

**"Rigas kugu buvetava" JSC**

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

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

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

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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	16 607 912 EUR	
Associates	Tosmares kugubuvetava JSC (49.72%) Reg.No. 42103022837 Generala Baloza Street 42/44, Liepaja, Latvia  Remars Granula LLC (49.80%) Reg.Nr. 54103022521 Gales street 2, Riga, LV-1015, 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 svarious 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 till 15.10.2015.
	Einars Buks	Member of the Board
	Jekaterina Ivanova	Member of the Board
Names and positions of the Council members	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 September 2015	
Previous financial period	1 January 2014 – 30 September 2014	
Auditor's name and address	Deloitte Audits Latvia 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 30<sup>TH</sup> OF SEPTEMBER 2015**  
**STATEMENT OF MANAGEMENT RESPONSIBILITIES**

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

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

On behalf of the management:

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Janis Skvarnovics  
(Chairman of the Board)

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Einars Buks  
(Member of the Board)

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Jekaterina Ivanova  
(Member of the Board)

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**RIGAS KUGU BUVETAVA JSC REPORT OF NINE MONTH 2015**  
**PROFIT OR LOSS STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

		9 month 2015	9 month 2014
	Notes	EUR	EUR
Net sales	3	15 543 202	12 386 160
Cost of sales	4	<u>(14 509 914)</u>	<u>(13 076 476)</u>
<b>Gross profit (loss)</b>		<b>1 033 288</b>	<b>(690 316)</b>
Distribution expenses	5	(15 632)	(9 707)
Administrative expenses	6	(704 760)	(714 513)
Other operating income	7	1 216 005	1 433 862
Other operating expenses	8	(907 630)	(1 020 113)
Interest and similar income	9	7 809	8 169
Interest and similar expenses	10	<u>(295 756)</u>	<u>(221 736)</u>
<b>Profit (loss) before taxes</b>		<b>333 324</b>	<b>(1 214 354)</b>
Corporate income tax		0	0
Other taxes		<u>(100 659)</u>	<u>(67 357)</u>
<b>Net profit (loss) for the period</b>		<b><u>232 665</u></b>	<b><u>(1 281 711)</u></b>
Profit or Loss per share		0.02	(0.11)

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

These financial statements were signed on 27th November 2015 on the Company's behalf by:

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

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

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

## BALANCE SHEET AS OF 30 SEPTEMBER 2015

ASSETS	Notes	30.09.2015 EUR	30.09.2014 EUR
<b>Non-current assets</b>			
<b>Intangible assets</b>	11	<b>59 723</b>	<b>107 505</b>
<b>Fixed assets</b>			
Land and buildings		8 018 621	7 986 459
Leasehold improvements		3 358	9 951
Equipment and machinery		4 458 528	4 300 675
Floating docks		16 063 469	16 144 741
Other fixed assets		449 298	209 159
Fixed assets under construction		1 084 507	721 051
Advances for fixed assets		24 719	7 114
<b>Total fixed assets</b>	12	<b>30 102 500</b>	<b>29 379 150</b>
<b>Investment property</b>	12 (a)	<b>498 882</b>	<b>526 590</b>
<b>Non-current financial investments</b>			
Investments in associates	13	4 830 590	4 830 590
Securities		235	235
Loans and non-current receivables	14	1 218 022	1 207 426
<b>Total non-current financial investments</b>		<b>6 048 847</b>	<b>6 038 251</b>
<b>Total non-current assets</b>		<b>36 709 952</b>	<b>36 051 496</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables	15	2 312 611	2 604 193
Work in progress	16	85 428	359 417
Unfinished orders	17	36 923	13 541
Advances for inventories	18	152 472	511 791
<b>Total inventories</b>		<b>2 587 434</b>	<b>3 488 942</b>
<b>Account receivable</b>			
Trade receivables	19	1 975 457	2 515 234
Receivables from associates	20	1 270 634	1 289 680
Other receivables	21	955 595	365 232
Deferred expense	22	9 534	16 104
Accrued income	23	739 047	3 136 293
<b>Total receivables</b>		<b>4 950 267</b>	<b>7 322 543</b>
<b>Cash and bank</b>	24	<b>259 544</b>	<b>25 989</b>
<b>Total current assets:</b>		<b>7 797 245</b>	<b>10 837 474</b>
<b>TOTAL</b>		<b>44 507 197</b>	<b>46 888 970</b>

