

**JSC “TOSMARE SHIPYARD”  
Financial statement for 2006  
(not audited)**

*Liepaja, 2006*

JSC "Tosmare Shipyard"  
Financial statement for 2006 year.

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JSC "Tosmare Shipyard"  
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Information on the company

Name of the Company	Joint Stock Company "Tosmares kuģubūvētāva"
Legal status of the company	Joint Stock Company
<i>Incorporation Number, place and date</i>	210302283, January 3 <sup>rd</sup> 2000, Enterprise Register, Liepaja 42103022837, May 12 <sup>th</sup> 2004, commercial register, Liepaja
Address	Ģ.Baloža Street 42/44, Liepāja , LV – 3402
Stock capital of the Enterprise	Ls 3 203 397
Main types of activities of the enterprise	- construction and repairs of ships, yachts, catamarans, rolltrailers and technological equipment - port services
Names, surnames and positions of the members of the board	
Alvils Pomerancis	Chairman of the board identity number 160869-10810
Ivica Galich	Member of the board, identity number 190463-14655
Igors Komarovs	Member of the board, identity number 040756-10902
Names, surnames and positions of the councillors	
Vasilijs Melniks	Chairman of the council, identity number 310867-10726
Sergejs Golicins	Vice-chairman of the council, identity number 250154-10952
Anatolijs Ustinovs	Member of the council, identity number 010146-10964
Larisa Artemenko	Member of the council, identity number 010146-12926
Janis Davidovich	Member of the council, identity number 060363-10607 till 25 June
Chief accountant	Galina Kuzmina, phone 34-01-923
Accounting period	January 1 <sup>st</sup> 2006 –December 31 <sup>th</sup> 2006
Tax authority	SRS Kurzeme Regional institution Liepaja department
Auditor's name and address	Natalija Zaiceva, identity number 140366-10722 Cerified Audotor (Latvian Association of Certified Auditors (LACA) certificate No 138) Certified audotirs' firm KSIA "ORIENTS N" LACA Licence No 28

**A/S "Tosmare Shipyard" management,s report  
about year,s 2006 work results.**

For 2006 year A/S "Tosmare Shipyard" reached commodity turnover of 5 991 258 LVL. Comparatively with year 2005 commodity turnover has decreased for 8,5 %.

In addition company's commodity turnover, as in year 2005 consisted of:

- ship repair works - the amount of which has increased for 2 %, comparing with level of year 2005, and made 5 814,7 thousand LVL,
- small orders - their amount practically has remained in last year's level,
- shipbuilding works – in 2006 it failed to sustain this amount in year 2005 level.

If for year 2005 the amount of shipbuilding made 807,5 thousand LVL or 13% from the total amount of works, then for year 2006 it was only 141,5 thousand LVL or 2,4 %.

In 2006 A/S "Tosmare Shipyard" was working in circumstances when material and counteragent service prices were increasing.

Besides the average salary of employees working in the company increased, that made 232 LVL that is for 17 % more than year's average salary level - 198 LVL.

But in addition the economic efficiency of repair works did not go down on the account of their better organization that allowed to reach work results of year 2006 with net profit 259 396 LVL or 4,3 % that is equal to year 2005 level.

In 2006 the selling process of territory part and buildings located on it was finished. The gained resources were invested in technological equipment renewal, company's employees canteen arrangement, shipbuilding specialists office arrangement, electrical transmission network modernization by passing to heightened load rate from 6kW to 10kW.

Chairman of the Board

A.Pomerancis

JSC "Tosmare Shipyard"  
Financial statement for 2006 year.

