

JSC “Tosmares kuģubūvētava”

Annual Report, 2005

Liepāja

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Legal status of the society	Joint-stock company
Registration number, place and date	210302283, Liepāja, 2000.30.05.
Address, telephone	Street Ģenerāļa Baloža 42/44, Liepāja, 34-0-19-19
Main aspects of the enterprise	Construction and repair of ships and boats, repair of electrical household apparatus and installations,
Names, surnames and positions of the Members of the Board	A.Pomerancis – the Chairman of the Board, I.Galič – the Member of the Board, I.Komarovs – the Member of the Board.
Names, surnames and positions of the Members of the Council	V.Meļņiks – the Chairman of the Council S.Goļiņins – the Vice-Chairman of the Council A.Ustinovs – the Member of the Council L.Artemenko – the Member of the Council J.Davidovičs – the Member of the Council
Chief accountant	G.Kuzmina
Year of account	January 1 – December 31, 2005
Name and address of the auditor	Ēvalds Figurnovs Certified auditor (certificate No.38) Professor, oec. habil. doctor ID No. 250135-14053 Auditing company “Sarguns” St. Malnavas 13 LV – 1057, Riga Latvia

The joint-stock company "Tosmares kuģubūvētava" has reached an annual turnover of LVL 6 546 487 in 2005. The turnover of goods has grown to reach approximately 2.2 million Lats, year on year, and an increase by 150%.

Just like in 2004, ship repair and maintenance accounts for 87% of the annual turnover. In 2005, 56 repairable objects have underwent repairs.

In 2005, for the first time in the company (as well as in Latvia) two custom-built ferryboats had been constructed "turnkey" to the client from Austria.

Currently the company has an extensive market for its repair and maintenance services: there are customers from the United Kingdom, Russia, Malta, Germany, Switzerland, Belize, Austria, Norway, the Netherlands, etc.

The operating profit amount is 620 839 Lats, what is increase of 83% or 281 243 Lats comparing to last year.

Net profit for the year 2005 is estimated at LVL 314 070 or 102 % comparing to last year.

In the course of the year 2005, the company continued its reconstruction works of the production basis – the necessary equipment was purchased, and the industrial premises were renovated.

Drawing on the successful experience in the building of turnkey ferryboats, the contract negotiations for the construction of two new custom-built ships are being held with a European company already since the beginning of 2006.

The Management Board is planning to retain in 2006 the current level of the annual turnover of goods, as well as to increase the efficiency of ship repair works, and to improve on the quality of the offered ship repair services. The company also plans to expand the services currently offered to include the creation of the shipbuilding objects with broader parameters.

Chairman of the Board

A.Pomerancis

Profit or Loss Statement for 2005

No.	Name of the indicator	Notes	YEAR 2005		YEAR 2004	
			LVL	EUR	LVL	EUR
1.	Net turnover	1	6 546 487	9 314 812	4 371 899	6 220 652
2.	Manufacturing costs of the sales	2	5 925 648	8 431 437	4 032 303	5 737 450
3.	Gross profit or loss		620 839	883 374	339 596	483 202
4.	Selling costs	3	38 731	55 109	26 791	38 120
5.	Administration costs	4	106 339	151 307	89 078	126 747
6.	Other earnings of the enterprise's economic activities	5	277 556	394 927	299 674	426 398
7.	Other costs of the enterprise's economic activities	6	295 183	420 008	142 213	202 351
8.	Earnings due to share in the capitals of the concern's daughter and associate enterprises					
9.	Earnings due to securities and loans that have formed long-term investments					
10.	Other interest and similar earnings					
11.	Long-term financial investments and short-term writing off of the securities' value					
12.	Interest payments and similar costs (fine)	7	40 963	58 285	29 610	42 131
13.	Profit or loss before extraordinary items and taxes		417 179	593 592	351 578	500 250
14.	Extraordinary income					
15.	Extraordinary expenses					
16.	Profit or loss before taxes		417 179	593 592	351 578	500 250
17.	Enterprise income tax					
18.	Deferred enterprise income tax	8	59 324	84 410		
19.	Other taxes	9	43 785	62 300	44 342	63 093
20.	Profit or loss of the year of account (net income)		314 070	446 881	307 236	437 157

