 515
Total	9 524	18 452

24. Accrued income

	6 month of 2015	6 month of 2014
	EUR	EUR
Shipbuilding	328 612	1 479 067
Ship repair	0	104 193
Total	328 612	1 583 260

25. Cash and bank

	6 month 2015	6 month 2014
	EUR	EUR
Cash at bank on current accounts	17 697	7 803
Cash on hand	69 103	5 011
Total	86 800	12 814

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26. Share capital

Rigas kugu buvetava JSC 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 (1.40 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.
3. Denomination of the share capital was done in May 2015. The share capital after the denomination is 16 340 950 EUR, the nominal value of one share is 1.40 EUR.

AS "Rīgas kuģu būvētava" shareholders

	30.06.2015	%	30.06.2014	%
	EUR		EUR	
Remars-Riga AS	8 146 872	49.86	8 279 967	49.86
Individuals	5 000 955	30.6	5 677 782	21.57
Other legal entities	3 193 123	19.54	2 650 163	28.57
Total	16 340 950	100	16 607 912	100

27. 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.

28. Provisions

	6 month of 2015	6 month of 2014
	EUR	EUR
Provisions for warranty repairs	6 530	23 705
Total	6 530	23 705

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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29. Deferred income

	6 month of 2015	6 month of 2014
	EUR	EUR
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"	310 347	72 091
2) Financing in accordance with an agreement signed in 2012 with the Latvian Investment and Development Agency about the EU co-financed project Rigas kugu buvetava JSC Heating system reconstruction.	436 200	344 085
Total	746 547	416 176
Total long-term part	674 427	416 176
Total short-term part	72 120	-

30. Loans from banks

a) Long-term part	6 month of 2015	6 month of 2014
	EUR	2014
		EUR
ABLV Bank AS	0	1 900 000
Total	0	1 900 000
b) Short – term part		
	6 month of 2015	6 month of 2014
	EUR	EUR
ABLV Bank JSC	1 900 000	0
Nordea Bank AB Latvia Branch	0	1 009 886
Total	1 900 000	1 009 886

1. In October 2013 the Company concluded with ABLV Bank JSC 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 30 June 2015 is 5 824 813 EUR.

2. On the 8 December 2014 there was signed the Bank Guarantee limit Agreement with JSC 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 950 000 EUR. As security 1st stage mortgage agreement for floating dock No 170 was signed. The mortgaged property balance sheet value as of 30 June, 2015 is 10 142 548 EUR.

31. Leasing liabilities

	6 month of 2015	6 month of 2014
	EUR	EUR
Total long-term part of leasing liabilities	54 530	77 612
Total short-term part of leasing liabilities	37 916	45 665
Total	92 446	123 277

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32. Other loans

	6 month of 2015	6 month of 2014
	EUR	EUR
Long-term part (interest 6%)**	1 165 000	0
Long -term part (interest rate 4,5%)*	0	1 215 000
Short-term part (interest rate 4,5%)*	850 703	0
Total	2 015 703	1 215 000

.
 *In 2014 Company received a loan from private person, repayment term is year 2015.

** In 2014 Company received a loan from from foreign Fund, repayment term is year 2018. No assets are pledged as collateral.

33. Advances from customers

	6 month of 2015	6 month of 2014
	EUR	EUR
For shipbuilding	1 054 250	1 191 686
For ship repair	0	20 250
Others	0	11 897
Total	1 054 250	1 223 833

34. Trade payables

	6 month of 2015	6 month of 2014
	EUR	EUR
Payables for services	2 371 010	5 188 437
Payables for materials	754 177	828 872
Total	3 125 187	6 017 309

35. Payables to associates

	6 month of 2015	6 month of 2014
	EUR	EUR
JSC "Tosmares kugubuvetava"	41 002	0
LLC "Remars Granula"	0	11 645
Total	41 002	11 645

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36. 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	30.06.2015 EUR
Social insurance payments	116 922	692 177		(54 795)	(371 316)	382 988
Value added tax	(167 260)	(854 661)			460 055	(561 866)
Personal income tax	309 211	386 975	5 569	(240 880)	(144 749)	316 126
Corporate income tax	(56 207)	79	197		56 010	79
Real estate tax	49 234	67 106		(64 647)		51 693
Natural resources tax	684	1 654		(1 437)		901
Risk duty	165	983		(985)		163
Customs duty on import		49		(49)		
Total	252 749	294 362	5 766	(362 793)	0	190 084
Tax debt						476 216
Tax overpayment *						(223 467)
						751 950
						(561 866)

* The overpayment of taxes is included in Other receivables (Note 22).

37. Other liabilities

	6 month of 2015 EUR	6 month of 2014 EUR
Salaries	254 401	227 072
Payments for debts	68 831	79 298
Payments to personnel	31 058	32 350
Payments for credit cards	30 340	5 194
Retention from salaries	916	582
Total	385 546	344 496

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Dividends unpaid	6 month of 2015	6 month of 2014
	EUR	EUR
As at the beginning of the period	32 540	37 954
Dividends calculated	0	0
Dividends paid	0	(181)
Written-off (older than 10 years)	0	0
As at the end of the period	32 540	37 773

38. Accrued liabilities

	6 month of 2015	6 month of 2015
	EUR	EUR
For services	515 013	226 225
Accrued liabilities for unused annual leave expenses	190 231	267 998
Total	705 244	494 223

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 LLC obligations, that results from credit line agreement No.EH 01.07.2008/CL dated on 1 July 2008; creditline obligations as of 30 of June 2015 is 1 349 993 EUR. Maximum guarantee claim is 4 183 243 EUR. Mortgaged floating dock 791, with the balance sheet value as of 30 June 2015 4 931 174 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 Rigas kugu buvetava JSC and ABLV Bank JSC 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 JSC liabilities that are resulting from 12 December 2014 credit agreement No. 14-FP-032. As of 30 June, 2015 liabilities amounted to 2 061 056 EUR. Total amount of secured claim is 2 860 000 EUR. The pledged property balance sheet value as of 30 June, 2015 is 6 260 843 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.