**Calculation of profits or losses for 2006  
and 2005 years.**

		2006	2005	2006	2005
		Ls	Ls	EUR	EUR
Net turnover	1	5 991 258	6 546 487	8 524 792	9 314 812
Sold production operating costs	2	5 421 013	5 925 648	7 713 407	8 431 437
<b>Gross profit or losses</b>		<b>570 245</b>	<b>620 839</b>	<b>811 386</b>	<b>883 374</b>
Selling costs	3	66 992	38 731	95 321	55 109
Administration costs	4	161 475	106 339	229 758	151 307
Other income of enterprise business activity	5	705 195	277 556	1 003 402	394 927
Other costs of enterprise business activity	6	652 734	295 183	928 757	420 008
<b>Profit or losses of enterprise business activity</b>		<b>394 239</b>	<b>458 142</b>	<b>560 952</b>	<b>651 877</b>
Income from investments in capital of related and associated companies					
Income from the value of long-term investment loans and securities					
Other percents and the like income	7	76		108	
Write-offs of the value of long-term financial investments and short-term securities					
Payment off percents and other like costs	8	38 577	40 963	54 890	58 285
<b>Profit &amp; Loss prior to extraordinary items and taxes</b>		<b>355 738</b>	<b>417 179</b>	<b>506 170</b>	<b>593 592</b>
Extraordinary income					
Extraordinary expense					
<b>Profit &amp; Loss prior to taxes</b>		<b>355 738</b>	<b>417 179</b>	<b>506 170</b>	<b>593 592</b>
Income taxes of the enterprise					
Deferred enterprise income tax	9	57 388	59 324	81 656	84 410
Other taxes	10	38 954	43 785	55 427	62 300
<b>Year of account Profit &amp; Loss (net income)</b>		<b>259 396</b>	<b>314 070</b>	<b>369 087</b>	<b>446 881</b>

Chairman of the board \_\_\_\_\_  
/A.Pomerancis/

JSC "Tosmare Shipyard"  
Financial statement for 2006 year.

Balance as at December 31<sup>st</sup> 2006

ASSETS		31.12.2006. Ls	31.12.2005. Ls	31.12.2006. EUR	31.12.2005. EUR
<b>Long-term investments</b>					
<b>I Intangible investments</b>					
Research and development costs					
Concessions, patents, licences, trade-marks and similar rights					
Other intangible investments	11	9 973		14 190	
Goodwill					
Advance payments of intangible investments					
<b>Intangible investments in total</b>		<b>9 973</b>		<b>14 190</b>	
<b>II Fixed assets</b>					
Lands, buildings, constructions perennial plants		1 541 329	2 003 846	2 193 114	2 851 216
Long-term investments into leased fixed assets					
Equipment and machinery		1 217 690	1 189 219	1 732 617	1 692 107
Other fixed assets and stock		53 758	33 942	76 491	48 295
Up building of fixed assets and unfinished building object costs		2 082	50 168	2 962	71 383
Advance payments for fixed assets					
<b>Fixed assets in total</b>	<b>12</b>	<b>2 814 859</b>	<b>3 277 175</b>	<b>4 005 184</b>	<b>4 663 000</b>
<b>III Long-term financial investments</b>					
Participation in capital of related companies					
Loans to related companies					
Participation in capital of associated companies					
Loans to associated companies					
Other equities and investments					
Other loans and other long-term debtors	13	8 415	7 460	11 973	10 615
Proper shares and parts					
Loans to co-partners of the enterprise and to the directorship					
<b>Long-term financial investments in total</b>		<b>8 415</b>	<b>7 460</b>	<b>11 973</b>	<b>10 615</b>
<b>Long-term investments in total</b>		<b>2 833 247</b>	<b>3 284 635</b>	<b>4 031 347</b>	<b>4 673 615</b>
<b>Current assets</b>					
<b>I Reserves</b>					
Raw materials, direct materials and auxiliary materials	14	762 055	798 542	1 084 307	1 136 223
Unfinished production					
Production and goods ready for sale					
Unfinished orders	15	190 887	60 784	271 608	86 488
Advance payments for goods	16	43 272	2 980	61 570	4 240
Working and productive animals					
<b>Reserves in total</b>		<b>996 214</b>	<b>862 306</b>	<b>1 417 485</b>	<b>1 226 951</b>
<b>II Debts of debtors</b>					
Debts of buyers and customers	17	1 298 471	471 356	1 847 557	670 679
Debts of related companies					
Debts of associated companies			130 165		185 208
Other debtors	18	49 193	67 860	69 995	96 556
Amount owing in public stock					
Short-term loans to co-partners of the enterprise and to the directorship					
Next period costs	19	11 078	11 652	15 763	16 579
Recognized incomes					
<b>Debtors in total</b>		<b>1 358 742</b>	<b>681 033</b>	<b>1 933 315</b>	<b>969 023</b>
<b>III Short-term financial investments</b>					
Participation in capital of related companies					
Equity shares and parts					
Other equities and participation in capitals					
Derived financial tools					
<b>Equities and participation in capitals in total</b>					
<b>Cash assets (in total)</b>	<b>20</b>	<b>196 766</b>	<b>8 994</b>	<b>279 972</b>	<b>12 798</b>
<b>Current assets in total</b>		<b>2 551 721</b>	<b>1 552 333</b>	<b>3 630 772</b>	<b>2 208 771</b>
<b>Assets in total</b>		<b>5 384 968</b>	<b>4 836 968</b>	<b>7 662 119</b>	<b>6 882 385</b>

Chairman of the board \_\_\_\_\_ /A.Pomerancis/

JSC "Tosmare Shipyard"  
Financial statement for 2006 year.

