

JSC “Tosmares kuģubūvētava”

Report, for 3 month of the 2006 year.

Liepāja

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.Goļicins – 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 – March 31, 2006

MANEGEMENT REPORT

On the financial statments for 3 months of 2006 year.

The joint-stock company "Tosmares kugubuvetava" had the turnover LVL 384 094 for the 3 months of the 2006 year.

The turnover for the 3 months of the 2006 year was about two time less, than the turnover for the first 3 months of the 2005 year.

The joint-stock company "Tosmares kugubuvetava" has a seasonal specificity of work.

Usually there aren't any objects for repairing and maintenance in winter time.

As a result the company suffered losses about LVL 154 000 for the first 3 months of the 2006 year.

Profit or Loss Statement for 3 months of the year 2006.

No.	Name of the indicator	Notes	3 month of 2006		3 month of 2005	
			LVL	EUR	LVL	EUR
1.	Net turnover	1	384094	546517	849096	1208155
2.	Manufacturing costs of the sales	2	508797	723953	832364	1184347
3.	Gross profit or loss		-124703	-177387	16732	23807
4.	Selling costs	3	7643	10875	2125	3024
5.	Administration costs	4	25513	36302	19238	27373
6.	Other earnings of the enterprise's economic activities	5	36877	52471	46943	66794
7.	Other costs of the enterprise's economic activities	6	11544	16426	21093	30013
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	12444	17706	9042	12866
13.	Profit or loss before extraordinary items and taxes		-144970	-206216	12177	17326
14.	Extraordinary income					
15.	Extraordinary expenses					
16.	Profit or loss before taxes		-144970	-206216	12177	17326
17.	Enterprise income tax					
18.	Deferred enterprise income tax					
19.	Other taxes	8	9079	12918	9104	12954
20.	Profit or loss of the year of account (net income)		-154049	-219134	3073	4372

31.03.2006.**Ls**

1 EUR

0.702804

Balance Sheet on March 31, 2006

ASSETS	Notes	31.03.2006.		31.03.2005.	
		LVL	EUR	LVL	EUR
II Fixed assets					
1. Pieces of land, buildings, constructions, perennial greenery		1992297	2834783	1967181	2799046
2. Long-term investments in hired fixed assets		60031	85416		
3. Installations and machinery		1141470	1624165	1145873	1630430
4. Other fixed assets and inventory		36931	52548	18558	26406
5. Establishment of fixed assets and costs of the unfinished objects of construction		45457	64679	37771	53743
Total fixed assets		3276186	4661593	3169383	4509626
III 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. Loans to the associated companies					
5. Other securities and investments					
6. Other loans		7460	10615	5224	7433
7. Owners stocks and shares					
8. Loans of the Company to joint owners and management					
Total long-term financial investments		7460	10615	5224	7433
Total long-term investments		3283646	4672207	3174607	4517059
Current assets					
I Stocks					
1. Raw materials, direct materials and auxiliary materials		801659	1140658	488118	694529
2. Unfinished products		275354	391793	927755	1320076
3. Finished products and goods for sale					
4. Unfinished orders					
5. Prepayments for goods		5817	8277	16181	23023
6. Working livestock and productive livestock					
Total stock		1082830	1540728	1432054	2037629
II Debts of debtors					
1. Debts of the purchasers and customers		319202	454184	372571	530121
2. Debts of the associate enterprises					
3. Associated companies debts					
4. Other debtors		67689	96313	70548	100381
5. Unpaid parts of the company capital					
6. Short-term loans of an enterprise to joint owners and management					
7. Deferred costs		7773	11060	7357	10468
Total debtors		394664	561556	450476	640970
III Securities and sharing in capitals					
1. Participation in the related companies capital					
2. Owners stocks and shares					
3. Other securities and sharing in capitals					
Total					
IV Cash (total)		9574	13623	1924	2738
Total current assets		1487068	2115907	1884454	2681336
Total assets		4770714	6788114	5059061	7198395

