

JSC “ Tosmares kuģubūvētava ”
Financial statements for 9 months of the year 2004

Liepaja , 2004

MANAGEMENT REPORT
On the financial statements for 9 months of the year 2004

Activity of TOSMARE SHIPYARD in last 9 months was stable with increasing of turnover. In first 9 months 2004 turnover net was 3.072.777 Ls (compare to year 2003 when turnover was 2.384.193 Ls).

Gross profit is 409.969 Ls (in year 2003 was 173.177 Ls) and net profit is 371.767 Ls (in year 2003 was 683.632 Ls). In first 9 months 43 ships were under repair (in year 2003 53 ships), 1 newbuilding delivered (in year 2003 no newbuilding delivered).

Basic client were from western Europe , Russia and Latvia.

Increasing of turnover is mostly based on technological modernization of the yard and investment in shipbuilding. Workshops have been renewed and a lot of production instruments and machines have been bought.

Today we can say that we are making new technological production base.

To reduce fixed costs and increase profitability, it was decided to reduce territory of the yard and concentrate production to necessary areas , workshops and berths. With this we are expecting more efficiency and more profitability.

_____, Responsible person

Profit-and-Loss Account for 9 months of the year 2004

	(according to the circulating costs-based method)		
	Notes	For 9 months of 2004, LVL	For 9 months of 2003, LVL
1. Net turnover	(1)	3 072 777	2 384 193
2. Production costs of the products sold	(2)	2 662 808	2 211 016
3. Gross profit or loss		409 969	173 177
4. Selling costs	(3)	21 513	27 613
5. Administrative costs	(4)	69 169	47 605
6. Other income as a result of economic activities of the company	(5)	165 002	78 905
7. Other expenses as a result of economic activities the company	(6)	59 745	52 956
8. Other interest income and similar income	(7)		
9. Long-term financial investments and short-term securities value writing off	(8)		
10. Interest payment and similar costs	(9)	19 937	23 552
11. Profit or loss before special items and taxes		404 607	100 356
12. Extra-budgetary expenses			
13. Profit or loss before taxes		404 607	100 356
14. Corporate income tax for the year of account	(10)		
15. Other taxes	(11)	32 840	31 724
16. Profit or loss for the year of account (net incomes)		371 767	68 632

_____, Responsible person

Balance Sheet as of 30.09. 2004

Assets

ASSETS	Notes No.	Line code	As at the end of the year of account	As of the beginning of the year
1. LONG-TERM INVESTMENTS				
I Intangible investments				
1. Research and development expenses of the Company		010		
2. Concession, patents, licenses, trade marks and similar costs		020		
3. Other intangible assets		021		
4. Goodwill		030		
5. Advance payments for intangible investments		040		
I TOTAL		050	0,00	0,00
II Fixed assets				
1. Land, buildings and structures and long-term plantings		060	1 884 689,00	1 917 654,00
2. Long term lease fixed assets		070		
3. Machinery and equipment		080	1 182 152,00	1 097 592,00
4. Other fixed assets and inventory		090	13 444,00	15 811,00
5. Fixed assets formation costs		100	64 808,00	92 029,00
6. Advance payments for the fixed assets		110		
II TOTAL		120	3 145 093,00	3 123 086,00
III Long-term financial investments				
1. Participation in the related companies capital		130		
2. Loans to the related companies		140		
3. Participation in the associated companies capital		150		
4. Loans to the associated companies		160		
5. Other securities and investments		170		
6. Other loans		180	4 106,00	4 106,00
7. Owners' stocks and shares		190		
8. Loans of the Company to joint owners and management		200		
III TOTAL		210	4 106,00	4 106,00
1. TOTAL AMOUNT ACCORDING TO THE PART		220	3 149 199,00	3 127 192,00
2. CURRENT ASSETS				
I Stocks				
1. Raw materials, direct materials and supplementary materials		230	288 840,00	295 661,00
2. Unfinished products		240	584 022,00	376 944,00
3. Finished products and goods for sales		250		
4. Ongoing orders		260		
5. Advance payments for goods		270	6 462,00	132,00
6. Working livestock and productive livestock		280		
I TOTAL		290	879 324,00	672 737,00
II Debtors				
1. Buyers and customers' debts		300	602 574,00	256 757,00
2. Related companies debts		310		
3. Associated companies debts		320		65 775,00
4. Other accounts receivable		330	36 861,00	62 463,00
5. Unpaid part of the company capital		340		
6. Short-term loans of an enterprise to joint owners and management		350		
7. Prepaid expenses		360	5 380,00	2 137,00
II TOTAL		370	644 815,00	387 132,00
III Securities and sharing in capitals				
1. Participation in the related companies capital		380		
2. Owners' stocks and shares		390		
3. Other securities and sharing in capitals		400		
III TOTAL		410		
IV Cash		420	43 605,00	3 571,00
2. TOTAL AMOUNT ACCORDING TO THE PART		430	1 567 744,00	1 063 440,00
BALANCE		440	4 716 943,00	4 190 632,00