LIABILITIES		31.12.2006. Ls	31.12.2005. Ls	31.12.2006. EUR	31.12.2005. EUR
<b>I Equity capital</b>					
Share capital (stock capital)	21	3 203 397	3 203 397	4 558 023	4 558 023
Share issue increase of price					
Long-term investments revaluation reserves					
Financial tools revaluation reserve					
Reserves: a) statutory reserves					
b) Equity share reserves					
c) reserves defined by law					
d) other reserves					
<i>Reserves in total</i>					
Retained earnings					
a) previous year retained earnings		109 093	(204 977)	155 225	(291 656)
b) year of account retained earnings		259 396	314 070	369 088	446 881
<i>Retained earnings in total</i>		368 489	109 093	524 313	155 225
<b>Equity capital in total</b>		<b>3 571 886</b>	<b>3 312 490</b>	<b>5 082 336</b>	<b>4 713 249</b>
<b>II Provisions for liabilities and charges</b>					
Provision for pensions and similar obligations					
Provision for contingent tax					
Other provisions					
<b>Provisions for liabilities and charges in total</b>					
<b>III Creditors</b>					
<b>I Long-term debts</b>					
Loans for bonds					
Loans that can be converted to stock					
Loans from credit institutions					
Other loans			11 779		16 760
Liability of leasing					
Advanced payments received from buyers					
Debts to suppliers and contractors					
Debts to related companies					
Debts to associated companies					
Taxes and social insurance payments					
Other creditors					
Next period income					
Year of account dividend					
Unpaid previous years dividends					
Accrued liabilities	22	173 991	116 603	247 567	165 911
<b>Long-term debts in total</b>		<b>173 991</b>	<b>128 382</b>	<b>247 567</b>	<b>182 671</b>
<b>II Short-term debts</b>					
Loans that can be converted to stock					
Loans from credit institutions	23	833 092	909 171	1 185 383	1 293 634
Other loans					
Liability of leasing	24	11 779	22 713	16 760	32 318
Advanced payments received from buyers	25	150 210	53 470	213 730	76 081
Debts to suppliers and contractors	26	515 762	284 596	733 862	404 944
Debts to related companies					
Debts to associated companies			34 220		48 691
Taxes and social insurance payments	27	47 442	534	67 504	760
Other creditors	28	44 896	61 012	63 881	86 812
Next period income					
Year of account dividends					
Unpaid previous years dividends					
Accrued liabilities	29	35 910	30 380	51 096	43 226
Derived financial tools					
<b>Short-term debts in total</b>		<b>1 639 091</b>	<b>1 396 096</b>	<b>2 332 216</b>	<b>1 986 466</b>
<b>Creditors in total</b>		<b>1 813 082</b>	<b>1 524 478</b>	<b>2 579 783</b>	<b>2 169 137</b>
<b>Total</b>		<b>5 384 968</b>	<b>4 836 968</b>	<b>7 662 119</b>	<b>6 882 385</b>