LIABILITIES	Notes	31.03.2006.		31.03. 2005.	
		LVL	EUR	LVL	EUR
<i>I Own capital</i>		3203397	4558023	3203397	4558023
1. Share or part capital (fixed asset)					
2. Mark-up of issue of shares (parts)					
3. Long-term investment revaluation reserve					
4. Reserves:					
a) Legitimate reserves					
b) Owners shares reserves					
c) Reserves provided for by the company Articles of Association					
d) Other reserves					
<i>Total reserves</i>					
5. Undivided profit		109093	155225	-147698	-210155
a) Undivided profit for the previous year					
b) Undivided profit for the year of account		-154049	-219192	3073	4372
<i>Total undivided profit</i>		-44956	-63967	-144625	-205783
<i>Total own capital</i>		3158441	4494057	3058772	4352240
<i>II Provisions</i>					
1. Provisions		30380	43227		
<i>Total provisions</i>		30380	43227		
<i>III Creditors</i>					
<i>I Long-term debts</i>					
1. Loans for bonds					
2. Loans transferred in shares					
3. Loans from credit institutions					
4. Other loans		5925	8431		
5. Advance payments from customers					
6. Debts to suppliers and contractors					
7. Debts to the related companies					
8. Debts to the associated companies					
9. Taxes and social security payments					
10. Other creditors					
11. Prepaid income					
12. Dividends for the year of account					
13. Provision for expected axes		116603	165911		
14. Unpaid dividends for the previous year					
<i>Total long-term debts</i>		122528	174342		
<i>II Short-term debts</i>					
1. Loans against bonds					
2. Loans convertible into shares					
3. Loans from credit institutions		988 248	1 406 150	612621	871681
4. Other loans		22992	32715		
5. Advance payments from customers		53470	76081	379380	539809
6. Debts to suppliers and contractors		317 516	451 785	917 389	1 305 327
7. Bills payable					
8. Debts to the related companies					
9. Debts to associate companies					
10. Taxes and social security payments		19134	27225	35300	50227
11. Other creditors		58005	82534	55599	79110
12. Prepaid income					
13. Dividends for the year of account					
14. Unpaid dividends for the previous year					
15. Accrued liabilities					
<i>Total short-term debts to creditors</i>		1459365	2076489	2000289	2846155
<i>Total creditors</i>		1581893	2250831	2000289	2846155
<i>Total liabilities</i>		4770714	6788114	5059061	7198395

Cash Flow Statement for 3 months of the 2006.

	3 months of 2006		3 months of 2005	
	LVL	EUR	LVL	EUR
I. Cash flow from operating activities				
Received cash from purchasers	576853	820788	1049234	1492925
Paid to suppliers	477623	679596	781786	1112381
Wages and the related taxes paid	91146	129689	113125	160962
Paid interest	12444	17706	9042	12866
Received interest	3	4	5	7
Corporate income tax				
Other tax payments	10102	14374	31292	44525
Other cash receipts	862	1227	9393	13365
Other payments related to economic activity	6721	9563		
Net cash flow from operating activities	-20318	-28910	123387	175564
II. Cash flow from investment activities				
Paid by purchasing fixed assets	73662	104812	69370	98705
Received for sold fixed assets				
Paid for long-term investments				
Received for long-term investments				
Received dividends				
Net cash flow from investment activities	-73662	-104812	-69370	-98705
III. Cash flow from financing activities				
Received credit	94 560	134 547	177917	253153
Received a long-term loan				
Repaid loan			233769	332623
Paid off dividends				
Received from issue of shares				
Net cash flow from financing activities	94560	134547	-55852	-79470
Net cash flow and its equivalents' net increase	580	825	-1835	-2611
Cash and its equivalents at the beginning of the year of account	8994	12797	3759	5349
Cash and its equivalents at the end of the year of account	9574	13623	1924	2738

Report on equity capital change for 3 months of 2006.	Stock or share capital, Ls	Stock or share capital, EUR	Profit, Ls	Profit, EUR	Total, Ls	Total, EUR
Balance as of 31.03.2004.	3 203397	4 558 023	-207 396	-295 098	2 996 001	4 262 925
Balance as of 31.03.2005.	3 203397	4 558 023	109 093	155 225	3 312 490	4 713 249
Net profit or loss for the period of account			-154 049	-219 192	-154 049	-219 192
Balance as of 31.03.2006.	3 203397	4 558 023	-44 956	-63 967	3 158 441	4 485 088