Member of the Council
Chairman of the Board
On April 26, 2006 _____

J.Davidovičs
A.Pomerancis

Balance Sheet on December 31, 2005

ASSETS	Notes	31.12.2005.		31.12.2004.	
		LVL	EUR	LVL	EUR
Fixed assets	10	2 003 846	2 851 215	1 945 475	2 768 162
1. Pieces of land, buildings, constructions, perennial greenery					
2. Long-term investments in hired fixed assets	10	61 831	87 978		
3. Installations and machinery	10	1 127 388	1 604 129	1 175 111	1 672 032
4. Other fixed assets and inventory	10	33 942	48 295	16 364	23 284
5. Establishment of fixed assets and costs of the unfinished objects of construction	10	50 168	71 383	45 041	64 088
Total fixed assets		3 277 175	4 663 000	3 181 991	4 527 565
Long-term financial investments					
1. Share in the capital of allied enterprises					
2. Loans to the allied enterprises					
3. Share in the capital of associate enterprises					
4. Other loans	11	7 460	10 615	5 224	7 433
Total long-term financial investments		7 460	10 615	5 224	7 433
Total long-term investments		3 284 635	4 673 615	3 187 215	4 534 998
Current assets	12	798 542	1 136 223	362 804	516 224
Stocks					
1. Raw materials, direct materials and auxiliary materials					
2. Unfinished products	13	60 784	86 488	706 479	1 005 229
3. Finished products and goods for sale					
4. Unfinished orders					
5. Prepayments for goods	14	2 980	4 240	10 553	15 016
Total stock		862 306	1 226 951	1 079 836	1 536 468
Debts of debtors	15	471 356	670 679	711 676	1 012 624
1. Debts of the purchasers and customers					
2. Debts of the associate enterprises	16	130 165	185 208		
3. Other debtors	17	67 860	96 556	45 350	64 527
4. Deferred costs	18	11 652	16 579	10 419	14 825
Total debtors		681 033	969 023	767 445	1 091 976
Cash (total)	19	8 994	12 798	3 759	5 349
Total current assets		1 552 333	2 208 771	1 851 040	2 633 793
Total assets		4 836 968	6 882 385	5 038 255	7 168 791

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LIABILITIES	Notes	31.12.2005.		31.12. 2004.	
		LVL	EUR	LVL	EUR
Own capital	20	3 203 397	4 558 023	3 203 397	4 558 023
1. Share or part capital (fixed asset)					
2. Mark-up of issue of shares (parts)					
3. Reserves:					
a) Legitimate reserves					
<i>Total reserves</i>		0		0	
4. Retained earnings		-204 977	-291 656	-512 213	-728 813
a) Historical retained earnings					
b) Retained earnings of the year of account		314 070	446 881	307 236	437 157
<i>Total retained earnings</i>		109 093	155 225	-204 977	291 656
Total own capital		3 312 490	4 713 249	2 998 420	4 266 367
Provisions					
1. Provisions	21	30 380	43 227		
Total provisions		30 380	43 227		
Creditors					
Long-term debts					
1. Loans for bonds					
2. Other loans	22	11 779	16 760	34 501	49 091
3. Provision for expected axes	23	116 603	165 911	57 279	81 500
Total long-term debts		128 382	182 671	91 780	130 591
Short-term debts					
1. Loans for obligations					
2. Loans convertible into shares					
3. Loans from credit institutions	24	909 171	1 293 634	616 680	877 457
4. Other loans	25	22 713	32 317		
5. Prepayments received from purchasers	26	53 470	76 081	351 396	499 991
6. Debts to suppliers and contract works	27	284 596	404 943	677 468	963 950
7. Bills payable					
8. Debts to allied enterprises					
9. Debts to associate enterprises	28	34 220	48 691	208 337	296 437
10. Taxes and social security payments	29	534	760	42 763	60 846
11. Other creditors	30	61 012	86 812	51 411	73 151
Total short-term debts to creditors		1 365 716	1 943 239	1 948 055	2 771 833
Total creditors		1 494 098	2 215 910	2 039 835	2 902 424
Total liabilities		4 836 968	6 882 385	5 038 255	7 168 791