Chairman of the board \_\_\_\_\_ /A.Pomerancis/

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Cash flow report for 2006 and 2005 years (direct method)		2006	2005	2006	2005
		Ls	Ls	EUR	EUR
<b>I</b>	<b>Cash flow from primary activity</b>				
	Sales income	5 242 109	6 024 248	7 458 849	8 571 733
	Cash to suppliers, personnel and others primary activity costs	5 348 054	5 980 212	7 609 595	8 509 075
	Gross cash flow from primary activity	(105 945)	44 036	(150 746)	62 658
	Interest paid	38 258	39 685	54 436	56 467
	Corporate income tax				
	Cash flow before extraordinary items	(144 203)	4 351	(205 182)	6 191
	Cash flow from extraordinary items				
	<b>Net cash flow from primary activity</b>	<b>(144 203)</b>	<b>4 351</b>	<b>(205 182)</b>	<b>6 191</b>
<b>II</b>	<b>Cash flow from investment activity</b>				
	Acquisition of shares of related or associated companies				
	Income from derivation of shares of related or associated companies				
	Paid for fixed assets acquisition	140 376	295 813	199 737	420 904
	Received from the fixed assets sold	486 744	92 557	692 574	131 697
	Loans granted				
	Repayment of loans				
	Received percents				
	Received dividends				
	<b>Net cash flow from investment activity</b>	<b>346 368</b>	<b>(203 256)</b>	<b>492 837</b>	<b>(289 207)</b>
<b>III</b>	<b>Cash flow from financial activities</b>				
	Income from investments in shares and bonds or participation in capital shares				
	Loan received		204 140		290 465
	Financial aids, subsidies, grants or donations received				
	Loan repaid	14 393		20 479	
	Redemption costs for leased fixed assets				
	Paid off dividends				
	<b>Net cash flow from financing</b>	<b>(14 393)</b>	<b>204 140</b>	<b>(20 479)</b>	<b>290 465</b>
<b>IV</b>	<b>Result of foreign currency rate fluctuations</b>				
	<b>Net cash flow and equivalent increase or decrease</b>	<b>187 772</b>	<b>5 235</b>	<b>267 176</b>	<b>7 449</b>
	<b>Cash and equivalent thereof at beginning of the period of accounts</b>	<b>8 994</b>	<b>3 759</b>	<b>12 798</b>	<b>5 349</b>
	<b>Cash and equivalent thereof at the end of the period of accounts</b>	<b>196 766</b>	<b>8 994</b>	<b>279 974</b>	<b>12 798</b>

Chairman of the board \_\_\_\_\_ /A.Pomerancis/  
February 28<sup>st</sup> 2007



JSC "Tosmare Shipyard"  
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**Equity changes report for 2006 and 2005 years.**

Types of changes	Stock or Share capital		Retained earnings		Total	
	Ls	EUR	Ls	EUR	Ls	EUR
<b>Balance as at 31.12.2004.</b>	<b>3 203 397</b>	<b>4 558 023</b>	<b>(204 977)</b>	<b>(291 656)</b>	<b>2 998 420</b>	<b>4 266 367</b>
Stock or Share capital Increase/decrease						
Approved benefit due to revaluation of fixed asserts increase						
Approved benefit due to revaluation of fixed asserts decrease						
Dividends						
Period of account net profit & loss			314 070	446 881	314 070	<b>446 881</b>
<b>Balance as at 31.12.2005.</b>	<b>3 203 397</b>	<b>4 558 023</b>	<b>109 093</b>	<b>155 225</b>	<b>3 312 490</b>	<b>4 713 248</b>
Stock or Share capital Increase/decrease						
Approved benefit due to revaluation of fixed asserts increase						
Approved benefit due to revaluation of fixed asserts decrease						
Dividends						
Period of account net profit & loss			259 396	369 087	259 396	<b>369 087</b>
<b>Balance as at 31.12.2006.</b>	<b>3 203 397</b>	<b>4 558 023</b>	<b>368 489</b>	<b>524 312</b>	<b>3 571 886</b>	<b>5 082 335</b>

*EPS to 31.12.2006. LVL(259 396 :3 203 397) =0,081 LVL or 0.115 EUR ;*

*EPS to 31.12.2005 LVL ( 314 070:3 203397)=0.098LVL or 0,139 EUR*

Chairman of the board \_\_\_\_\_

/A.Pomerancis/

February 28<sup>st</sup> 2007

Note: All sections of the financial reports are evaluated in EURO according to the rates of Bank of Latvia on 31.12.2006.

Appendixes on pages 10-17 are an integral part of this report.

## 2006 and 2005 years of account appendixes.

### Accounting policy

#### (1) General principles

The report has been prepared in compliance with International accounting standard (IAS).

Profit & Loss calculation has been prepared as per turnover costs scheme.

Cash flow statement has been prepared as per third method.

The report has been prepared basing on the conception of continuation of business.

#### (2) Net turnover

Net turnover is a total sum of services rendered and sold within the 2006 year and services free from VAT and granted trade discounts.

#### (3) Revaluation of foreign currency in lats

All the company accounting is carried out into lats.