The accompanying notes on pages 10 to 29 are an integral part of these financial statements.  
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 (Chairman of the Board)

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 Einars Buks  
 (Member of the Board)

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 Jekaterina Ivanova  
 (Member of the Board)

**RIGAS KUGU BUVETAVA JSC REPORT OF NINE MONTH 2015**  
**BALANCE SHEET AS OF 30 SEPTEMBER 2015**

	Notes	30.09.2015. EUR	30.09.2014. EUR
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	25	16 340 950	16 607 912
Non-current investments revaluation reserve	26	12 056 273	12 056 273
<b>Retained earnings</b>		266 962	
prior year's retained earnings		2 211 395	3 279 728
net loss for the year		232 665	(1 281 711)
<b>Total retained earnings</b>		<b>2 444 060</b>	<b>1 998 017</b>
<b>Total equity</b>		<b>31 108 245</b>	<b>30 662 202</b>
<b>Provisions</b>	27	<b>3 138</b>	<b>9 093</b>
<b>Non-current liabilities</b>			
Loans from banks	29	0	1 900 000
Deferred income	28	656 397	392 920
Leasing liabilities	30	49 784	66 815
Other loans	31	1 165 000	850 000
Deferred tax liabilities		2 661 850	2 905 959
<b>Total non-current liabilities</b>		<b>4 533 031</b>	<b>6 115 694</b>
<b>Current liabilities</b>			
Loans from banks	29	1 900 000	4 730
Other loans	31	750 000	1 515 000
Leasing liabilities	30	34 390	35 348
Advances from customers	32	1 479 787	3 125 567
Trade payables	33	2 061 186	4 009 950
Payables to associates	34	372 969	0
Taxes and social insurance payments	35	949 561	420 814
Other liabilities	36	453 648	310 178
Deferred income	28	72 120	0
Dividends unpaid	37	32 540	37 773
Accrued liabilities	38	756 582	642 621
<b>Total current liabilities:</b>		<b>8 862 783</b>	<b>10 101 981</b>
		<b>13 395 814</b>	<b>16 217 675</b>
<b>Total liabilities:</b>		<b>44 507 197</b>	<b>46 888 970</b>

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Jekaterina Ivanova  
(Member of the Board)

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	Share capital	Non-current investments revaluation reserve	Other reserves	Retained earnings	Total
	EUR	EUR		EUR	EUR
<b>Balance as of 31 December 2013</b>	<b>16 607 912</b>	<b>12 056 273</b>		<b>3 279 728</b>	<b>31 943 913</b>
Net loss for the period				(1 281 711)	(1 281 711)
Dividends				0	0
<b>Balance as of 30 September 2014</b>	<b>16 607 912</b>	<b>12 056 273</b>	<b>0</b>	<b>1 998 017</b>	<b>30 662 202</b>
<b>Balance as of 31 December 2014</b>	<b>16 607 912</b>	<b>12 056 273</b>	<b>0</b>	<b>2 211 395</b>	<b>30 875 580</b>
Reserves as a result of denomination	(266 962)		266 962		0
Net loss for the period				232 665	232 665
Dividends					
<b>Balance as of 30 September 2015</b>	<b>16 340 950</b>	<b>12 056 273</b>	<b>266 962</b>	<b>2 444 060</b>	<b>31 108 245</b>

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Jekaterina Ivanova  
(Member of the Board)