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J.Davidovičs
A.Pomerancis

Cash Flow Statement for 2005

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
I. Cash flow from operating activities				
Received cash from purchasers	6 003 994	8 542 914	3 996 175	5 686 045
Paid to suppliers	5 384 899	7 662 021	3 385 952	4 817 776
Paid wages and taxes related to them	542 464	771 857	462 329	657 835
Paid interest	39 685	56 467	24 446	34 784
Received interest	54	77	39	55
Enterprise income tax				
Other tax payments	51 021	72 596	100 642	143 201
Other cash receipts	20 200	28 742	7 740	11 013
Other payments related to economic activity	1 828	2 601		
Net cash flow from operating activities	4 351	6 191	30 585	43 519
II. Cash flow from investment activities				
Paid by purchasing fixed assets	295 813	420 904	196 562	279 683
Received for sold fixed assets	92 557	131 697		
Paid for long-term investments				
Received for long-term investments				
Received dividends				
Net cash flow from investment activities	-203 256	-289 207	-196 562	-279 683
III. Cash flow from financing activities				
Received credit	27 722 353	39 445 355	1 270 148	1 807 258
Received a long-term loan				
Repaid loan	27 518 213	39 154 890	1 103 983	1 570 826
Paid off dividends				
Received from issue of shares				
Net cash flow from financing activities	204 140	290 465	166 165	236 431
Net cash flow and its equivalents' net increase	5 235	7 449	188	267
Cash and its equivalents at the beginning of the year of account	3 759	5 349	3 571	5 081
Cash and its equivalents at the end of the year of account	8 994	12 798	3759	5 349

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Accounting policy

1. General principles

The annual account is prepared according to the “Law on Accounting” and “Law on Annual Accounts of Undertakings” of the Republic of Latvia.

Profit or Loss Statement is composed in compliance with the scheme of turnover costs.

Cash Flow Statement is composed according to the direct method.

The Annual Report is prepared based on the conception of operating continuation.

In accordance with the society’s order no.130 of October 28 2005, balance item auditing was carried out.

2. Net turnover

Net turnover is the total of the production sold and services supplied during a year without trade a.o. allocated discounts and without the value added tax.

3. Converting foreign currency into lats

All transactions in foreign currency during the year are converted into lats according to the exchange rate officially determined by the Bank of Latvia on the day when a transaction is completed.

All monetary assets in foreign currency at the end of the period of account are converted into lats (LVL) according to the foreign currency exchange rate officially determined by the Bank of Latvia on December 31 and the corresponding exchange rate differences are reflected in the Profit or Loss Statement.

Foreign currency exchange rates at the end of the period of account during the last two years were as follows:

	31.12.2005.	31.12.2004.
	LVL	LVL
1 USD	0.593	0.516
1 EUR	0.702804	0.703
1 NOK	0.0875	0.085

4. Fixed assets and inventory of low value

Fixed assets are evaluated according to their initial cost value or revaluated value subtracting the accumulated depreciation.

Depreciation is calculated according to the linear method, taking into account the rates established by the enterprise’s order N1 on 01.01.2002.

The depreciation of fixed assets is started to calculate on the first day of the next month after they have been put into operation, and finished on the first day of the next month after they have been excluded from the composition of fixed assets.

Rates of the depreciation of fixed assets:

	%
Buildings, constructions	3%
Vehicles	7%
Furniture and office installations	10%
Computers and equipment	25%
Other fixed assets	10%
Instruments and inventory	

To calculate the enterprise income tax, the depreciation of fixed assets is calculated according to the requirements and rates of the 13th article of the “Law on Enterprise Income Tax” of LR.