All transactions made in foreign currency have been converted into lats pursuant to the currency exchange rate established by the Bank of Latvia on a respective day of a transaction.

Foreign currency exchange rate as at the end of the period of account within last two years was as following:

	31.12.2006. Ls	31.12.2005. Ls
1 USD	0,536	0,593
1 NOK	0,0854	0,0875
1 EUR	0,702804	0,702804

#### (4) Fixed assets and low-grade stock

Fixed assets have been evaluated as per initial costs value, deducting accumulated depreciation. Depreciation has been calculated as per linear method, considering the rate established by the JSC "TKB" order No 1 dated 1st January 2002.

Calculation of depreciation of the fixed assets was commenced starting with the first date of the month next to the commissioning and was finished on the first date on the month next to their exclusion from the fixed assets' number.

Company capitalizes permanent assets with value more Ls 50 and time of valid usage is more than 1 year. Increased value of revaluing permanent assets is reflected as moving towards long-term investments revaluation reserve. It is attributed to the dissolution of permanent assets in the calculation of profits, incomes, losses.

Low-grade stock booked at the purchase prices and costs was 100% written off after commissioning.

#### (5) Reserves

Raw materials, materials and goods subject to sale were booked at the purchase price, including costs related to purchase, and were accounted as per FIFO methods. Sum of Illiquid assets', stored in the enterprise's warehouses, in comparison to total commodity stock was not essential.

Balance of reserves has been shown at the lower costs.

Unfinished production has been reflected at the prime cost, excluding administration costs.

**(6) Debtors**

Debtors' debts in the balance sheet have been shown at the net value. Debtors' actual sum complies with standards and other accounting basic documents.

**(7) Cash and cash equivalents**

In the report of cash flow consist of money in cash-box and remnants of active bank account.

**(8) Accumulation for holidays**

Accumulations for payments on holidays are formed, taking into account quantity of days of holidays to all workers and defining the average salary of workers in a day.

**(9) Taxes**

There has been made reconciliation of taxes liabilities by data of SRS Kurzeme region Liepaja division.

**(10) Bookkeeping arrangement**

The bookkeeping has been arranged using a chart of accounts endorsed in the company. The bookkeeping accountancy has been arranged with the help of computers.

**(11) Comparative information**

Comparing to the period of previous report, accounting and appraisalment methods is changed in accordance to request of International accounting Standard.

**Appendixes (supplements) to the report**  
**Profit & Loss calculation supplement**

<b>1. Net turnover</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Ship building	141 495	807 455	201 329	1 148 905
Ship repair	5 814 729	5 702 076	8 273 614	8 113 323
Mechanical engineering	35 034	36 956	49 849	52 584
<b>Total</b>	<b>5 991 258</b>	<b>6 546 487</b>	<b>8 524 792</b>	<b>9 314 812</b>
<b>2. Sold production operating costs</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Material costs (raw materials and materials, value of goods, services from outside)	4 250 671	4 778 765	6 048 160	6 799 570
Remuneration of labour	703 759	690 005	1 001 359	981 788
Social insurance costs	162 429	158 722	231 116	225 841
Depreciation of fixed assets	259 753	249 179	369 595	354 550
Other costs	44 401	48 977	63 177	69 688
<b>Total</b>	<b>5 421 013</b>	<b>5 925 648</b>	<b>7 713 407</b>	<b>8 431 437</b>
<b>3. Selling costs</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Missions	40 114	32 191	57 077	45 804
Advertisement	26 878	6 540	38 244	9 305
<b>Total</b>	<b>66 992</b>	<b>38 731</b>	<b>95 321</b>	<b>55 109</b>
<b>4. Administration costs</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Liaison costs	6 714	4 461	9 553	6 347
Office maintenance costs	3 170	4 225	4 510	6 012
Salary of administration	16 755	14 774	23 840	21 022
Remuneration of the board	32 891	18 928	46 800	26 932
Remuneration of the council	42 539	4 625	60 528	6 581
Social insurance costs	21 880	9 208	31 132	13 102
Bank services	5 427	9 199	7 722	13 089
Transport expenses, business trips	11 656	9 213	16 585	13 109
Legal services	7 452	18 413	10 603	26 199
Representation costs	4 991	5 893	7 102	8 385
Stock market expenses	5 000	5 000	7 114	7 114
Year of account expenses	3 000	2 400	4 269	3 415
<b>Total</b>	<b>161 475</b>	<b>106 339</b>	<b>229 758</b>	<b>151 307</b>