**RIGAS KUGU BUVETAVA JSC REPORT OF NINE MONTH 2015**  
**CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	9 month 2015	9month 2014
Notes	EUR	EUR
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Sales and service income	17 444 541	17 341 796
Cash to suppliers, personnel and other primary activity costs	(16 805 336)	(14 462 275)
<b>Gross cash flow generated from/(used in) operating activities</b>	<b>639 205</b>	<b>2 879 521</b>
Interest paid	(295 756)	(221 736)
Corporate income tax paid	(79 )	(11 202)
<b>Net cash flow generated from /(used in) operating activities</b>	<b>343 370</b>	<b>2 646 583</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Acquisition of fixed and intangible assets	(587 113)	(1 961 677)
Proceeds from sales of fixed assets and intangible assets	175 317	552 356
Loans issued	0	(1 816)
Interest received	7 809	8 169
<b>Net cash flow used in investing activities</b>	<b>(403 987)</b>	<b>(1 402 968)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans received	690 000	4 175 000
Lons repaid	(435 000)	(6 128 510)
Received subsidies	0	153 431
Dividends paid	0	(122)
<b>Net cash flow (used in)/ generated from financing activities</b>	<b>255 000</b>	<b>(1 800 201)</b>
Net foreign exchange gains/losses	34	5
Net decrease in cash and cash equivalents	194 417	(556 581)
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>65 127</b>	<b>582 570</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>259 544</b>	<b>25 989</b>

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(Member of the Board)

**1. GENERAL INFORMATION**

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

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

**2. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the laws of the Republic of Latvia on Accounting and 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 September 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:

	30.09.2015.	30.09.2014.
	EUR	EUR
1 USD	0.892538	0.787340
1 NOK	0.10502	0.122011
1RUB	0.013613	0.019923
1 GBP	1.352997	1.277629

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 NINE MONTH 2015**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

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

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

**Cash and cash equivalents**

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

***Accrued revenue***

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

***Deferred expenses***

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

***Dividends***

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

***Borrowings***

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

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

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

***Borrowing costs***

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

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

***Leases***

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

**The Company as lessor**

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

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

**The Company as lessee**

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

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

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

***Government grants***

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

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

***Trade payables***

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

***Deferred revenue***

Deferred revenue represents non-current and current portion of advances received from customers for services which have not been yet provided at the balance sheet date. Deferred revenue is initially recognised at the present value of consideration received. Revenue is recognised in the statement of profit 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 September 2015. The Company's management assumes that it is probable that the Company will have sufficient taxable profits in the future against which the tax losses will be utilised.

*The carrying amounts of investments in associate*

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

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

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



**3. Net sales**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
<b>Business segments:</b>		
Ship repair	12 808 547	6 582 006
Shipbuilding	2 589 176	5 570 093
Mechanical engineering	144 055	226 659
Other works	1 424	7 402
<b>Total</b>	<b>15 543 202</b>	<b>12 386 160</b>

**4. Cost of sales**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Purchase costs of goods sold	(9 654 938)	(8 319 075)
Salary expenses	(2 837 738)	(2 979 352)
Depreciation of fixed assets	(910 557)	(854 508)
Social insurance	(642 914)	(678 831)
Other costs	(463 767)	(244 710)
<b>Total</b>	<b>(14 509 914)</b>	<b>(13 076 476)</b>

**5. Distribution expenses**

	<b>9 months of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Advertising expenses	(15 632)	(9 707)
<b>Total</b>	<b>(15 632)</b>	<b>(9 707)</b>

**6. Administrative expenses**

	<b>9 months of 2015</b>	<b>9 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Remuneration of the Council members	(165 618)	(143 927)
Remuneration of the Board members	(129 600)	(127 146)
Salary expenses (administration)	(110 670)	(107 905)
Social insurance	(88 174)	(85 365)
Representative vehicle maintenance expenses	(47 938)	(80 932)
Transportation costs, travelling allowances	(93 567)	(64 216)
Legal services	(1 120)	(39 609)
Depreciation of fixed assets	(30 318)	(23 057)
Representation costs	(13 933)	(14 787)
Communication costs	(12 947)	(13 309)
Office rent and utilities	(4 360)	(10 652)
Insurance	(6 515)	(3 608)
<b>Total</b>	<b>(704 760)</b>	<b>(714 513)</b>

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**7. Other operating income**

	<b>9 months of 2015</b>	<b>9 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Income from rent and delivered utility services	463 092	751 868
Sale of materials	292 983	269 417
Net income from sales of fixed assets	88 059	149 039
Tugboat services income	58 981	78 633
Income from projects financing	54 090	42 668
Net income from exchange rate fluctuations	196	0
Chemical analyses	663	302
Remuneration to insurance expenditures	209 677	0
Written-off accounts payable	0	87 588
Other income	48 264	54 347
<b>Total</b>	<b>1 216 005</b>	<b>1 433 862</b>

