

***JSC " Tosmare" shipyard***

***30 june 2005***  
**for 6 months of 2005**

**Not audited**  
**Financial report**

***Liepāja***

## MANAGEMENT REPORT

**On the financial statements for 6 months of the year 2005.**

On the financial statements for first 6 months of the year 2005.

For the first six months of the year 2005 turnover is 3 531 907 Lats. Increasing is 220% or 1 926 252 Lats more than turnover in first six months of last year.

Turnover consist of :

- Repair                    77 % or 2 706 500 Lats
- Newbuilding            23 %            807 500 Lats

In june JSC "Tosmare" successfully delivered first two newbuildings on turn key base, i.e. ready to sail, coastal Ro-Ro ferries for Austrian client.

Net profit for fist half of the year is 190 384 Lats what is 62% or 72 764 Lats more than first half in last year.

At this moment A S "Tosmares kuģubūvētava" is investing into infrastructure reorganization to make more optimal production and improve organization of the work such as:

- new administraiton offices closer to docks
- new gate with security closer to docks
- new workers restaurant

Optimization of territory is finished.

Responsible person

## Profit and Loss Account for 6 months of the year 2005

(according to the circulating costs-based method)

Nr.		Notes	2005, 6 m.		2004,6 m.	
			Ls	EUR	Ls	EUR
1.	Net turnover		3531907	5025451	1605655	2284641
2.	Production costs of the products sold		3163954	4501901	1442953	2053137
<b>3.</b>	<b>Gross profit or loss</b>		<b>367953</b>	<b>523550</b>	<b>162702</b>	<b>231504</b>
4.	Selling costs		3996	5686	14036	19971
5.	Administrative costs		56231	80010	41848	59544
6.	Other income as a result of economic activities of the company		99102	141009	85282	121345
7.	Other expenses as a result of economic activities the company		172923	246047	40757	57992
12.	Interest payment and similar costs		22626	32194	12586	17908
<b>15.</b>	<b>Profit or loss before special items and taxes</b>		<b>211279</b>	<b>300623</b>	<b>138757</b>	<b>197433</b>
17.	Extra-budgetary expenses					
<b>18.</b>	<b>Profit or loss before taxes</b>		<b>211279</b>	<b>300623</b>	<b>138757</b>	<b>197433</b>
19.	Corporate income tax for the year of account					
20.	Other taxes		20895	29731	21137	30075
<b>21.</b>	<b>Profit or loss for the yer of account (net incomes)</b>		<b>190384</b>	<b>270892</b>	<b>117620</b>	<b>167358</b>

1 EUR      0.702804

**Balance Sheet as of 2005.06.30.**

<b>ASSETS</b>	<b>Notes N</b>	<b>2005.06.30.</b>		<b>2004.06.30.</b>	
		<b>Ls</b>	<b>EUR</b>	<b>Ls</b>	<b>EUR</b>
<b>II Fixed assets</b>					
1. land, buildings and structures and long-term plantings		1956125	2783315	1911343	2719596
2. Long term lease fixed assets					
3. Machinery and equipment		1119356	1592700	1080086	1536824
4. Other fixed assets and inventory		20222	28773	13460	19152
5. Fixed assets formation costs		103945	147900	83908	119390
6. Advance payments for the fixed assets					
<b>TOTAL</b>		<b>3199648</b>	<b>4552689</b>	<b>3088797</b>	<b>4394962</b>
<b>III Long-term financial investments</b>					
1. Participation in the related companies capital					
2. Loans to the related companies					
3. Participation in the associated companies capital					
4. Loans to the associated companies					
5. Other securities and investments					
6. Other loans		5224	7433	4106	5842
7. Owners stocks and shares					
8. Loans of the Company to joint owners and management					
<b>TOTAL</b>		<b>5224</b>	<b>7433</b>	<b>4106</b>	<b>5842</b>
<b>TOTAL AMOUNT ACCORDING TO THE PART</b>		<b>3204872</b>	<b>4560122</b>	<b>3092903</b>	<b>4400804</b>
<b>CURRENT ASSETS</b>					
<b>I Stocks</b>					
1. Raw materials, direct materials and supplementary materials		437573	622610	279884	398239
2. Unfinished products		213262	303444	412724	587253
3. Finished products and goods for sales					
4. Ongoing orders					
5. Advance payments for goods		9623	13692	33072	47057
6. Working livestock and productive livestock					
<b>TOTAL</b>		<b>660458</b>	<b>939747</b>	<b>725680</b>	<b>1032550</b>
<b>II Debtors</b>					
1. Buyers and customers debts		1330144	1892624	499572	710827
2. Related companies debts					
3. Associated companies debts					
4. Other accounts receivable		59596	84797	80208	114126
5. Unpaid part of the company capital					
6. Short-term loans of an enterprise to joint owners and management					
7. Prepaid expenses		8227	11706	575	818
<b>TOTAL</b>		<b>1397967</b>	<b>1989128</b>	<b>580355</b>	<b>825771</b>
<b>III Vērtspapīri un līdzdalība k securities and sharing in capitals</b>					
1. Participation in the related companies capital					
2. Owners stocks and shares					
3. Other securities and sharing in capitals					
<b>TOTAL</b>		<b>0</b>		<b>0</b>	
<b>IV Cash</b>		<b>15424</b>	<b>21946</b>	<b>4024</b>	<b>5726</b>
<b>TOTAL AMOUNT ACCORDING TO THE PART</b>		<b>2073849</b>	<b>2950821</b>	<b>1310059</b>	<b>1864046</b>
<b>BALANCE</b>		<b>5278721</b>	<b>7510943</b>	<b>4402962</b>	<b>6264851</b>