Inventory of low value is recorded in purchase prices and written down 100% into expenses after putting into operation.

5. Stock

Raw materials, materials and goods for sale are recorded in purchase prices and accounted according to the FIFO method.

The total of non-liquids, which are in the warehouse of the enterprise in proportion to the total stock of goods, is not essential.

6. Debtors

The debts of the debtors are evaluated observing the prudence principle and presented in the balance in their net value. The debtors' actual sums are compliant with the sums presented in contracts and other primary documents of accounting. The comparison of debtors' debts was carried out and bad debts were written down.

7. Taxes

Tax liabilities were compared to the data of the State Revenue Service.

General notes

	Year 2005		Year 2004	
Average number of the employed	285		291	
Personnel costs	LVL	EUR	LVL	EUR
Wage	690 893	983 052	646 615	920 050
Social tax	159 109	226 392	149 546	212 785
Total:	850 002	1 209 444	796 161	1 132 835
Including:				
Wages for the manufacturing (basic activity) workers				
Wage	652 566	928 518	607 866	864 915
Social tax	149 901	213 290	140 246	199 552
Total:	802 467	1 141 808	748 112	1 064 467
Wages for administration				
Wage	14 774	21 022	13 329	18 965
Social tax	3 555	5 058	3 199	4 552
Total:	18 329	26 080	16 528	23 517
Remuneration for board members				
Wage	18 928	26 932	20 820	29 624
Social tax	4 543	6 464	4 997	7 110
Total:	23 471	33 396	25 817	36 734
Remuneration for council members				
Wage	4 625	6 581	4 600	6 545
Social tax	1 110	1 579	1 104	1 571
Total:	5 735	8 160	5 704	8116

Appendix to the Profit or Loss Statement

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
1) Net turnover – total incl.	6 546 487	9 314 812	4 371 899	6 220 652
geographical markets				
Latvia	143 296	203 892	185 776	264 335
the USA	183 059	260 469	79 794	113 537
Germany			391 389	556 896
Austria	807 455	1 148 905		
Russia	1 821 040	2 591 106	996 792	1 418 307
Norway	21 637	30 787	161 871	230 322
Malta	751 120	1 068 747	3 116	4 434
Estonia	2 151	3 061		
Saint Vincent	603 949	859 342		
Denmark			896	1 275
Great Britain	301 609	429 151	96 703	137 596
Cyprus	459 225	653 418	597 172	849 699
Lithuania	12 905	18 362	57 751	82 172
the Netherlands	160 929	228 981	135 105	192 237
Sweden			433 585	616 936
Greece			119 559	170 117
Belize	134 648	191 587	158 606	225 676
Italy			210 190	299 073
Poland			211 773	301 326
Panama			521 052	741 390
Georgia	10 365	14 748		
Antigua Barbuda	290 181	412 890		
Dominica	486 612	692 386		
Liberia	89 503	127 351		
Barbados	109 496	155 799		
the Bahamas	140 440	199 828		
others	16 867	24 000	10 769	15 323

2) Manufacturing costs of the sales

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
Wages for employees	690 005	981 789	586 716	834 822
Social tax	158 722	225 841	136 055	193 589
Depreciation of fixed assets	249 179	354 550	210 632	299 702
Costs of material purchases	1 653 131	2 352 193	1 052 829	1 512 269
Inventory of low value	38 427	54 677	33 359	47 466
Electricity costs	233 714	332 545	174 054	247 657
Services of other organizations	274 405	390 443	111 038	157 993
Rent	57 171	72 810	92 853	131 833
Services of contractors	2 527 917	3 596 902	1 610 316	2 291 273
Tax on natural resources	2 194	3 122	931	1 325
Risk duty	1 304	1 855	1 232	1 753
Import duties	842	1 198	3 052	4 343
Insurance payments	13 407	19 076	6 989	9 944
Services of towboat			1 062	1 511
Accumulated liabilities	30 380	43 227		
Other costs	850	1 209	1 385	1 971
Total	5 925 648	8 431 437	4 032 303	5 737 450