**Appendixes (supplements) to balance sheet (continuation)**

<b>5. Other income of enterprise business activity</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Income generated by transport services rendering				
Income generated by leased FA payments and				
public services	31 294	53 109	44 528	75 567
Tugboat services income	43 943	51 084	62 525	72 686
Selling out of raw materials and materials	18 810	25 863	26 764	36 800
Income generated by fluctuations of currency rate	60 884	91 873	86 630	130 723
Income generated by realization of fixed assets	547 603	55 574	779 169	79 075
Other income	2 661		3 786	
<b>Total</b>	<b>705 195</b>	<b>277 503</b>	<b>1 003 402</b>	<b>394 851</b>
<b>6. Other costs of enterprise business activity</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Material purchase costs	4 654	17 369	6 622	24 714
Losses due to currency rate fluctuations	41 120	172 616	58 508	245 610
Losses incurred by currency selling out	46 904	42 848	66 738	60 967
Costs on tugboat services	5 633	6 269	8 015	8 920
The donations	4 530	2 415	6 446	3 436
Material benefits	1 835		2 611	
Burial costs	506 863	30 990	721 201	44 095
Costs incurred by fixed assets' exclusion	30 138	15 050	42 883	21 414
Costs on maintenance of leased FA	4 030		5 734	
Other costs	7 027	6 925	9 999	9 854
		701		998
<b>Total</b>	<b>652 734</b>	<b>295 183</b>	<b>928 757</b>	<b>420 008</b>
<b>7. Other percents and the like income</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Bank interests	76		108	
Received penalty payments				
<b>Total</b>	<b>76</b>		<b>108</b>	
<b>8. Payment off percents and other like costs</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Paid off penalty	151	1 278	215	1 818
Paid off interests	36 912	37 434	52 521	53 264
Paid off lizing	1 346	2 251	1 915	3 203
Guarantee maintenance	168		239	
<b>Total</b>	<b>38 577</b>	<b>40 963</b>	<b>54 890</b>	<b>58 285</b>
<b>9. Deferred enterprise income tax</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
<b>Total</b>	<b>57 388</b>	<b>59 324</b>	<b>81 656</b>	<b>84 410</b>

JSC "Tosmare Shipyard"  
Financial statement for 2006 year.

**Appendixes (supplements) to balance sheet (continuation)**

<b>10. Other taxes</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Buildings and constructions real estate tax	21 481	26 021	30 565	37 024
Real estate tax	17 473	17 765	24 862	25 276
<b>Total</b>	<b>38 954</b>	<b>43 786</b>	<b>55 427</b>	<b>62 300</b>

  

<b>11. Intangible investments</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
	9 973		14 190	
<b>Total</b>	<b>9 973</b>		<b>14 190</b>	

**12. Fixed assets**

LVL	Land, buildings constructio ns	Long- term investmen ts into leased FA	Equipment and machinery	Other FA	FA building	Unfinished construction	Advanced payment for FA	Total
<b>Initial value</b>								
<b>01.01.2006.</b>	<b>2 417 485</b>		<b>1 726 684</b>	<b>62 785</b>		<b>50 168</b>		<b>4 257 122</b>
Bought	104 780		209 008	35 855		105 998		455 641
Written off	640 149		4 348	6 110		154 084		804 691
Relocated								
<b>31.12.2006.</b>	<b>1 882 116</b>		<b>1 931 344</b>	<b>92 530</b>		<b>2 082</b>		<b>3 908 072</b>
Depreciation								
<b>01.01.2006.</b>	<b>413 639</b>		<b>537 465</b>	<b>28 842</b>				<b>979 946</b>
Estimated	61 340		177 875	15 429				254 644
Written off	134 192		1 686	5 500				141 378
<b>31.12.2006.</b>	<b>340 787</b>		<b>713 654</b>	<b>38 772</b>				<b>1 093 213</b>
<b>Balance value</b>								
<b>01.01.2006.</b>	<b>2 003 846</b>		<b>1 189 219</b>	<b>33 942</b>		<b>50 168</b>		<b>3 277 175</b>
<b>Balance value</b>								
<b>31.12.2006.</b>	<b>1 541 329</b>		<b>1 217 690</b>	<b>53 758</b>		<b>2 082</b>		<b>2 814 859</b>

