

JSC "Rīgas kuģu būvētava"

Financial report for 6 months of 2014

(not audited)

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General Information

Name of the company	JSC "Rīgas kuģu būvētava"																
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	2 Gales street, Riga, LV-1015																
Stock capital of the enterprise	EUR 16 607 912																
Address																	
Partnership																	
Associate enterprise	JS "Tosmares kuģubūvētava" Reg.No. 42103022837																
Address	42/44 Generāla Baloza Street, Liepaya																
Partnership	49.72%																
Associate enterprise	"Remars Granula" LTD Reg.Nr.54103022521																
Address	2 Gales street, Riga, LV-1015																
Partnership	49.80%																
Type of operations	building and repair of ships, yachts, catamarans, roll trailers and technological port services; Wood processing, manufacturing of furniture designed for various functional																
NACE code	3011, 3315																
Names and positions of the Board members	<table> <tr> <td>Jānis Skvarnovičs</td> <td>Chairman of the Board (from 25.04.2014.)</td> </tr> <tr> <td>Vladislavs Blūms</td> <td>Deputy Chairman of the Board</td> </tr> <tr> <td>Einārs Buks</td> <td>Member of the Board</td> </tr> <tr> <td>Jekaterina Meļņika</td> <td>Member of the Board (from 25.04.2014.)</td> </tr> <tr> <td>Rolands Klincis</td> <td>Member of the Board (from 25.04.2014 till 15.08.2014)</td> </tr> <tr> <td>Vasilījs Meļņiks</td> <td>Chairman of the Board (till 23.04.2014.)</td> </tr> <tr> <td>Larisa Artemenko</td> <td>Member of the Board (till 25.04.2014.)</td> </tr> </table>	Jānis Skvarnovičs	Chairman of the Board (from 25.04.2014.)	Vladislavs Blūms	Deputy Chairman of the Board	Einārs Buks	Member of the Board	Jekaterina Meļņika	Member of the Board (from 25.04.2014.)	Rolands Klincis	Member of the Board (from 25.04.2014 till 15.08.2014)	Vasilījs Meļņiks	Chairman of the Board (till 23.04.2014.)	Larisa Artemenko	Member of the Board (till 25.04.2014.)		
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Financial year	1st of January - 30th of June, 2014																
Tax authority	SRS Large tax payers department																
Auditor's name and address	Independent Auditor's company SIA "Lataudit", Reg. No. 40103038172 Auditors's LZRA Licence 101, 17A-17, Valdemara Street, Riga																

JSC "Rīgas kuģu būvētava"
Report of the Management
to 6 months of 2014 annual report

The total net turnover of JSC „Rīgas Kuģu būvētava” in 6 months of the year 2014 was 6 916 066 EUR, which includes ship building - 3 987 689 EUR, ship repair - 2 875 202 EUR (compared with 6 months of the year 2013 the total net turnover was 34 781 696 EUR, which includes ship building - 27 285 134 EUR, ship repair - 6 752 278 EUR).

The gross loss of the company was 950 051 EUR (gross loss of 6 months of the year 2013 was 1 086 388 EUR), the net loss in 6 months of the year 2014 was - 1 288 002 EUR (the net loss of the 6 months of the year 2013 was 1 379 807 EUR).

In 6 months of the year 2014 JSC „Rīgas kuģu būvētava” has repaired 19 ships (in comparison during 6 months of the year 2013 – 24 ships), there were built and commissioned 4 ship hulls (in comparison during 6 months of the year 2013 – 3 ship hulls). There was built and delivered to the customer 5th SWATH type patrol vessel "Rēzekne" for the necessities of The Ministry of Defence of the Republic of Latvia.

The suppliers of the goods and services for JSC „Rīgas kuģu būvētava”, as also the suppliers of materials didn't change in 6 months of the year 2014 and countries of origin were: Western Europe, Estonia, Lithuania and also Latvia. Traditionally, the main customers of ship repair were the shipowners from Western Europe and Latvia, in turn the customers of ship hulls largely were from Scandinavian countries and the customers of patrol vessels – from Latvia.

In 6 months of the year 2014 JSC „Rīgas kuģu būvētava” has made the investments in fixed assets and reconstruction in the sum of 2 810 000 EUR (in 6 months of the year 2013 the company invested 1 709 000 EUR).

In April of this year JSC „Rīgas Kuģu būvētava” there was completed the realisation of Cohesion Fund's co-financing project "The Reconstruction of Heating System of JSC „Rīgas Kuģu būvētava”. In the project frames there were reconstructed and commissioned the heat traces in the length of 2440 meters, as also the building /reconstruction of 28 automatized heating units were executed. The project costs were in total 1 058 351,85 EUR, and from that the co-financing from the European Union were 423 340,74 EUR.

Similarly in June of this year there was concluded another public co-financed project - "Energy efficiency measures realisation in production workshops", which is financially supported by the Climate changes financial instrument. In the frames of the project for more energy-efficient production process there were provided and commissioned 35 welding vehicles, 9 optional equipment units (transformers of frequencies) for electrical motors, 4 reactive power units for energy indemnification, as also an illumination reconstruction is executed in two production workshops. The project total costs without VAT formed 1 416 395,83 EUR, from that sum of 479 807,72 EUR are co-financing from the Climate changes financial instrument.

The company continues to execute general repairs of production buildings, floating docks, gantry cranes, tugs and another fixed assets.

JSC „Rīgas Kuģu būvētava” operates and executes production procedures in accordance with the international quality control standards - EN ISO 9001: 2008. The quality accordance certificate has been received already in 2001 and the quality providing system is being constantly improved.