3) Selling costs

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
Advertising costs	32 191	45 804	10 631	15 127
Missions	6 540	9 306	16 160	22 994
Total	38 731	55 109	26 791	38 120

4) Administration costs

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
Communication expenses	4 461	6 347	5 083	7 232
Office maintenance expenses	4 225	6 012	2 304	3 278
Wages for administration	14 774	21 022	13 329	18 965
Social insurance expenses	3 555	5 058	3 199	4 552
Wage for board and council members	23 553	33 513	25 420	36 169
Social insurance expenses	5 653	8 043	6 101	8 681
Juridical services	18 413	26 199	9 222	13 122
Transportation expenses, missions	9 213	13 109	7 705	10 963
Annual account expenses	2 400	3 415	1 200	1 707
Bank services	9 199	13 089	9 520	13 546
Representation expenses	5 893	8 385	2 570	3 657
Expenses related to stock exchange	5 000	7 114	3 425	4 873
Total	106 339	151 307	89 078	126 747

5) Other earnings of the enterprise's economic activities

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
Earnings from rent and public utilities	53 109	75 567	43 124	61 360
Earnings from towboat services	51 084	72 686	47 234	67 208
Realization of raw materials and materials	25 863	36 800	32 003	45 536
Earnings from exchange rate fluctuations	91 805	130 627	106 314	151 271
Earnings from selling currency	68	97	354	504
Bank % %	53	75	39	55
Sale of fixed assets	55 574	79 075	53 500	76 124
Other earnings			17 106	24 340
Total	277 556	394 927	299 674	426 398

6) Other costs of the enterprise's economic activities

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
Expenses of material purchases	15 061	21 430	12 072	17 177
	6 269	8 920		
Maintenance expenses of hired fixed assets	2 308	3 284	2 968	4 223
Bad debtors written down	15 050	21 414	16 125	22 944
Non-amortized value of fixed assets sold	30 990	44 095	19 753	28 106
Losses from exchange rate fluctuations	172 616	245 610	55 039	78 313
Losses from buying currency	42 848	60 967	28 630	40 737
Presents for employees	6 925	9 853	4 230	6 019
Donations, material help	2 415	3 436	2 835	4 034
Other	701	997	561	798
Total	295 183	420 008	142 213	202 351

7) Interest payments and similar costs

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
% for credits	37 434	53 264	25 005	35 579
% lease interest	2 251	3 203	2 311	3 288
Fines	1 278	1 818	2 294	3 264
Total	40 963	58 285	29 610	42 131

8) Deferred enterprise income tax

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
Total	59 324	84 410		

9) Other taxes

	Year 2005		Year 2004	
	LVL	EUR	LVL	EUR
Property tax	26 021	37 025	26 440	37 621
Land tax	17 764	25 276	17 902	25 472
Total	43 785	62 300	44 342	63 093

10) Fixed assets (LVL)

	Land, buildings, constructions LVL	Long-term investments on FA tenants LVL	Installations and machinery LVL	Other fixed assets LVL	Unfinished construction LVL	Advance payments for FA LVL	Total LVL
Initial value 31.12.2004.	2 294 119		1 559 365	41 647	45 041		3 940 172
Purchased	149 266		184 012	26 366	184 960		544 604
Written off	25 900		16 693	5 228	179 833		227 654
Moved		61 831	-61 831				
31.12.2005.	2 417 485	61 831	1 664 853	62 785	50 168		4 257 122
Depreciation							
31.12.2004.	348 644		384 254	25 283			758 181
Recalculated	70 226		159 616	8 754			238 596
Written off	5 231		6 405	5 194			16 830
31.12.2005.	413 639		537 465	28 843			979 947
Residual value of balance							
31.12.2004.	1 945 475		1 175 111	16 364	45 041		3 181 991
Residual value of balance							
31.12.2005.	2 003 846	61 831	1 127 388	33 942	50 168		3 277 175