_____, Responsible person

Balance Sheet as of 30.09. 2004

Liabilities

LIABILITIES	Notes No.	Line code	As at the end of the year of account	As of the beginning of the year
1. OWNERS' EQUITY				
1. Share capital		450	3 203 397,00	3 203 397,00
2. Share issue extra charge		460		
3. Long-term investment revaluation reserve		470		
4. Reserves:				
a) reserves set by law		480		
b) owners' shares reserves		490		
c) reserves provided for by the company Articles of Association		500		
d) other reserves		510		
IV TOTAL		520		
5. Undivided profit:				
a) undivided profit for the previous year		530	-454 934,00	-454 934,00
b) undivided profit for the year of account		540	371 767,00	
TOTAL AMOUNT ACCORDING TO THE PART 1		550	3 120 230,00	2 748 463,00
2. PROVISIONS				
1. Provision for pensions and similar obligations		560		
2. Provision for contingent taxes		570		
3. Other provisions		580		
TOTAL AMOUNT ACCORDING TO THE PART 2		590		
3. CREDITORS				
I Long-term accounts payable				
1. Loans against bonds		600		
2. Loans transferred in shares		610		
3. Loans from credit institutions		620		
4. Other loans		630		
5. Advance payments from customers		640		
6. Debts to suppliers and contractors		650		
7. Payment bills		660		
8. Debts to the related companies		670		
9. Debts to the associated companies		680		
10. Taxes and social security payments		690		
11. Other creditors		700		
12. Prepaid income		710		
13. Dividends for the year of account		720		
14. Unpaid dividends for the previous year		730		
I TOTAL		740		
II Short-term accounts payable				
1. Loans against bonds		750		
2. Loans transferred in shares		760		
3. Loans from credit institutions		770	640 080,00	541 262,00
4. Other loans		780		
5. Advance payments from customers		790	267 877,00	225 415,00
6. Debts to suppliers and contractors		800	478 798,00	614 203,00
7. Bills payable		810		
8. Debts to the related companies		820		
9. Debts to the associated companies		830	124 554,00	
10. Taxes and social security payments		840	39 887,00	16 775,00
11. Other creditors		850	45 517,00	44 514,00
12. Prepaid income		860		
13. Dividends for the year of account		870		
14. Unpaid dividends for the previous year		880		
II TOTAL		890	1 596 713,00	1 442 169,00
TOTAL AMOUNT ACCORDING TO THE PART 3		900	1 596 713,00	1 442 169,00
BALANCE		910	4 716 943,00	4 190 632,00

_____, Responsible person

Cash flow statement for 9 months of the year 2004

	<u>LVL</u>
I. Cash from primary activity	
Received from buyers	-2.613.152
Penalty received	-
Paid to suppliers	-2.243.890
Wages and the related taxes paid	-327.083
Interest paid	-17.286
Interest received	-
Corporate income tax	-
Other tax payments	-64.504
Penalty paid	-
Other incomes	-
Net cash flow from the primary activity	<u>-39.611</u>
II. Cash flow from investment activities:	
Paid for the fixed assets acquisition	-79.238
Received for the fixed assets sold	-1.000
Paid for long-terms investments	-
Loans granted	-
Loans repaid	-
Shares purchasing	-
Shares sales	-
Net cash flow from investment activities	<u>-78.238</u>
III. Cash flow from financing	
Loan received	-888.203
Loan repaid	-730.320
Dividend paid	-
Net cash flow from financial activities	<u>-157.883</u>
Net cash flow and equivalent changes thereof	<u>-40.034</u>
Cash and equivalent thereof in the beginning of the period of account	<u>- 3.571</u>
Cash and equivalent thereof at the end of the period of account	- 43.605

_____, Responsible person

<i>Report on equity capital change for 9 months of 2004</i>							
Types of changes	Stock or share capital	Reserves set by law	Long-term investments	Other reserves	Undivided Profit	Total	
	LVL	LVL	reserve LVL	LVL	LVL	LVL	
	<i>Balance as of 31.12.2003.</i>	3.203.397				-454.934	2.748.463
	Net profit or loss for the period of account				371.767	371.767	
<i>Balance as of 30.09.2004.</i>	3.203.397	0	0	0	-83.167	3.120.230	

_____, Responsible person