<b>LIABILITIES</b>	<b>Notes</b> N	<b>2005.06.30.</b>		<b>2004.06.30.</b>	
		<b>Ls</b>	<b>EUR</b>	<b>Ls</b>	<b>EUR</b>
<b>I OWNERS EQUITY</b>					
1. Share capital		3203397	4558023	3203397	4558023
2. Share issue extra charge					
3. Long-term investment revaluation reserve					
4. Reserves:					
a) reserves set by law					
b) owners shares reserves					
reserves provided for by the company Articles of Association					
c) Association					
d) other reserves					
<b>TOTAL</b>					
5. Undivided profit					
a) undivided profit for the previous year		-147698	-210155	-454933	-647311
b) undivided profit for the year of account		190384	270892	117620	167358
		42686	60737	-337313	-479953
<b>TOTAL AMOUNT ACCORDING TO THE PART 1</b>		<b>3246083</b>	<b>4618760</b>	<b>2866084</b>	<b>4078070</b>
<b>III</b>					
<b>I Creditors</b>					
Long-term accounts payable					
1. loans against bonds					
2. Loans transferred in shares					
3. Loans from credit institutions					
4. Other loans					
5. Advance payments from customers					
6. Debts to suppliers and contractors					
7. Payment bills					
8. Debts to the related companies					
9. Debts to the associated companies					
10. Taxes and social security payments					
11. Other creditors					
12. Prepaid income					
13. Dividends for the year of account					
14 Unpaid dividends for the previous year					
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>II Short-term accounts payable</b>					
1. Loans against bonds					
2. Loans transferred in shares					
3. Loans from credit institutions		741791	1055474	543591	773460
4. Other loans					
5. Advance payments from customers		256880	365507	264944	376981
6. Debts to suppliers and contractors		780296	1110261	494276	703291
7. Bills payable					
8. Debts to the related companies					
9. Debts to the associated companies		159673	227194	123072	175116
10. Taxes and social security payments		33991	48365	60447	86008
11. Other creditors		60007	85382	50548	71923
12. Prepaid income					
13. Dividends for the year of account					
14. Unpaid dividends for the previous year					
<b>TOTAL</b>		<b>2032638</b>	<b>2892183</b>	<b>1536878</b>	<b>2186780</b>
<b>TOTAL AMOUNT ACCORDING TO THE PART 3</b>		<b>2032638</b>	<b>2892183</b>	<b>1536878</b>	<b>2186780</b>
<b>BALANCE</b>		<b>5278721</b>	<b>7510943</b>	<b>4402962</b>	<b>6264851</b>

Responsible person

Cash flow statement for 6 months of the year 2005

	2005.6 m.		2004.6 m.	
	Ls	EUR	Ls	EUR
<b>I. Cash from primary activity</b>				
Received from buyers	2630281	3742553	1433333	2039449
Paid to suppliers	2254064	3207244	1219261	1734852
Wages and the related taxes paid	274852	391079	208900	297238
Interest paid	19273	27423	10121	14401
Interest received	26	37	7	10
Corporate income tax				
Other tax payments	24975	35536	28531	40596
Other incomes	23195	33004	6614	9411
<b>Net cash flow from the primary activity</b>	<b>80338</b>	<b>114311</b>	<b>-26859</b>	<b>-38227</b>
<b>II. Cash flow from investment activities</b>				
Paid for the fixed assets acquisition	135693	193074	33964	48326
Received for the fixed assets sold	12500	17786		
Paid for long-terms investments				
Loans granted				
Loans repaid				
Shares purchasing				
Shares sales				
<b>Net cash flow from investment activities</b>	<b>-123193</b>	<b>-175288</b>	<b>-33964</b>	<b>-48326</b>
<b>III. Cash flow from financing</b>				
Loan received	3796649	5402145	400176	569399
Loan repaid	3742129	5324570	338900	482211
Dividend paid				
<b>Net cash flow from financial activities</b>	<b>54520</b>	<b>77575</b>	<b>61276</b>	<b>87188</b>
<b>Net cash flow and equivalent changes there of</b>	<b>11665</b>	<b>16598</b>	<b>453</b>	<b>645</b>
<b>Cash and equivalent thereof in the beginning of the period of account</b>	<b>3759</b>	<b>5349</b>	<b>3571</b>	<b>5081</b>
<b>Cash and equivalent there of at the end of the period of account</b>	<b>15424</b>	<b>21946</b>	<b>4024</b>	<b>5726</b>

Report on equity capital change for 6 months of 2005	Stock or share capital,Ls	Stock or share capital, EUR	Profit,Ls	Profit,EUR	TOTAL,Ls	TOTAL,EUR
Balance as of 31.12.2003.	3203397	4558023	-454934	-647313	2748463	3910711
Balance as of 31.12.2004.	3203397	4558023	-147698	-210155	3055699	4347868
Net profit or loss for the period of account			190384	270892	190384	270892
Balance as of 30.06.2005.	3203397	4558023	42686	60737	3246083	4618760

EPS = 0,0133 Ls/stock  
= 0,0190 EUR/stock