**8. Other operating expenses**

	<b>9 months of 2015</b>	<b>9 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Leased fixet assets maintenance costs	(524 988)	(613 921)
Material expenses	(273 059)	(261 830)
Costs on tugboat services	(29 641)	(60 093)
Representation costs 60%	(21 667)	(24 289)
Provisions for doubtful debtors	(5 470)	0
Provisions for warranty repairs	(17 000)	0
Medical services	(9 800)	(8 873)
Material allowances, gifts	(715)	(651)
Donations	(2 503)	(2 858)
Burial expenses	(3 681)	(2 394)
Net loss from exchange rate fluctuations	0	(78)
Net loss from sale of foreign currency	(259)	(123)
Other expenses	(18 847)	(45 003)
<b>Total</b>	<b>(907 630)</b>	<b>(1 020 113)</b>

**9. Interest and similar income**

	<b>9 months of 2015</b>	<b>9 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Interest income on loans issued	7 809	8 169
<b>Total</b>	<b>7 809</b>	<b>8 169</b>

**10. Interest and similar expenses**

	<b>9 months of 2015</b>	<b>9 months of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Interest expenses for loans	(150 303)	(127 805)
Bank charges for guarantees	(41 071)	(57 781)
Penalties paid	(103 657)	(12 210)
State fee	(725)	(23 940)
<b>Total</b>	<b>(295 756)</b>	<b>(221 736)</b>

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**11. Intangible assets**

	Software EUR	Advances for intangible assets	Total EUR
<b>Cost</b>			
As of 01 01 2014	344 716	0	344 716
Additions			
Disposals			
As of 30 09 2014	344 716	0	344 716
<b>Accumulated amortizations</b>			
As of 01.01.2014	(201 083)		(201 083)
Calculated	(36 128)		(36 128)
As of 30 09 2014	(237 211)		(237 211)
<b>Net carrying amount</b>			
As of 01 01 2014	143 633		143 633
As of 30 09 2014	107 505		107 505
<b>Cost</b>			
As of 01 01 2015	344 716		344 716
Additions	0	0	0
As of 30 09 2015	344 716		344 716
<b>Accumulated amortizations</b>			
As of 31 12 2014	(249 159)		(248 159)
Calculated	(35 834)		(35 834)
As of 30 09 2015	(284 993)		(284 993)
<b>Net carrying amount</b>			
As of 01 01 2015	95 557		95 557
As of 30 09 2015	59 723		59 723