Activating marketing professionals and agents work in a short space of time there were succeeded to provide the stream of orders of the repair of ships that in the month of June has provided a complete plant loading in a sector of the repair of ships. The base of these pointers is flexible politics of the repair prices, high quality of executed works and observation of a strict chart of the executed works. The volume and the results of negotiations of received orders allow to forecast that volumes of therepair of ships will not diminish in the July, August and September months, but further planning of works depends on nature circumstances or they will be adjusted to execution of the repairs.

In shipbuilding department the works are running to the begun projects as also the technical documentation is being prepared for two new shipbuilding projects. In spite of that the works are lasting to win over the agreements of building of new ships that allows to load fully the power of the plant in the winter season of the Years of 2014 - 2015.

There is running the investigation for cause of losses in a criminal case against the former employees of the plant. There is running also the solution of questions with plant creditors, which wants to come to the enterprise insolvency process. There are reached the settlement agreements and the debt service schedules with those creditors, against which the plant has no claims, but against creditors that actions has caused the losses for the plant there is taken the legal action in a court.

Deputy Chairman of the Board

/V.BLŪMS/

Member of the Board

/J.IVANOVA/

Member of the Board

/E.BUKS/

August 29th, 2014

Notification on liability of the Board

The Board of JSC "Rīgas kuģu būvētava" (The Company) endorses that, according to information available at the time of preparing this report, Financial statements give a true picture of the Company's financial situation on 30th June, 2014 and its performance and cash flow in all significant aspects. The above mentioned financial statements are prepared on the basis of requirements of the legislation of the Republic of Latvia.

In the process of preparing the financial statements the Board:

Has used and consistently applied the appropriate accounting methods;

Has provided substantiated and prudent resolutions;

Was guided by business continuation principle.

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

Chairman of the Board	_____	/J.SKVARNOVIČS/
Deputy Chairman of the Board	_____	/V.BLŪMS/
Member of the Board	_____	/J.IVANOVA/
Member of the Board	_____	/E.BUKS/

August 29th, 2014

Income statement

For the years ending 30th of June 2014 and 30th June 2013

	Notes	30.06.2014. EUR	30.06.2013. EUR
Net sales	(1)	6,916,066	34,781,696
Cost of sales	(2)	(7,866,117)	(35,868,084)
Gross profit or losses		(950,051)	(1,086,388)
Distribution expenses	(1)	(339)	(38,490)
Administrative expenses	(4)	(450,298)	(466,116)
Other operating income	(5)	921,955	968,974
Other operating expenses	(6)	(592,680)	(480,842)
Other interest receivable and similar income	(7)	8,169	4,133
Interest payments and similar costs	(8)	(158,146)	(168,529)
Profit or losses before taxes		(1,221,390)	(1,267,258)
Corporate income tax	(9a)	0	(40,657)
Other taxes	(10)	(66,612)	(71,892)
Net profit or losses		(1,288,002)	(1,379,807)
Profit (loses) per share		(0,08)	(0,08)

Notes from page 10 up to page 22 are an integral parts of this report.

Chairman of the Board _____ /J.SKVARNOVIČS/
Member of the Board _____ /V.BLŪMS/
Member of the Board _____ /J.IVANOVA/
Member of the Board _____ /E.BUKS/

August 29th, 2014

Balance Sheet

	Notes	30/06/2014/ EUR	30/06/2013/ EUR
ASSETS			
Non-current assets			
I. Intangible assets			
Other intangible assets		119,456	168,087
Advances for intangible assets		0	0
Total intangible assets	(11)	119,456	168,087
II. Fixed assets			
Land and buildings		7,850,574	6,343,663
Leasehold improvements		9,951	16,587
Equipment and machinery		4,396,344	3,806,533
Floating docks		16,086,334	16,329,086
Other fixed assets		226,321	275,989
Fixed assets under construction		729,745	522,488
Advances for fixed assets		12,928	5,650
Total fixed assets	(12)	29,312,197	27,299,996
III. Investment property	(12a)	534,821	572,747
IV. Biological assets			
IV. Non-current financial investments			
Loans to related companies	(13)	4,830,590	4,830,590
Investments in associates		0	0
Other securities and investments	(14)	235	235
Other loans and non-current receivables	(15)	1,207,426	721,684
Loans to shareholders and management	(16)	0	415,882
Total non-current financial investments		6,038,251	5,968,391
Total non-current assets		36,004,725	34,009,221
Current assets			
I. Inventories			
Raw materials and consumables	(17)	2,709,533	6,931,484
Work in progress	(18)	488,980	56,258
Orders in progress	(19)	485,482	270,979
Advances for inventories	(20)	472,717	401,947
Total inventories		4,156,712	7,660,668
II. Account receivables			
Trade receivables	(21)	3,328,889	3,894,303
Receivables from associates	(22)	1,295,984	1,314,393
Other receivables	(23)	297,816	727,401
Current loans to shareholders and management	(24)	0	28,458
Expenses of future periods	(25)	18,452	36,966
Accrued income	(26)	1,583,260	32,812,648
Total receivables		6,524,401	38,814,169
III. Current financial investments			
Total short-term financial investments:		0	0
IV. Cash and bank	(27)	12,814	363,726
Total current assets:		10,693,927	46,838,563
Total assets		46,698,652	80,847,784

Chairman of the Board _____ /J.SKVARNOVIČS/ Member of the Board _____ /J.IVANOVA/
Member of the Board _____ /V.BLŪMS/ Member of the Board _____ /E.BUKS/