10) Fixed assets (EUR)

	Land, buildings, constructions EUR	Long-term investments on FA tenants EUR	Installations and machinery EUR	Other fixed assets EUR	Unfinished construction EUR	Advance payments for FA EUR	Total EUR
Initial value 31.12.2004.	3 264 237		2 218 777	59 258	64 088		5 606 360
Purchased	212 386		261 825	37 515	263 174		774 902
Written off	36 852		23 752	7 439	255 879		323 922
Moved		87 978	-87 978				
31.12.2005.	3 439 771	87 978	2 368 872	89 335	71 383		6 057 339
Depreciation							
31.12.2004.	496 076		546 744	35 974			1 078 794
Recalculated	99 923		227 113	12 456			339 492
Written off	7 443		9 113	7 390			23 947
31.12.2005.	588 555		764 744	41 040			1 394 339
Residual value of balance							
31.12.2004.	2 768 162		1 672 032	23 284	64 088		4 527 565
Residual value of balance							
31.12.2005.	2 851 216	87 978	1 604 129	48 295	71 383		4 663 000

Depreciation of fixed assets by categories (LVL)

	Initial value 31.12.2004. LVL	Residual value 31.12.2004. for taxes LVL	Purchased 2005 LVL	Residual value liquid. FA and correct. LVL	Value of which to calculate depreciation LVL	Rate %	Depreciation 2005 LVL	Residual value for taxes 31.12.05. LVL
Group I	2 294 119	1 459 019	149 266	15 435	1 592 850	5	159 285	1 433 565
Group II	20 500	8 397			8 397	10	1 679	6 718
Group III	41 647	3 325	26 366	33	29 658	35	20 761	8 897
Group IV	1 538 885	389 370	184 012	10 288	563 094	20	225 238	337 856
Total	3 895 131	1 860 111	359 644	25 757	2 193 998		406 962	1 787 036

Depreciation of fixed assets by categories (EUR)

	Initial value 31.12.2004. EUR	Residual value 31.12.2004. for taxes EUR	Purchased 2005 EUR	Residual value liquid. FA and correct. EUR	Value of which to calculate depreciation EUR	Rate %	Depreciation 2005 EUR	Residual value for taxes 31.12.05. EUR
Group I	3 264 237	2 075 997	212 386	21 962	2 266 421	5	226 642	2 039 779
Group II	29 169	11 948			11 948	10	2 390	9 558
Group III	59 258	4 731	37 515	48	42 198	35	29 539	12 659
Group IV	2 189 608	554 024	261 825	14 639	801 211	20	320 484	480 726
Total	5 542 272	2 646 700	511 727	36 649	3 121 778		579 055	2 542 723

11) Other loans (LVL)

	31.12.2004. LVL	Loan granted on 2005 LVL	Debt extinguished on 2005 LVL	Difference in exchange rates LVL	Debt carried forward to short- term in 2004 LVL	31.12.2005. LVL	Date of contract	Due date of repay (year)
Sergejevs	2 598	899		233		3 730	08.08.2002.	2022
Mališenko	2 626	899		205		3 730	08.08.2002.	2022
Total	5 224	1 798		438		7 460		

11) Other loans (EUR)

	31.12.2004. EUR	Loan granted on 2005 EUR	Debt extinguished on 2005 EUR	Difference in exchange rates EUR	Debt carried forward to short- term in 2004 EUR	31.12.2005. EUR	Date of contract	Due date of repay (year)
Sergejevs	3 697	1 279		332		5 307	08.08.2002.	2022
Mališenko	3 736	1 279		292		5 307	08.08.2002.	2022
Total	7 433	2 558		623		10 615		