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**12. Fixed assets**

	<b>Buildings, constru- ctions EUR</b>	<b>Advance payments EUR</b>	<b>Leasehold improve- ments PL EUR</b>	<b>Equipment and machines EUR</b>	<b>Floating docks EUR</b>	<b>Unfinished con- struction EUR</b>	<b>Other Fixed assets EUR</b>	<b>Total EUR</b>
<b>Cost/reevaluation</b>								
<b>As of 01 01 2014</b>	<b>10 793 889</b>	<b>42 387</b>	<b>9 951</b>	<b>12 044 968</b>	<b>18 312 958</b>	<b>1 322 056</b>	<b>1 483 190</b>	<b>44 009 399</b>
Additions		211 129				2 361 914		<b>2 573 043</b>
Disposals				(627 361)	0		(23 693)	<b>(651 054)</b>
Reclassified	1 583 867	(246 402)		1 482 333	120 685	(2 962 919)	22 436	0
<b>As of 30 09 2014</b>	<b>12 377 756</b>	<b>7 114</b>	<b>9 951</b>	<b>12 899 940</b>	<b>18 433 643</b>	<b>721 051</b>	<b>1 481 933</b>	<b>45 931 388</b>
<b>Depreciations</b>								
<b>As of 01 01 2014</b>	<b>(4 162 362)</b>	<b>0</b>	<b>0</b>	<b>(8 568 111)</b>	<b>(2 085 893)</b>	<b>0</b>	<b>(1 234 341)</b>	<b>(16 050 707)</b>
Calculated	(228 935)			(350 724)	(203 009)		(58 769)	<b>(841 437)</b>
Disposals				319 570	0		20 336	<b>339 906</b>
<b>As of 30 09 2014</b>	<b>(4 391 297)</b>	<b>0</b>	<b>0</b>	<b>(8 599 265)</b>	<b>(2 288 902)</b>	<b>0</b>	<b>(1 272 774)</b>	<b>(16 552 238)</b>
<b>Net carrying amount</b>								
<b>As of 01 01 2014</b>	<b>6 631 527</b>	<b>42 387</b>	<b>9 951</b>	<b>3 476 857</b>	<b>16 227 065</b>	<b>1 322 056</b>	<b>248 849</b>	<b>27 958 692</b>
<b>As of 30 09 2014</b>	<b>7 986 459</b>	<b>7 114</b>	<b>9 951</b>	<b>4 300 675</b>	<b>16 144 741</b>	<b>721 051</b>	<b>209 159</b>	<b>29 379 150</b>
<b>Cost/reevaluation</b>								
<b>As of 01 01 2015</b>	<b>12 704 691</b>	<b>7 114</b>	<b>3 358</b>	<b>13 278 879</b>	<b>18 433 643</b>	<b>329 054</b>	<b>1 495 772</b>	<b>46 252 511</b>
Additions		17 605				1 670 838		1 688 443
Disposals	(88)			(670 285)			(3 986)	(674 359)
Reclassified	3 406			451 996	166 636	(915 385)	293 347	0
<b>As of 30 09 2015</b>	<b>12 708 009</b>	<b>24 719</b>	<b>3 358</b>	<b>13 060 590</b>	<b>18 600 279</b>	<b>1 084 507</b>	<b>1 785 133</b>	<b>47 266 595</b>
<b>Depreciations</b>								
<b>As of 01 01 2015</b>	<b>(4 462 909)</b>			<b>(8 743 843)</b>	<b>(2 350 896)</b>		<b>(1 290 242)</b>	<b>(16 847 890)</b>
Calculated	(226 567)			(454 148)	(185 914)		(49 104)	(915 733)
Disposals	88			595 929			3 511	599 528
<b>As of 30 09 2015</b>	<b>(4 689 388)</b>			<b>(8 602 062)</b>	<b>(2 536 810)</b>		<b>(1 335 835)</b>	<b>(17 164 095)</b>
<b>Net carrying amount</b>								
<b>as of 01 01 2015</b>	<b>8 241 782</b>	<b>7 114</b>	<b>3 358</b>	<b>4 535 036</b>	<b>16 082 747</b>	<b>329 054</b>	<b>205 530</b>	<b>29 404 621</b>
<b>As of 30 09 2015</b>	<b>8 018 621</b>	<b>24 719</b>	<b>3 358</b>	<b>4 458 528</b>	<b>16 063 469</b>	<b>1 084 507</b>	<b>449 298</b>	<b>30 102 500</b>

Real Estate (buildings) cadastral value as of 30 09 2015 -5 723 487 EUR (as of 30 09 2014: 5 863 935 EUR).  
Information about assets used as collaterals for borrowings included in Notes 29 and 39.

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**12.(a) Investment property**

	Investment property EUR
<b>Cost</b>	
As of 01 01 2014	839 583
Additions	
As of 30 09 2014	839 583
<b>Accumulated depreciation</b>	
As of 01 01 2014	(285 113)
Calculated	(27 880)
As of 30 09 2014	(312 993)
<b>Net carrying amount</b>	
As of 01 01 2014	554 470
As of 30 09 2014	526 590
<b>Cost</b>	
As of 01 01 2015	845 227
Additions	0
As of 30 09 2015	845 227
<b>Accumulated depreciation</b>	
As of 01 01 2015	(321 203)
Calculated	(25 142)
As of 30 09 2015	(346 345)
<b>Net carrying amount</b>	
As of 01 01 2015	524 024
As of 30 09 2015	498 882

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**13. Investments in associates**