August 29th, 2014

BALANCE SHEET

	Notes	30/06/2014/ EUR	30/06/2013/ EUR
EQUITY, PROVISIONS AND LIABILITIES			
I. Equity			
Share capital	(28)	16,607,912	16,607,912
Non-current investments revaluation reserve	(29)	12,056,273	12,056,273
Retained earnings			
previous year's retained earnings		3,279,728	5,206,503
current years profit or losses		(1,288,002)	(1,379,807)
Total retained earnings		1,991,726	3,826,696
Total equity		30,655,911	32,490,881
II. Provisions			
Other provisions	(30)	23,705	71,144
Total provisions		23,705	71,144
III. Liabilities			
I. Non-current liabilities			
Loans from banks	(31)	1,900,000	0
Next period income	(32)	416,176	0
Leasing liabilities	(34)	77,612	76,935
Deferred income tax liabilities	(35)	1,215,000	
Suspended tax liabilities		2,905,959	2,959,034
Total non-current liabilities		6,514,747	3,035,969
II. Current liabilities			
Loans from banks	(33)	1,009,886	6,656,468
Leasing liabilities	(34)	Err:522	Err:522
Advances from customers	(36)	1,223,833	31,207,645
Trade payables	(37)	6,017,309	5,733,189
Payables to associates	(38)	11,645	11,878
Taxes and social insurance payments	(39)	319,459	337,283
Other liabilities	(40)	344,496	331,887
Dividends unpaid	(41)	37,773	199,269
Accrued liabilities	(42)	494,223	693,455
Total current liabilities:		Err:522	Err:522
Total liabilities:		Err:522	Err:522
Total equity, provisions and liabilities		Err:522	Err:522

Notes from page 10 up to page 22 are an integral parts of this report.

Chairman of the Board _____ /J.SKVARNOVIČS/ Member of the Board _____ /J.IVANOVA/
Member of the Board _____ /V.BLŪMS/ Member of the Board _____ /E.BUKS/

August 29th, 2014

CASH FLOW STATEMENT

for 6 months of the year 2014 and for 6 months of the year 2013 (by direct method)

	30/06/2014/ EUR	30/06/2013/ EUR
I. Cash flow from operating activities		
Sales and service income	11,193,579	35,779,761
Cash to suppliers, personnel and others primary activity costs	(10,785,186)	(70,053,133)
Other incomes or losses from main activity		
Gross cash flow generated from operating activities	408,393	(34,273,372)
Interest paid	(158,146)	(168,529)
Corporate income tax paid	(11,202)	(5,006)
Cash flow before extraordinary items	239,045	(34,446,907)
Net cash flow generated from operating activities	239,045	(34,446,907)
II. Cash flow from investment activity		
Selling out of shares		3,400
Acquisition of fixed and intangible assets	(501,155)	(226,923)
Proceeds from sales of fixed assets and intangible assets	21,488	9,000
Loans issued		
Loan repayment income		
Interest received		4,133
Net cash flow generated from investing activities	(479,667)	(210,390)
III. Cash flow from financing activities		
Selling out of shares		
Acquisition of fixed and intangible assets	3,025,000	1,383,921
Charges for fixed assets lease	(3,353,928)	0
Paid dividends	(122)	0
Net cash flow generated from investing activities	(329,050)	1,383,921
IV. Net foreign exchange gains/losses	(84)	(28,553)
Net increase / (decrease) in cash and cash equivalents	(569,756)	(33,301,929)
Cash and cash equivalents at the beginning of the financial year	582,570	33,665,655
Cash and Cash equivalents at the end of the financial year	12,814	363,726

Notes from page 10 up to page 25 are an integral part of this report.

Chairman of the Board _____ /J.SKVARNOVIČS/ Member of the Board _____ /J.IVANOVA/
Member of the Board _____ /V.BLŪMS/ Member of the Board _____ /E.BUKS/

August 29th, 2014

STATEMENT OF CHANGES IN EQUITY

For the years ending 30th of June 2014 and 30th June 2013

	Stock or Share	Non-current investments revaluation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR
Balance as at 31.12.2012.	16,607,912	12,056,273	5,372,582	34,036,767
Increase / decrease of share capital				0
Dividends for the period			(166,079)	(166,079)
Profit or losses for the period			(1,379,807)	(1,379,807)
Balance as at 30.06.2013.	16,607,912	12,056,273	3,826,696	32,490,881
Balance as at 31.12.2013.	16,607,912	12,056,273	3,279,728	31,943,913
Increase / decrease of share capital				0
Dividends for the period				0
Profit or losses for the period			(1,288,002)	(1,288,002)
Balance as at 30.06.2014.	16,607,912	12,056,273	1,991,726	30,655,911

Notes from page 10 up to page 22 are an integral parts of this report.

Chairman of the Board _____ /J.SKVARNOVIČS/

Member of the Board _____ /J.IVANOVA/

Member of the Board _____ /V.BLŪMS/

Member of the Board _____ /E.BUKS/

August 29th, 2014

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

(1) General principles

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

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

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

Cash flow statement has been prepared as per direct method.

The enclosed financial statements are made in Latvian national currency – eiro (EUR).

(2) Agency continuation

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

(1) Income recognition and net sales

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

Income is recognized according to the following principles:

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

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

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

Revenue from vessel repairs - in accordance with the degree of execution of the transaction (see also the note 11 of accounting policy),

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

Interest income - on an accrual basis;

Dividends – when there is legal basis for them.

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

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

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

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

(4) Segment Content

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

(5) Revaluation of foreign currency in eiro

(a) Currency used in transactions and accounting.

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

(b) Transactions and balances.