12) Raw materials, direct materials and auxiliary materials

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
1.Sheets, squares, steel pipe, bronze rods, electrodes	652 996	929 130	252 384	359 110
2.Propane, argon gas, derv	277	394	1 169	1 663
3.Abrasives	64 769	92 158	48 043	68 359
4.Rubber	24 472	34 821	18 601	26 467
5.Other	56 028	79 721	42 607	60 624
Total	798 542	1 136 223	362 804	516 224

13) Unfinished products

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
In shipyard			589 103	838 218
Ship repair	60 784	86 488	117 376	167 011
Total	60 784	86 488	706 479	1 005 229

14) Prepayments for goods

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
SIA "Intezo"	2 882	4 101		
SIA "Inter-Riga"	98	139		
Total	2 980	4 240	10 553	15 016

15) Debts of purchasers and customers

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
Balance net value	471 356	670 679	711 676	1 012 624

16) Debts of the associate enterprises

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
JSC "Rīgas kuģubūvētava"	130 165	185 208		

17) Other debtors

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
VAT accepted	15 081	21 458	20 531	29 213
Surplus payments taxes or tax prepayments in budget	49 855	70 937	21 197	30 161
Other	2 924	4 160	3 622	5 154
Total	67 860	96 556	45 350	64 527

18) Deferred costs

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
JSC "Rīgas Fondu birža"	5 000	7 114		
Insurance JSC "Rīgas slimokase"	4 816	6 853		
JSC "AAS Nordens"	1 402	1 995		
Other	434	618		
Total	11 652	16 579	10 419	14 825

19) Cash

		31.12.2005.	BoL rate	31.12.2005.	
				LVL	EUR
In cash	LVL	1 039		1 039	1 478
In banks					
JSC "Rietumu banka"	LVL	1 584		1 584	2 254
	USD	3 353	0.593	1 989	2 830
	EUR	1 333	0.702804	937	1 333
	NOK	84	0.0875	7	10
JSC "Unibanka"	LVL	3 379		3 379	4 808
	EUR	0.21	0.702804	0.15	
Nordea bank	LVL	59		59	84
Total				8 994	12 798

20) Own capital (LVL)

	Share capital	Mark-up of issue of shares (parts)	Revaluati on reserves	Obligatory reserves	Statutory reserves	Profit	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
On 31.12.2004.	3 203 397					-204 977	2 998 420
Profit for the year of account						314 070	314 070
On 31.12.2005.	3 203 397	0	0	0	0	109 093	3 312 490

EPS = 0,098 LVL / stock

20) Own capital (EUR)

	Share capital	Mark-up of issue of shares (parts)	Revaluati on reserves	Obligatory reserves	Statutory reserves	Profit	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
On 31.12.2004.	4 558 023					-291 656	4 266 367
Profit for the year of account						446 881	446 881
On 31.12.2005.	4 558 023	0	0	0	0	155 225	4 713 249

EPS = 0,139 EUR / stock

Distribution of fixed assets by owner types

	31.12.2005.		%	31.12.2004		%
	LVL	EUR		LVL	EUR	
A/S "Rīgas kuģu būvētava"	1 592 608	2 266 077	49.72%	1 592 608	2 266 077	49.72%
Private persons	1 610 789	2 291 946	50.28%	1 610 789	2 291 946	50.28%
Total	3 203 397	4 558 023	100%	3 203 397	4 558 023	100%

21) Provisions

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
Vacation accruals	30 380	43 227		

22) Other loans

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
	11 779	16 760	34 501	49 091

The current balance-sheet position contains a leasing debt, which will be repaid by 06/28/2007

The total debt on 12/31/2005 amounts to EUR 49 078 or LVL 34 492.

By 12/31/2006 the debt will be repaid for the sum of EUR 32 318 or LVL 22 713 – it is a short-term loan.

By 06/28/2007 the debt will be repaid for the sum of EUR 16 760 or LVL 11 779.

23) Provisions for expected taxes

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
	116 603	165 911	57 279	81 501

The deferred corporate income tax was calculated in compliance with the changes introduced to the law “On annual reports of the enterprises”.