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

Name	30 09 2015	Participating interest	Equity	Profit/ (loss)
	EUR	%	30 09 2015 EUR	01 01 2015- 30 09 2015 EUR
JSC "Tosmares kugubuvetava"	3 630 590	49.72	6 205 380	370 135
LLC "Remars Granula"	1 200 000	49.8	262 238	8 178
<b>Total</b>	<b>4 830 590</b>		<b>6 467 618</b>	<b>378 313</b>

Name	30 09 2014	Participating interest	Equity	Profit/ (loss)
	EUR	%	30 09 2014 EUR	01 01 2014- 30 09 2014 EUR
JSC "Tosmares kugubuvetava"	3 630 590	49.72	5 994 183	(525 454)
LLC "Remars Granula"	1 200 000	49.8	216 076	58 694
<b>Total</b>	<b>4 830 590</b>		<b>6 210 259</b>	<b>(466 760)</b>

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

Name / Type of Loan	As of 30.09.2014	Loans issued in 2015	Interest accrued	Currency exchange rate change	As of 30.09.2015	Term of repayment
Loans to employees (students)	107 204				107 204	2015-2029
Loans for Tosmares kugubuvetava JSC shares	1 110 818				1 110 818	2020. gads
<b>Total</b>	<b>1 218 022</b>				<b>1 218 022</b>	

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

**15. Raw materials and consumables**

	9 month of 2015 EUR	9 month of 2014 EUR
Metal, non-ferrous metals, pipes	1 559 623	1 782 695
Metal ware	68 177	72 420
Timbering	1 946	1 067
Equipment	59 453	65 334
Fuel	12 818	10 081
Varnish and paint	20 327	34 369
Cables	35 371	30 123
Coveralls	4 525	10 547
Technical rubber ware	42 265	14 877
Wire cables	7 294	3 056
Household goods	4 265	21 355
Other	496 547	558 269
<b>Total</b>	<b>2 312 611</b>	<b>2 604 193</b>

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**16. Work in progress**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Shipbuilding orders	85 428	359 417
<b>Total</b>	<b>85 428</b>	<b>359 417</b>

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

**17. Unfinished orders**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Ship repair orders	31 638	0
Mechanical engineering orders	2 747	12 543
Various	2 538	998
<b>Total</b>	<b>36 923</b>	<b>13 541</b>

**18. Advances for inventories**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
For materials	152 472	511 791
<b>Total</b>	<b>152 472</b>	<b>511 791</b>

**19. Trade receivables**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Book value of trade receivables	<b>2 541 240</b>	2 908 403
Provisions for bad and doubtful debts	<b>(565 783)</b>	(393 169)
<b>Trade receivables, net</b>	<b>1 975 457</b>	<b>2 515 234</b>

**Change in provisions**

	<b>Trade</b>	<b>Other</b>	<b>Total</b>
	<b>receivables</b>	<b>receivables</b>	
<b>Provisions as of 31.12.2014.</b>	<b>560 313</b>	<b>46 748</b>	<b>607 061</b>
Increase in provisions	<b>5 470</b>		<b>5 470</b>
<b>Provisions as of 30.09.2015.</b>	<b>565 783</b>	<b>46 748</b>	<b>612 531</b>

**20. Receivables form associates**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
LLC "Remars Granula" debt for loan according to assignment agreement *	770 000	770 000
LLC "Remars Granula" loan **	499 734	482 399
JSC "Tosmares kugubuvetava" debt for service and materials	900	37 281
<b>Total</b>	<b>1 270 634</b>	<b>1 289 680</b>

\* 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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<b>21. Other receivables</b>	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Book value	1 002 343	375 884
Provisions established	(46 748)	(10 652)
<b>Other receivables, net</b>	<b>955 595</b>	<b>365 232</b>
	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Value added tax	604 744	149 219
Corporate income tax	0	56 260
Advance payments for services	180 328	85 645
Interests	38 724	0
Payments personal debts	107 793	54 399
Payment of salary	22 210	67
Other receivables	1 796	19 642
<b>Total</b>	<b>955 595</b>	<b>365 232</b>
	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Property insurance	1 872	2 739
Health insurance	1 083	8 351
Renovation costs of leased fixed assets	1 648	141
Subscription to the press	0	247
Other expenses	4 931	4 626
<b>Total</b>	<b>9 534</b>	<b>16 104</b>
	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Shipbuilding	519 253	2 966 049
Ship repair	186 940	170 244
Orders of mechanical engineering	32 854	0
<b>Total</b>	<b>739 047</b>	<b>3 136 293</b>
	<b>9 month 2015</b>	<b>9 month 2014</b>
	<b>EUR</b>	<b>EUR</b>
Cash at bank on current accounts	254 244	22 008
Cash on hand	5 300	3 981
<b>Total</b>	<b>259 544</b>	<b>25 989</b>