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

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

	30.06.2014	30.06.2013
	EUR	EUR
1 USD	0.7342	0.7669
1 NOK	0.1195	0.1261
1 GBP	1.2505	1.1767
1 RUB	0.0218	0.0233

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

Floating docks are presented at a fair value on the basis of the periodic independent assessors assessment, minus the accumulated depreciation. In moment of Revaluation the accumulated depreciation is eliminated against the asset's carrying value, net amount is included in the value of revaluation.

Other fixed assets are initially defined at the purchase cost, excluding the wear accumulated. The accusation value includes the expenditures, which are directly related to the acquisition of the fixed asset. Depreciation is calculated on a straight-line basis applying the following rates of depreciation set by the management, based on the estimated useful life of the fixed assets:
As a result of the revaluation an increase in value is shown in equity item "Revaluation reserve for long-term investments", but the reduction in value is disposed from the referred previous years reserve's accounted of the increase in the value of fixed assets (deducting the deferred tax), including the excess in the profit or loss statement.

	<u>Years</u>
Buildings	2 - 15
Other buildings and constructions	3.5 - 20
Technological equipment	5 - 50
Other fixed assets and stock	10 - 40

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

Company capitalizes permanent assets with value more than EUR 150 and time of valid usage is more than 1 year. Increased value of revaluing permanent assets is reflected as moving towards Non-current investments revaluation reserve. It is attributed to the dissolution of permanent assets in the calculation of profits, incomes losses.

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

Net profit or losses from fixed assets disposal is calculated as the difference between fixed assets balanced value and income received from the sales and defined in the income or loss calculation of the period where they had occurred from. When the revaluated fixed assets are sold, in the item "Revaluation reserve for long-term investments" accounted values that are reclassified to profit or loss as income. To calculate enterprise's income tax the depreciation of the fixed assets was estimated pursuant to rates and requirements under article 13 of LR law "On enterprises' income tax".

Low-grade stock booked at the purchase prices and costs was 100% written off after commissioning.

(7) Investment property

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

(8) Investments in associates

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

(9) Other long-term investments

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

(10) Savings

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

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

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

(11) Long-term agreement

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

(12) Account receivable

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

(13) Accured income

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

(14) Cash and cash equivalents

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

(15) Equity capital and dividends

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

(16) Revaluation reserve

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

(17) Provisions

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

(18) Potential liability

Contingent liability is a possible obligation arising from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, which the Board wholly will not be able to control, or a present obligation resulting from past events, but which is not recognised in the financial statements, because it is not probable that the obligation will require the economic benefits blowing, or the amount required to settle the obligation itinerary can not be measured reliably.

(19) Grants

For creating of fixed assets received grants are listed as deferred income, which gradually includes in revenues of received or for grants acquired fixed assets during the period of life. Other grants shall be related to the results of annual report to the period these grants receipt.

(20) Accrued liabilities for unused annual leave

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

(21) Corporate income tax

Corporate income tax was calculated according to Latvia Republic tax laws. Tax laws in 2013 and further fixed tax rate is 15%.

Deferred taxation was referable to all short-term temporal distinctions, which appear as a result of making accountancy of earnings and expenses according to tax laws. Deferred taxation is liability, which was calculated using tax rates. The main short-term distinctions appear from distinctions of fixed assets and nonmaterial wealth depreciation norms in taxes and financial bookkeeping calculation.

Deferred taxation assets item was included in financial reports only when regain of assets is real.

(22) Profit per share

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

(23) Related parties

As related parties are considered the associated companies and the related companies, the members of the Board and of the Council, their close family members and the companies, in which above mentioned Persons or Companies have control or significant influence.

(24) Bookkeeping arrangement

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

(25) Use of estimation

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

(26) Managing financial risks

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

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

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

Credit risk

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

Interest rate risks

Enterprise is subjected from credit interest rate changing risk.

Foreign currency risks

The enterprise is having international operations and it is a subject to foreign currencies risk, which is generally caused by US dollar (USD).

Liquidity risk

The Company follows cautious liquidity risk management and accordingly maintains sufficient amount of cash and ensures availability of financing by using loan facilities granted by banks.

The Company management monitors operative forecasts of liquidity reserves based upon expected cash flow. Most of the Company liabilities are Non-current. The management considers that the Company will have sufficient liquid funds obtained from core operations and utilisation of loan facilities with the Latvian banks.

(27) Retraining

The disclosure and classification of items in the balance sheet of 30.06.2014 compared to the balance sheet of 30.06.2013 has been changed, therefore the comparative amounts have been also reclassified.

The reclassification of items was made in order to improve the comparability of data.

Notes to the financial statement
Notes to Income Statement

Information on segments

Management defined the following kinds of industrial works:

a) By operating activities;

(1) Net sales	6 months of 2014	6 months of 2013
(a)	EUR	EUR
Shipbuilding	3,987,689	27,285,134
Ship repair	2,875,202	6,752,278
Mechanical engineering	47,088	711,144
Other works	6,087	33,140
Total	6,916,066	34,781,696

(2) Cost of sales	6 months of 2014	6 months of 2013
	EUR	EUR
Purchase costs of goods sold	(4,701,042)	(31,789,981)
Salary expenses	(2,017,270)	(2,416,638)
Social insurance	(460,411)	(564,382)
Depreciation of fixed assets	(566,257)	(768,983)
Other costs	(121,137)	(328,100)
Total	(7,866,117)	(35,868,084)

(1) Distribution expenses	6 months of 2014	6 months of 2013
	EUR	EUR
Advertising expenses	(339)	(38,490)
Total	(339)	(38,490)