On December 31, 2004, the accrued deferred corporate income tax constituted LVL 57 279, whereas on December 31, 2005, it amounted to LVL 116 603.

Deferred tax liability increase during the year – LVL 59 324 – is reflected in the profit and loss statement. Deferred tax liabilities on 31 December 2004 are included in the balance sheet prepared as of 31 December 2005 as a decrease in the retained profit for the preceding years for a total amount of LVL 57 279.

24) Loans from credit institutions

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
Rietumu banka			616 680	877 457
SEB Unibanka	909 171	1 293 634		
Total	909 171	1 293 634	616 680	877 457

Two credit line agreements were signed on 9 June 2005 with “SEB Unibanka” for a period of one year.

- NKD05163 – for USD 1 200 000
- NKD05163 – for EUR 50 000

In order to receive it, all property owned by self in a joint ownership of the property on the date of pledging, as well as the next constituent parts of a joint ownership of the property, has been pledged as security.

The maximum sum of money of the commercial pledge as a loan collateral is LVL 1 350 000 (EUR 1 920 877).

25) Other loans

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
NORD/LB (leasing)	22 713	32 318		

26) Payments received from purchasers

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
ALPEX Ges.m.b.@Seetransport Agent., Austria			304 956	433 913
Barway Trading LLC, the USA			46 440	66 078
JSC "Liepājas metalurģs", Latvia	53 340	75 896		
LLC "Saga M", Latvia	130	185		
Total	53 470	76 081	351 396	499 991

27) Debts to suppliers and contract works

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
Total	284 596	404 944	677 468	963 950

28) Debts to associate enterprises

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
JSC "Rīgas kuģubūvētava"	34 220	48 691	208 337	296 437
Total	34 220	48 691	208 337	296 437

29) Taxes and social security payments

LVL	Risk duty	Social insurance instalments	Individual income tax	VAT	Tax on natural resources	Property tax	Land tax	Total
01.01.2005.debt		19 248	23 515					42 763
01.01.2005.overpayment	486			19 699	614	320	78	21 197
Calculated for 2005	1 220	217 849	135 006	392 881	2 277	26 021	17 765	793 019
Paid in 2005	645	239 993	162 226	416 436	1 218	25 701	17 687	863 906
31.12.2005.debt	89				445			534
31.12.2005.overpayment	2 896		3 705	43 254				49 855

EUR	Risk duty	Social insurance instalments	Individual income tax	VAT	Tax on natural resources	Property tax	Land tax	Total
01.01.2005.debt		27 387	33 459					60 846
01.01.2005.overpayment	692			28 029	874	455	111	30 161
Calculated for 2005	1 736	309 971	192 096	559 019	3 240	37 025	25 277	1 128 364
Paid in 2005	918	341 479	230 827	592 535	1 733	36 569	25 166	1 229 227
31.12.2005.debt	127				633			760
31.12.2005.overpayment	4 121		5 272	61 545				70 937

30) Other creditors

	31.12.2005.		31.12.2004.	
	LVL	EUR	LVL	EUR
Wage	32 886	46 793	41 409	58 920
Mortgage money	26 070	37 094	7 700	10 956
Other creditors	2 056	2 925	2 302	3 275
Total	61 012	86 812	51 411	73 151

Member of the Council
Chairman of the Board
On April 26, 2006 _____

J.Davidovičs
A.Pomerancis

TO THE SHAREHOLDERS OF JSC "TOSMARE"

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheet of "TOSMARE" ("the Company") as of 31 December 2005 and 31 December 2004 and the related statements of profit and loss, holders' investment and cash flows for the years then ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included examining, on a test bases, accounting records and other evidence supporting the amounts and disclosures in the financial statements. Our audit also included general review and assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall statutory statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2005 and 31 December 2004, and the results of its operations and its cash flows for the years then ended in accordance with the Republic of Latvia law "On annual reports of enterprises" and the articles of Company.

Riga, Latvia,
24. April, 2006



Evalds Figurnovs,
Authorized Public Accountant
Certificate No. 38