  

EUR	Land, buildings constructi ons	Long- term investmen ts into leased FA	Equipment and machinery	Other FA	FA building	Unfinished construction	Advanced payment for FA	Total
<b>Initial value</b>								
<b>01.01.2006.</b>	<b>3 439 771</b>		<b>2 456 850</b>	<b>89 335</b>		<b>71 383</b>		<b>6 057 339</b>
Bought	149 088		297 392	51 017		150 822		648 319
Written off	910 850		6 187	8 694		219 242		1 144 972
Relocated								
<b>31.12.2006.</b>	<b>2 678 010</b>		<b>2 748 055</b>	<b>131 658</b>		<b>2 962</b>		<b>5 560 685</b>
Depreciation								
<b>01.01.2006.</b>	<b>588 555</b>		<b>764 744</b>	<b>41 040</b>				<b>1 394 339</b>
Estimated	87 279		253 093	21 953				362 325
Written off	190 938		2 399	7 826				201 163
<b>31.12.2006.</b>	<b>484 896</b>		<b>1 015 438</b>	<b>55 167</b>				<b>1 555 501</b>
<b>Balance value</b>								
<b>01.01.2006.</b>	<b>2 851 216</b>		<b>1 692 106</b>	<b>48 295</b>		<b>71 383</b>		<b>4 663 000</b>
<b>Balance value</b>								
<b>31.12.2006.</b>	<b>2 193 114</b>		<b>1 732 617</b>	<b>76 491</b>		<b>2 962</b>		<b>4 005 184</b>

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**13. Other loans and requirements**

Loans to students for  
acquiring education

2006 Ls	2005 Ls	2006 EUR	2005 EUR
8 415	7 460	11 973	10 615

**14. Raw materials, direct materials  
and auxiliary materials**

1) Abrasive  
2) Wood, timber products  
3) Metal  
4) Pipes  
5) steel cables  
6) Nonferrous metals  
7) Fuel  
8) Spare parts  
9) Cables  
10) Varnishes and paints  
11) Household goods  
12) Technical rubber ware  
13 Other

**Total**

2006 Ls	2005 Ls	2006 EUR	2005 EUR
15 841	64 769	22 540	92 158
1 881	2 966	2 676	4 220
545 828	587 697	776 643	836 217
92 107	42 157	131 057	59 984
67		95	
27 359	23 554	38 928	33 514
600	600	854	854
6 687	6 477	9 515	9 216
2 031	2 340	2 890	3 330
5 583	5 842	7 944	8 312
3 743	2 364	5 326	3 364
30 129	20 989	42 870	29 865
30 199	38 787	42 969	55 189
<b>762 055</b>	<b>798 542</b>	<b>1 084 307</b>	<b>1 136 223</b>

**15. Unfinished orders**

1) Shipbuilding orders  
2) Shiprepair orders  
3) Mechanical engineering orders

**Total**

2006 Ls	2005 Ls	2006 EUR	2005 EUR
190 887	60 784	271 608	86 488
<b>190 887</b>	<b>60 784</b>	<b>271 608</b>	<b>86 488</b>

**16. Advance payments for goods**

For materials

**Total**

2006 Ls	2005 Ls	2006 EUR	2005 EUR
43 272	2 980	61 570	4 240
<b>43 272</b>	<b>2 980</b>	<b>61 570</b>	<b>4 240</b>

**17. Debts of buyers and customers**

Buyers and customers accounting value  
Generated reserves

**Balance net value**

2006 Ls	2005 Ls	2006 EUR	2005 EUR
1 385 798	528 545	1 971 812	752 052
(87 327)	(57 189)	(124 255)	(81 373)
<b>1 298 471</b>	<b>471 356</b>	<b>1 847 557</b>	<b>670 679</b>