(4) Administrative expenses	6 months of 2014	6 months of 2013
	EUR	EUR
Communication costs	(9,460)	(10,878)
Office rent and utilities	(8,194)	(2,388)
Salary expenses (administration)	(59,537)	(39,853)
Remuneration to the Board	(77,031)	(127,060)
Remuneration to the Council	(88,721)	(102,447)
Social insurance	(51,803)	(62,616)
Depreciation of fixed assets	(16,015)	(10,440)
Transportation costs, travelling allowances	(44,829)	(28,069)
Legal services	(28,858)	(6,363)
Insurance	(1,840)	(1,717)
Representation costs	(10,128)	(9,990)
Representative vehicle maintenance expenses	(53,882)	(64,295)
Total	(450,298)	(466,116)

Notes to Income Statement (continuation)

	6 months of 2014	6 months of 2013
	EUR	EUR
(5) Other operating income		
Incomes from lease of PL pay and communal services	433,288	416,692
Tugboat services income	47,206	97,491
Sales of raw materials and materials	173,826	104,470
Remuneration to insurance expenditures	0	13,971
Income generated by chemical analyses	146	78
Net incomes from fixed assets realisation	137,291	7,437
Previous year income	10,479	1,927
Incomes from creditors' debt relief in connection with duration term end	68,058	0
Net income from exchange rate fluctuations	0	60,882
Incomes from State Agency "LIAA" co-financed projects	19,413	
Net incomes from currency realisation	0	2,888
Agents' fees	0	240,000
Other income	32,248	23,138
Total	921,955	968,974
(6) Other operating expenses		
	6 months of 2014	6 months of 2013
	EUR	EUR
Material expenses	(171,712)	(81,670)
Net loss from fluctuations in exchange rates	(83)	0
Net loss from sale of foreign currency	(122)	0
Medical services	(5,844)	(5,414)
Costs on tugboat services	(41,892)	(51,410)
Donations	(2,858)	(8,543)
Material allowances, gifts	(651)	(157)
Burial expenses	(1,481)	(2,413)
Representation costs 60%	(16,445)	(15,518)
Leased FA maintenance costs	(312,128)	(298,399)
Previous year expenses	(12,724)	0
Other expenses	(26,740)	(17,318)
Total	(592,680)	(480,842)
(7) Interest and similar income		
	6 months of 2014	6 months of 2013
	EUR	EUR
Interest income on deposit	0	2,402
Bank interests	0	807
Interest income on loans issued	8,169	0
Penalties received	0	924
Total	8,169	4,133
(8) Interest and similar expenses		
	6 months of 2014	6 months of 2013
	EUR	EUR
Penalties paid	(7,252)	(662)
Interest charge	(91,533)	(105,836)
Bank charges for warranty	(37,038)	(62,031)
State tax	(22,323)	0
Total	(158,146)	(168,529)
(9) Corporate income tax		
(9a) Components of corporate income tax		
	6 months of 2014	6 months of 2013
	EUR	EUR
Corporate income tax according to the tax return	0	(40,657)
Total	0	(40,657)
(10) Other taxes		
	6 months of 2014	6 months of 2013
	EUR	EUR
Real estate tax	(66,612)	(71,892)
Total	(66,612)	(71,892)

Notes to the balance sheet by 30.06.2014

(11) Intangible assets

	Concessions, patents, licenses, trademarks and similar rights	Research and development costs	Other intangible assets (software.)	Goodwill	Advances for intangible assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost/revaluation						
01.01.2013.	0	0	344,716		0	344,716
Additions					0	0
Disposals						0
Revaluation						0
30.06.2013.	0	0	344,716	0	0	344,716
Depreciation						
01.01.2013.	0	0	152,175			152,175
Calculated			24,454			24,454
Disposals						0
30.06.2013.	0	0	176,629	0	0	176,629
Net carrying amount 01.01.2013.	0	0	192,541	0	0	192,541
Net carrying amount 30.06.2013.	0	0	168,087	0	0	168,087

(11) Intangible assets (EUR)

	Concessions, patents, licenses, trademarks and similar rights	Research and development costs	Other intangible assets (software.)	Goodwill	Advances for intangible assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost/revaluation						
01.01.2014.	0	0	344,716			344,716
Additions						0
Disposals						0
Revaluation						0
30.06.2014.	0	0	344,716	0	0	344,716
Depreciation						
01.01.2014.	0	0	201,083			201,083
Calculated			24,177			24,177
Disposals						0
30.06.2014.	0	0	225,260	0	0	225,260
Net carrying amount 01.01.2014.	0	0	143,633	0	0	143,633
Net carrying amount 30.06.2014.	0	0	119,456	0	0	119,456

JSC "Rīgas Kuģu Būvētava"
for the period till the 30th of June 2014

(12) Fixed assets and investment property (EUR)

	Land and buildings	Advances for fixed assets	Leasehold improvements	Equipment and machinery	Floating docks	Other fixed assets	Fixed assets under construction	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost/revaluation								
01.01.2013.	10,081,710	5,650	16,587	11,514,493	17,977,940	921,450	1,429,636	41,947,466
Additions	275,316	5,208		478,179	296,600	692,045	40,912	1,788,260
Disposals		(5,208)		(36,700)	0	(1,091,007)	(168)	(1,133,083)
Revaluation					0			0
30.06.2013.	10,357,026	5,650	16,587	11,955,972	18,274,540	522,488	1,470,380	42,602,643
Depreciation								
01.01.2013.	(3,867,597)	0	0	(7,773,935)	(1,807,291)	0	(1,155,352)	(14,604,175)
Calculated	(145,766)			(412,204)	(138,163)		(39,207)	(735,340)
Disposals				36,700	0		168	36,868
30.06.2013.	(4,013,363)	0	0	(8,149,439)	(1,945,454)	0	(1,194,391)	(15,302,647)
Net carrying amount								
01.01.2013.	6,214,113	5,650	16,587	3,740,558	16,170,649	921,450	274,284	27,343,291
Net carrying amount								
30.06.2013.	6,343,663	5,650	16,587	3,806,533	16,329,086	522,488	275,989	27,299,996