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**25. 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 (1.42 EUR). Currently there are in total 11 672 107 shares of which 10 000 000 shares are publicly traded and 1 672 107 shares are in closed issue. The joint stock company is public and its shares are quoted on exchange market JSC NASDAQ Riga 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 shares is 1.40 EUR.

**JSC "Rigas kugu buvetava" shareholders**

	<b>30.09.2015</b>	<b>%</b>	<b>30.09.2014</b>	<b>%</b>
	<b>EUR</b>		<b>EUR</b>	
Remars-Riga JSC	8 146 872	49.86	8 279 967	49.86
Individuals	5 000 955	30.60	5 768 879	34.73
Other legal entities	3 193 123	19.54	2 559 066	15.41
<b>Total</b>	<b>16 340 950</b>	<b>100</b>	<b>16 607 912</b>	<b>100</b>

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

Based on certified appraisers valuation report, Company performed revaluation of floating docks. In 2007 Baltic Kontor LLC performed valuation of the Company's real estate (three floating docks) and as a result of the valuation estimated fair value of three floating docks which as of 20.12.2017 amounted to 17 107 000 EUR. Company's management considers that floating docks value increase is permanent and it is appropriate to value assets at their fair value. Difference arising from revaluation for the amount of 12 056 273 EUR was recognized in equity under Long-term investments revaluation reserve that was decreased by the related deferred tax liability.

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

**27. Provisions**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Provisions for warranty repairs		
<b>As at beginning of period</b>	6 530	44 365
Calculated	10 000	0
Written-off	(13 392)	(35 272)
<b>By the end of the period</b>	<b>3 138</b>	<b>9 093</b>

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

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**28. Deferred income**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
1) Financing in accordance with an agreement signed in 2012 with the Government agency LIAA about the EU co-financed project Rigas kugu buvetava JSC Heating system reconstruction.	303 117	60 885
2) Financing in accordance with an agreement signed in 2012 with the Government agency LIAA about the EU co-financed project Rigas kugu buvetava JSC Heating system reconstruction.	425 400	332 035
<b>Total</b>	<b>728 517</b>	<b>392 920</b>
<b>Total long-term part</b>	<b>656 397</b>	<b>392 920</b>
<b>Total short-term part</b>	<b>72 120</b>	

**29. Loans from banks**

<b>a) Long-term part</b>	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>2014</b>
		<b>EUR</b>
ABLV Bank JSC	0	1 900 000
<b>Total</b>	<b>0</b>	<b>1 900 000</b>
<b>b) Short – term part</b>		
	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
ABLV Bank JSC	1 900 000	0
Nordea Bank AB affiliate in Latvia	0	4 730
<b>Total</b>	<b>1 900 000</b>	<b>4 730</b>

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 September 2015 is 5 779 223 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 30 September 2015 h, 2015 the total Guarantee limit available is 3 514 000 EUR, used Guarantee limit is 1 082 000 EUR. As security 1st stage mortgage agreement for floating dock No 170 was signed. The mortgaged property balance sheet value as of 30 September , 2015 is 10 169 348 EUR.

**30. Leasing liabilities**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Total long-term part of leasing liabilities	49 784	66 815
Total short-term part of leasing liabilities	34 390	35 348
<b>Total</b>	<b>84 174</b>	<b>102 163</b>

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**31. Other loans**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Long-term part (interest 6%)**	1 165 000	850 000
Long-term part (interest rate 4,5%)*	750 000	1 215 000
Short-term part (interest rate 6%)*	0	300 000
<b>Total</b>	<b>1 915 000</b>	<b>2 365 000</b>

\*In 2014 Company received a loan from private person, repayment term is year 2016.