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<b>18. Other debtors</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Accounted VAT	17 759	15 081	25 269	21 458
Overpaid taxes	29 344	49 855	41 753	70 937
Value Added Tax	24 602	49 855	35 005	70 937
Enterprise income tax	2 090	2 924	2 973	4 161
<b>Total</b>	<b>49 193</b>	<b>67 860</b>	<b>69 995</b>	<b>96 556</b>
<b>19. Next period costs</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Enterprise's property insurance premium sum	1 429	1 402	2 033	1 995
Subscription to the press	231		329	
Insurance of health	4 806	4 816	6 0839	6 853
Expanses for the repair of the rented basic means		434		617
Payment for exhibishion	4 259		6 060	
Riga stock market		5 000		7 114
Othes costs	353		502	
<b>Total</b>	<b>11 078</b>	<b>11 652</b>	<b>15 763</b>	<b>16 579</b>
<b>20. Cash assets</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Money at a cash department	2 079	1 039	2 958	1 479
Money on current accounts	194 687	7 955	277 014	11 319
<b>Total</b>	<b>196 766</b>	<b>8 994</b>	<b>279 972</b>	<b>12 797</b>

**21. Information on stock or share capital (equity capital)**

KSC "Tosmare Shipyard" was founded in 2000 with the equity capital of Ls 1 603 397, which was comprised of 1603 397 shares,

face value of one share made up Ls 1.

The joint stock company is public and its shares are quoted on Securities Exchange.

Amendments to the Acts:

1. Growth of the equity capital up to Ls 2 603 397 on March 31<sup>st</sup> 2001.
2. Growth of the equity capital up to Ls 3,203,397 on December 27<sup>th</sup> 2002.

**22. Provision for expected taxes**

	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
<b>Total</b>	<b>173 991</b>	<b>116 603</b>	<b>247 567</b>	<b>165 911</b>

**23. Loans from credit institutions (short-term)**

	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
SEB Unibanka. Liepaja branch	833 092	909 171	833 092	1 293 634
<b>Total</b>	<b>833 092</b>	<b>909 171</b>	<b>833 092</b>	<b>1 293 634</b>

Overdraft contract No.KD05171 with the overdraft limit 1 500 000 EUR.



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Session contracts and contract of pledge were signed, for the amplifications of obligations.

<b>24. Liability of leasing</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
NORD/LB leasing				
Short-term	11 779	22 713	16 760	32 318
<b>Total</b>	<b>11 779</b>	<b>22 713</b>	<b>16 760</b>	<b>32 318</b>
<b>25. Advanced payments received from buyers</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
For shipbuilding				
For ship repair	150 080		213 545	
Other	130	53 470	185	76 081
<b>Total</b>	<b>150 210</b>	<b>53 470</b>	<b>213 730</b>	<b>76 081</b>
<b>26. Debts to suppliers and contractors</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Debts for services	388 354	217 134	552 578	308 954
Debts for materials	127 408	101 682	181 284	144 680
<b>Total</b>	<b>515 762</b>	<b>318 816</b>	<b>733 862</b>	<b>453 635</b>
<b>27. Taxes and social insurance payments</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Social insurance payments	20 931		29 782	
Residents income tax	25 934		36 901	
Enterprise income tax				
Risk tax	65	89	92	126
Buildings and constructions real estate tax				
Natural resources tax	512	445	729	633
<b>Total</b>	<b>47 442</b>	<b>534</b>	<b>67 504</b>	<b>759</b>
<b>28. Other creditors</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Salary	42 840	32 886	60 956	46 793
Payments for deduction from salary		26 070		37 094
Payments for return to personae			8 717	2 926
Payments for debts to other enterprises	2 056	2 056	2 925	2 925
<b>Total</b>	<b>44 896</b>	<b>61 012</b>	<b>63 881</b>	<b>86 812</b>
<b>29. Accrued liability</b>	<b>2006 Ls</b>	<b>2005 Ls</b>	<b>2006 EUR</b>	<b>2005 EUR</b>
Provision for leaves	34 410	30 380	48 961	43 227

Chairman of the board \_\_\_\_\_ /A.Pomerancis/

February 28<sup>st</sup> 2007

AS Tosmare Shipyard  
Review of the year 2006

**Declaration about management's responsibility**

Company's management is responsible for the preparation of financial statements on the base of initial accountancy about each period that truly represents the financial statement of the company at the end of the year of account, as well as the results of activities and cash flow for this period.

Management confirms that for making out this review about the period that ends on 31 December 2006 proper accounting methods were used, their use was consequential, reasonable and cautious decisions were made. Management confirms that corresponding International Accounting Standards were observed, and financial statements were made up according to the principle of continuation of activity.

Management is responsible for keeping of proper accountancy, about preservation of company's funds, as well as for prevention of other unfair dealings.

Chairperson of the board \_\_\_\_\_

28 February 2007