(12) Fixed assets and investment property (EUR)

	Land and buildings	Advances for fixed assets	Leasehold improvements	Equipment and machinery	Floating docks	Other fixed assets	Fixed assets under construction	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost/revaluation								
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	1,377,273	211,129		1,410,516	0	2,217,308	21,830	5,238,056
Disposals		(240,588)		(446,936)	0	(2,809,619)	(23,315)	(3,520,458)
Revaluation				0	0			0
30.06.2014.	12,171,162	12,928	9,951	13,008,548	18,312,958	729,745	1,481,705	45,726,997
Depreciation								
01.01.2014.	(4,162,362)	0	0	(8,568,111)	(2,085,893)	0	(1,234,341)	(16,050,707)
Calculated	(158,226)			(198,489)	(140,731)		(41,000)	(538,446)
Disposals				154,396	0		19,957	174,353
30.06.2014.	(4,320,588)	0	0	(8,612,204)	(2,226,624)	0	(1,255,384)	(16,414,800)
Net carrying amount								
01.01.2014.	6,631,527	42,387	9,951	3,476,857	16,227,065	1,322,056	248,849	27,958,692
Atlikusi vērtība								
30.06.2014.	7,850,574	12,928	9,951	4,396,344	16,086,334	729,745	226,321	29,312,197

Real Estate (building) cadastral value at 30.06.2014. - 5 863 935,- EUR.

Notes to the balance sheet (continuation)

(12a) Investment property

Investment property	
EUR	
Cost/revaluation	
01.01.2014.	839,583
Additions	
Disposals	
Revaluation	
30.06.2014.	839,583
Depreciation	
01.01.2014.	(285,113)
Calculated	(19,649)
Disposals	
30.06.2014.	(304,762)
Net carrying amount	
01.01.2014.	554,470
Net carrying amount	
30.06.2014.	534,821

Investment property	
EUR	
Cost/revaluation	
01.01.2013.	838,231
Additions	
Disposals	
Revaluation	
30.06.2013.	838,231
Depreciation	
01.01.2013.	(245,855)
Calculated	(19,629)
Disposals	
30.06.2013.	(265,484)
Net carrying amount	
01.01.2013.	592,376
Net carrying amount	
30.06.2013.	572,747

(13) Investments in associates (EUR)

Name	30.06.2014.		Equity 30.06.2014.		30.06.2013.	Participating interest		Equity 30.06.2013.		Profit / (loss) 2013.g.6.m.
	EUR	%	EUR	EUR		EUR	%	EUR	EUR	
JSC "Tosmares kuģubūvētava"	3,630,590	49.72	5,855,554	(654,083)	3,630,590	49.72	6,312,617		(304,486)	
"Remars Granula" LTD	1,200,000	49.8	264,147	48072	1,200,000	49.8	131,208		22,529	
Investments value	4,830,590		6,119,701	(606,011)	4,830,590		6,443,825		(281,957)	

(14) Other securities and investments (EUR)

Name	Value of shares				30.06.2014.		30.06.2013.	
	2014.g.6.m.	2013.g.6.m.	Skaitis	EUR	Skaitis	EUR	Skaitis	EUR
AS "Baltic International Bank"	7	7	33	235	33	235		
Total	7	7	33	235	33	235		

Notes to the balance sheet (continuation)

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

Name / Type of Loan	31.12.2012.	Loans issued in 2013 year	Debt extinguished in 2013 year	Transferred from short-term debt in 2013 year	Difference between currency exchange rates changing	30.06.2013.	Term of payment	Percent correlation
Loans for Students	95977	1833				<u>97810</u>	2014-2029	-
Loans for AS "Tosmares Kuģubūvētava" shares	623874					<u>623874</u>	2020.gads	-
Total	719851	1833	0	0	0	721684		

Other loans and non-current receivables (EUR)

Name / Type of Loan	31.12.2013.	Loans issued in 2013 year	Debt extinguished in 2014 year	Transferred from short-term debt in 2014 year	Difference between currency exchange rates changing	30.06.2014.	Term of payment	Percent correlation
Loans for Students	94793	1815				<u>96608</u>	2014-2029	-
Loans for AS "Tosmares Kuģubūvētava" shares	1110818					<u>1110818</u>	2020.gads	-
Total	1205611	1815	0	0	0	1207426		

Amount to be paid back after 5 years: 1202403- EUR.