		3 months of 2006		3 months of 2005	
		LVL	EUR	LVL	EUR
1) Net turnover – total incl.		384094	546517	849096	1208155
geographical markets					
	Latvia	193278	275010	207631	295432
	Lithuania			1432	2038
	the Netherlands	33492	47655		
	Sweden	33294	47373		
	Great Britain	3205	4560		
	Cyprus	141342	201112		
	the USA			125400	178428
	Denmark			7156	10182
	Estonia			93845	133529
	Russia			281221	400141
	Norway			20793	29586
	Germany			111618	158818
	others	12975	18462		

		3 months of 2006		3 months of 2005	
		LVL	EUR	LVL	EUR
2) Manufacturing costs of the sales					
	Wages for employees	115485	164320	133150	189455
	Social tax	26014	37015	30575	43504
	Depreciation of fixed assets	57183	81364	48236	68634
	Costs of material purchases	95832	136357	198944	283072
	Inventory of low value	3745	5329	6178	8791
	Electricity costs	29014	41283	53676	76374
	Services of other organizations	51773	73666		
	Rent	6118	8705	11238	15990
	Services of contractors	120138	170941	301289	428696
	Tax on natural resources	845	1202	127	181
	Risk duty	196	279	257	366
	Import duty			262	373
	Insurance payments	2454	3492	1344	1912
	Accumulated liabilities				
	Other costs				
Total		508797	723953	832364	1184347

		3 months of 2006		3 months of 2005	
		LVL	EUR	LVL	EUR
3) Selling costs					
	Advertising costs	3656	5202	203	289
	Missions	3987	5673	1922	2735
Total		7643	10875	2125	3024

4) Administration costs

	3 months of 2006		3 months of 2005	
	LVL	EUR	LVL	EUR
Communication expenses	1663	2366	158	225
Office maintenance expenses	1487	2116	760	1081
Wages for administration	3615	5144	9319	13260
Social insurance expenses	876	1246	2258	3213
Wage for board and council members	8208	11679	640	911
Social insurance expenses	1970	2803	154	219
Juridical services	3355	4774	2362	3361
Transportation expenses, missions	2112	3005	1239	1763
Annual account expenses				
Bank services	468	666	1373	1954
Representation expenses	184	262	688	979
Expenses related to stock exchange	1475	2099	287	408
Total	25413	36159	19238	27373

5) Other earnings of the enterprise's economic activities

	3 months of 2006		3 months of 2005	
	LVL	EUR	LVL	EUR
Earnings from rent and public utilities	9787	13926	9658	13742
Earnings from towboat services	7148	10171	8374	11915
Realization of raw materials and materials	3633	5169	630	896
Earnings from exchange rate fluctuations	16306	23201	13058	18580
Earnings from selling currency			56	80
Bank % %	3	4	5	7
Sale of fixed assets			15000	21343
Other earnings			162	231
Total	36877	52471	46943	66794

6) Other costs of the enterprise's economic activities

	3 months of 2006		3 months of 2005	
	LVL	EUR	LVL	EUR
Expenses of material purchases	1421	2026	147	209
Maintenance expenses of hired fixed assets	82	117	1053	1498
Bad debtors written down				
Non-amortized value of fixed assets sold			2823	4017
Losses from exchange rate fluctuations	2150	3059	9235	13140
Losses from buying currency	6538	9303	6686	9513
Tugboat rent	1350	1779	1149	1635
Presents for employees	100	142		
Other				
Total	11644	16426	21093	30013

7) Interest payments and similar costs

	3 months of 2006		3 months of 2005	
	LVL	EUR	LVL	EUR
% % for credits	12009	17087	8374	11915
% lease interest	435	619	668	950
Fines				
Total	12444	17706	9042	12866

8) Other taxes

	3 months of 2006		3 months 2005	
	LVL	EUR	LVL	EUR
Property tax	4706	6696	4683	6663
Land tax	4373	6222	4421	6291
Total	9079	12918	9104	12954