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

**32. Advances from customers**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
For shipbuilding	1 339 500	3 104 885
For ship repair	140 000	20 250
Others	287	432
<b>Total</b>	<b>1 479 787</b>	<b>3 125 567</b>

**33. Trade payables**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Payables for services	1 376 295	3 134 595
Payables for materials	684 891	875 355
<b>Total</b>	<b>2 061 186</b>	<b>4 009 950</b>

**34. Payables to associates**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Debt to JSC "Tosmares kugubuvetava" for loan rate 6%	318 221	0
Debt to JSC "Tosmares kugubuvetava"for materials	1 029	0
Advances from JSC "Tosmares kugubuvetava" for fixed assets	53 719	0
<b>Total</b>	<b>372 969</b>	<b>0</b>

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**35. Taxes and social insurance payments**

	<b>01.01.2015.</b>	<b>Calculated</b>	<b>Calculated</b>	<b>(Paid)/</b>	<b>Transferred</b>	<b>30.09.2015</b>
	<b>EUR</b>	<b>EUR</b>	<b>penalty and</b>	<b>repaid</b>	<b>to other</b>	<b>EUR</b>
			<b>delay fees</b>	<b>EUR</b>	<b>taxes</b>	<b>EUR</b>
			<b>EUR</b>		<b>EUR</b>	
Social insurance payments	116 922	1 056 501	17 614	(120 139)	(658 158)	412 740
Value added tax	(167 260)	(1 184 381)			746 897	(604 744)
Personal income tax	309 211	600 397	28 443	(294 656)	(144 749)	498 646
Corporate income tax	(56 207)	79	197	(79)	56 010	0
Real estate tax	49 234	100 659		(113 345)		36 548
Natural resources tax	684	3 114		(2 339)		1 459
Risk duty	165	1 478		(1 475)		168
Customs duty on import		49		(49)		
<b>Total</b>	<b>252 749</b>	<b>577 896</b>	<b>46 254</b>	<b>(532 082)</b>	<b>0</b>	<b>344 817</b>
<b>Tax debt</b>	<b>476 216</b>					<b>949 561</b>
<b>Tax overpayment *</b>	<b>(223 467)</b>					<b>(604 744)</b>

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

**36. Other liabilities**

	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
Salaries	260 702	239 051
Payments for debts	169 735	39 719
Payments to personnel	2 010	29 079
Payments for credit cards	19 994	1 824
Retention from salaries	1 207	505
<b>Total</b>	<b>453 648</b>	<b>310 178</b>

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<b>37.Dividends unpaid</b>	<b>9 month of 2015</b>	<b>9 month of 2014</b>
	<b>EUR</b>	<b>EUR</b>
<b>As at the beginning of the period</b>	32 540	<b>37 954</b>
Dividends calculated	0	0
Dividends paid	0	(181)
Written-off (older than 10 years)	0	0
<b>As at the end of the period</b>	<b>32 540</b>	<b>37 773</b>

<b>38.Accrued liabilities</b>	<b>9 month of 2015</b>	<b>9 month of 2015</b>
	<b>EUR</b>	<b>EUR</b>
For services	566 351	374 623
Accrued liabilities for unused annual leave expenses	190 231	267 998
<b>Total</b>	<b>756 582</b>	<b>642 621</b>

**39.Off-balance liabilities**

1.The Company has concluded agreements for land and pier lease with Riga Free Port authority. The agreement is valid till 31.08.2028. The Comapny 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 foalting dock deposit in the favour of UniCreditBank JSC 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 September 2015 is 1 259 994 EUR. Maximum guarantee claim is 4 183 243 EUR . Mortgaged floating dock 791, with the balance sheet value as of 30 September 2015 4 991 186 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 bueētava JSC and ABLV Bank JSC was signed mortgage agreement No. 14-FP-0328/01 for the first mortgage on Rīgas kuģu būvētava JSC 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 September 2015 liabilities amounted to 1 993 391 EUR. Total amount of secured claim is 2 860 000 EUR. The pledged property balance sheet value as of 30 September 2015 is 6 212 443 EUR. At the date of approval of these financial statements Management considers that there is low probability that the settlement of the obligation resulting from the above mentioned agreement is likely.

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