(16) Loans to shareholders and management

	6 months of 2014 EUR	6 months of 2013 EUR
Non-current loans	0	415882
Total	<u>0</u>	<u>415882</u>
Copartners and directorship		
	6 months of 2014 EUR	6 months of 2013 EUR
Including: Non-current	0	415882
Current	0	28458
Total	<u>0</u>	<u>444340</u>

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

(17) Raw materials and consumables

	6 months of 2014 EUR	6 months of 2013 EUR
1. Metal ware	73,127	79,924
2. Timbering	1,268	5,232
2. Metal, non-ferrous metals, pipes	1,817,409	3,336,188
4. Wire cables	5,649	1,050
5. Fuel	7,031	8,608
6. Coveralls	12,339	5,188
7. Equipment	48,887	298,413
8. Cables	29,609	130,436
9. Varnish and paint	27,496	102,609
10. Household goods	23,388	2,166
11. Technical rubber ware	14,302	14,499
12. Other	649,028	2,947,171
Total	<u>2,709,533</u>	<u>6,931,484</u>

(18) Work in progress

	6 months of 2014 EUR	6 months of 2013 EUR
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JSC "Rīgas Kuģu Būvētava"
for the period till the 30th of June 2014

1. Shipbuilding orders	488,980	56,258
Total	488,980	56,258

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

	6 months of 2014	6 months of 2013
	EUR	EUR
(19) Orders in progress		
1. Ship repair orders	409,443	232,978
2. Mechanical engineering orders	73,338	29,123
3. Various	2,701	8,878
Total	485,482	270,979
(20) Advances for inventories		
1. For goods	472,717	401,947
Total	472,717	401,947

JSC "Rīgas Kuģu Būvētava"
for the period till the 30th of June 2014

(21) Trade receivables	6 months of 2014	6 months of 2013
	EUR	EUR
Book value of trade receivables	3,722,058	4,261,539
Provisions for bad and doubtful debts	(393,169)	(367,236)
Net worth of trade receivables	3,328,889	3,894,303

Changes in provisions (EUR)

	Trade receivables	Other receivables	Total
Provisions 31.12.2013.	367,236	10,652	377,888
Decrease in provisions	0	0	0
Increase in provisions	25,933	0	25,933
Provisions 30.06.2014.	393,169	10,652	403,821

(22) Receivables from associates	6 months of 2014	6 months of 2013
	EUR	EUR
JSC "Tosmares kuģubūvētava" debt for service and materials	31,942	1,590
JSC "Tosmares kuģubūvētava" advance for services	0	70,000
"Remars Granula" LTD debt for credit*	494,042	472,803
"Remars Granula" LTD debt for credit according to assignment agreement **	770,000	770,000
Kopā	1,295,984	1,314,393

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

** The debt is secured by a commercial pledge.

(23) Other receivables	6 months of 2014	6 months of 2013
	EUR	EUR
Book value	308,468	738,054
Provisions established	(10,652)	(10,653)
Net carrying amount	297,816	727,401
Input VAT accepted	604	603
Value added tax overpaid	102,234	363,853
Corporate income tax	56,260	744
Payments personal debts	55,007	17,466
Payment of salary	159	259
Non-current loans for JSC "Tosmares kuģubūvētava" shares	0	42,604
Advance payments for services	78,724	126,930
Other receivables	4,828	174,942
Total	297,816	727,401

Notes to the balance sheet (continuation)

(24) Current loans to shareholders and management

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

(25) Expenses of future periods

	6 months of 2014	6 months of 2013
	EUR	EUR
Prepayments of company's property insurance payments	8,255	16,904
Subscription to the press	408	361
Health insurance	0	0
Renovation costs of leased fixed assets	3,274	3,415
Advertising expenses	0	0
Other expenses	6,515	16,286
Total	18,452	36,966

(26) Accrued income

	6 months of 2014	6 months of 2013
	EUR	EUR
Shipbuilding	1,479,067	31536727
Ship repair	104,193	1275921
Machinery	0	0
Total	1,583,260	32,812,648

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

(27) Cash and bank

	6 months of 2014	6 months of 2013
	EUR	EUR
Cash on hand	5,011	2,355
Cash at bank on current accounts	7,803	354,471
Other money means*	0	6,900
Total	12,814	363,726

*deposits up to 90 days included.

(28) Share capital

JSC "Rīgas kuģu būvētava" was founded in 1995 with the equity capital of Ls 10 000 000, which was comprised of 10 000 000 shares, face value of one share made up Ls 1.

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

Amendments to the Statutes:

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

JSC "Rīgas kuģu būvētava" shareholders on the **30.06.2014**

	6/30/2014	%	6/30/2013	%
	EUR		EUR	
JSC "Remars-Rīga"	8279967	49.86	8279967	49.86
Other limited companies	2559066	15.41	2650163	15.95
Individuals	5768879	34.73	5677782	34.19
Total	16,607,912	100	16,607,912	100

(29) Non-current investments revaluation reserve

JSC "Rīgas Kuģu Būvētava"
for the period till the 30th of June 2014

	EUR
On 31.12.2013.	12,056,273
Increase according to the revaluation	0
Decrease according to the revaluation	0
Decrease according to the value of elimination	0
On 30.06.2014.	12,056,273

The revaluation of the current floating docks was made with the certified external expert involved. An increase in the value was a result of the revaluation. During the reporting year in the assessment of the company's real estate there was no potential significant market value changes in the current real estate residual value, thus during the reporting year the revaluation of the floating dock was not performed.

(30) Provisions	6 months of 2014	6 months of 2013
	EUR	EUR
Provisions for warranty repair	23,705	71,144
Total	23,705	71,144

In accordance with the signed agreements, the Company provides free of charge after-sales warranty repair services to customers in accordance with the general provisions of the repair within the six months of high-quality repair work performed and the quality of materials within the 12 months. Management made provisions on the basis of previous year experience of this type of repair.

(31) Loans from the credit institutions (long-term)	6 months of 2014	6 months of 2013
	EUR	EUR
JSC ABLV Bank	1,900,000	0
	1,900,000	0

The enterprise had concluded with JSC "ABLV Bank" the Creditline contract No. 13-FP-0207 for operating assets needs. The credit payment period is the 18th of October, 2015. The Percentage rate is 4,5% + 6 months EURIBOR. As providing mortgage on real estate properties was concluded. Balance of the mortgaged real estate cost is EUR 7 052 527

Notes to the balance sheet (continuation)

(32) Next period income	6 months of 2014 EUR	6 months of 2013 EUR
1) Financing in accordance with an agreement signed in 2012 with the government agency "LIAA" about the EU co-financed project JSC "Rīgas kuģu būvētava" "heating system reconstruction"	344085	0
2) Financing in accordance with the signed agreement in 2012 with the Ministry of Environmental Protection and Regional Development for the project implementation "Measure of the Energy efficiency in the production buildings"	72091	0
Total	416176	0

(33) Loans from banks (Current)	6 months of 2014 EUR	6 months of 2013 EUR
Nordea Bank Finland Plc	1,009,886	6,656,468
Total	1,009,886	6,656,468

1. The enterprise had concluded the Overdraft and guarantee line agreement No. 2003/4 /OD/GA and Overdraft agreement No. 2012-187-OD with JSC "Nordea Bank Finland Plc." On march 31st 2014 2 floating docks, 2 floating cranes, 14 portal cranes and debtor debts had been pawned as a guarantee to the received loan. The balance value of stuff pawned is EUR 13 918 610.

(34) Leasing liabilities	6 months of 2014 EUR	6 months of 2013 EUR
I. Current part of leasing liabilities	45,665	78,716
<i>Total current part of leasing liabilities</i>	<i>Err:522</i>	<i>Err:522</i>
II. Non-current part of leasing liabilities	77,612	76,935
<i>Total non-current part of leasing liabilities</i>	<i>Err:522</i>	<i>Err:522</i>
Total leasing liabilities	Err:522	Err:522

(35) Advances from customers	6 months of 2014	6 months of 2013
The Percentage rate is 4,5%	1,215,000	0
Total	1,215,000	0

(36) Trade payables	6 months of 2014 EUR	6 months of 2013 EUR
For shipbuilding	1,191,686	29,994,363
For ship repair	20,250	1,209,980
Others	11,897	3,302
Total	1,223,833	31,207,645

(37) Payables to associates	6 months of 2014 EUR	6 months of 2013 EUR
Debts for services	5,188,437	3,663,078
Debts for materials	828,872	2,070,111
Total	6,017,309	5,733,189

(38) Payables to associates	6 months of 2014 EUR	6 months of 2013 EUR
"REMARS-GRANULA" LTD	11,645	11,878
Total	11,645	11,878

(39) Taxes and social insurance payments

6 months of 2014 EUR	6 months of 2013 EUR
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JSC "Rīgas Kuģu Būvētava"
for the period till the 30th of June 2014

Social insurance payments	126,237	156,863
Personal income tax	158,303	168,770
Real estate tax	33,040	10,428
Natural resources tax	1,698	1,001
Risk duty	181	221
Total	319,459	337,283

(40) Other liabilities	6 months of 2014	6 months of 2013
	EUR	EUR
Salaries	227,072	287,328
Retention from salaries	582	619
Payments to personnel	32,350	3,867
Payments for credit cards	5,194	19,843
Payments for debts to other enterprises	79,298	20,230
Total	344,496	331,887

(41) Dividends unpaid	6 months of 2014	6 months of 2013
	EUR	EUR
Balance at the beginning of reported year	37,954	33,190
Dividends calculated	0	166,079
Dividends paid	(181)	0
Disposals	0	0
Balance at the end of reported year	37,773	199,269

(42) Accrued liabilities	6 months of 2014	6 months of 2013
	EUR	EUR
For services	226225	437021
Accrued liabilities for unused annual leave expenses	267998	256434
Total	494223	693455

Notes to the balance sheet (continuation)

(43) Off-balance liabilities

- The enterprise has concluded agreements for land and pier lease with Riga Free Port authority. The agreements are valid through on August 31st year 2028. The Enterprise has the priority to extend the agreement term.
- On the 28th of December, 2010 there was issued ship covered bond No.EH.28.12.2010/KO about foaling dock deposit in the favour of JSC "UniCreditBank" and it be valid until the secured obligations are fully met. Ship bond is issued as a guarantee of SIA "Eiroholdings" obligations, which was the resulting from credit line agreement Nr. EH 01.07.2008/CL from 1 July 2008, obligations on the 30th of June 2014 was 1 709 994 EUR. The Size of guarantee claim are 4 183 243 EUR. Mortgaged was floating dock 791, with the balance sheet value on the 30th of June 2014 - 4 941 700 EUR. When was prepared financial statement there was no probability that the obligation will be required to settle the outflow of economic benefits from the Company.
- On the 15th of June between JSC „Rīgas kuģu būvētava” and JSC „DNB Nord Banka” was signed mortgage agreement Nr. 17/11K23-2 for the first mortgage on JSC „Rīgas kuģu būvētava” real estate - caldron house as security for JSC "Remars- Rīga" obligations which are resulting from 15 June 2011 credit agreement Nr.17/11K23. Obligations on the 30th of June 2014 were 1 131 069 EUR. The Size of guarantee claim are 3 874 130,- EUR. The mortgage property balance sheet value on the 30th of June 2014 was 440 967 EUR. When was prepared financial statement there was no probability that the obligation will be required to settle the outflow of economic benefits from the Company.

The report for 6 months of 2014 pages 1 to 29 we approve

Chairman of the Board	_____ /J.SKVARNOVIČS/	Member of the Board	_____ /J.IVANOVA/
Member of the Board	_____ /V.BLŪMS/	Member of the Board	_____ /E.BUKS/

August 29th, 2014