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**Information about the Company**

Name of the Company	Stock company "Tosmare shipyard"
Legal status of the Company	Stock company
Registration number, place and date	210302283, 3 January 2000, Company register, Liepaja. 42103022837, 12 May, 2004 Commercial register, Liepaja
Address	42/44G. Baloza Street, Liepaja, LV-3402
The main forms of Company's activities	Construction and repair of technological equipment, ships, yachts, catamarans, containers, roltrailers port services
Names, surnames and held positions of members of the board	Chairman of the board, Member of the board, Member of the board,
Ivica Galich Igors Komarovs Boris Galkovich	
Names, surnames and held positions of members of the council	Chairman of the council, Vice-chairman of the council Member of the council, Member of the council, Member of the council,
Vasilijs Melniks Sergejs Golycin Anatolijs Ustinovs Larisa Artemenko Irina Meļņika	
Period of account	1 January 2012 - 30.June 2012
Name and address of the auditor	Ēvalds Figurnovs Certified auditor (LZRA certificate No.38) Profesors,ekonom. habil. Doctor Auditorfirma "Sarguns" Malnavas, 13 LV - 1011, Rīga Latvia

**The Explanatory Note to the report for first half of 2012 year.**

In the first half of 2012 year the turnover of AS "Tosmares kuģubūvētava" JSC was 3 464 693 lats (LVL) or 171 % of the turnover volume in the first half of 2011.

In comparison to the corresponding period of the previous year the turnover volume has increased by almost 1.5 million lats.

Herewith the structure of the turnover has changed, that is :

- if in the corresponding period of the previous year 87 % of income came from the ship repair works, then in the first half of this year income from ship repairs accounted for 58 %;

- if in the corresponding period of the previous year turnover from ship-building works accounted for only 9,5 % ( or 192 thousand lats ), then in the first half of this year income from ship-building works has increased by 36 % ( or 1,2 million lats );

- also the income volume from machine-building works has increased and accounted for almost 200 thousand lats, which is 2,5 times higher than the level of corresponding income in the first half of 2011.

An increase in income from machine - building orders is explained by the fact that in the first half of 2012 substandard orders were received and executed. This a metallurgic bucket has been manufactured and works on renovation of a metallurgic furnace are in progress.

Such changes in the turnover structure have become possible due to the fact that in the previous years, when due to the crisis there was a decline in production, company management concentrated on the expansion of production facilities for ship-building works.

Capital investments in the available floating dock were made, last year reconstruction of the floating dock was started and it continued this year, during the reconstruction strengthening of metal constructions was done, a big traveling gantry crane purchased in 2011 was installed, and the availability of the crane on the floating dock made it possible to substantially expand the floating dock usage capacity.

These measures allowed conducting re - evaluation of the floating dock by an independent expert. Its market price has increased by almost 1 million euro.

In the first half of 2012 successful company business resulted in a net profit of 16 356 lats, whereas in the corresponding period of 2011 the company incurred losses.

An increase in turnover in the first half of 2012 has made it possible to increase the salary fund. Average pay in comparison to the corresponding period of 2011 has increased by 67 lats and resulted in 389 lats.

For the company AS "Tosmares kuģubūvētava" JSC business in the first half of 2012 was successful.

Chairman of the board

/ Ivica Galich/

31 August of year 2012

**Announcement for management's responsibility.**

Company's management is responsible for finance preparation, basing on the initial accounting register for each accounting period, that truly reflects the company's financial standing at the end of the year of account, as well as results of activities and cash flow for this period.

Management confirms that for compiling this report that ends at 31.March 2012, corresponding methods of accounting were used, their application was consequent, reasonable and cautious decisions were made. Management confirms that corresponding International regulation were observed, and financial reports were compiled according to activity continuation principle.

Management is responsible for keeping of corresponding accounting registers, for company's means maintenance, as well as for prevention of deception and other unfair action.

Chairman of the board

/Ivica Galich/

31. August of 2012

*AS "Tosmare shipyard"  
report for 6 m.2012 year*

**PROFIT OR LOSS STATEMENT**  
**for 6 month of years 2012 and 2011**

	Appendix	LVL		EUR	
		6 m.2012	6 m.2011	6 m.2012	6 m.2011
Net turnover	(1)	3 464 693	2 028 920	4 929 814	2 886 893
Production costs of sold output	(2)	(3 271 150)	(2 117 277)	(4 654 427)	(3 012 614)
<b>Gross profit or losses</b>		<b>193 543</b>	<b>(88 357)</b>	<b>275 387</b>	<b>(125 721)</b>
Selling costs	(3)	(6 623)	(6 120)	(9 424)	(8 708)
Administration costs	(4)	(127 448)	(124 836)	(181 342)	(177 626)
Other company's economic activity incomes	(5)	45 637	47 187	64 935	67 141
Other company's economic activity costs	(6)	(48 048)	(29 105)	(68 366)	(41 413)
Incomes from membership in holding company's branch and associated companies					
Incomes from securities and loans that have formed the long-term investments					
Other interest incomes and similar incomes					
Long-term financial investments and write off of short-term securities values					
Interest payments and similar costs	(7)	(27 352)	(34 297)	(38 918)	(48 800)
<b>Profit or loss before extraordinary items and taxes</b>		<b>29 709</b>	<b>(235 528)</b>	<b>42 272</b>	<b>(335 127)</b>
Extraordinary incomes					
Extraordinary costs					
<b>Profit or loss before taxes</b>		<b>29 709</b>	<b>(235 528)</b>	<b>42 272</b>	<b>(335 127)</b>
Company's income tax for the year of account					
Deferred tax					
Other taxes	(8)	(13 353)	(14 107)	(19 000)	(20 072)
<b>Profit or loss of the year of account</b>		<b>16 356</b>	<b>(249 635)</b>	<b>23 272</b>	<b>(355 199)</b>

Chairman of the board  
31. August of 2012

/Ivica Galich/

*AS "Tosmare shipyard"  
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**BALANCE on 30. June 2012 and 2011**

	Appendix	LVL		EUR	
		2012	2011	2012	2011
<b>ACTIVE</b>					
<b>Long-term investments</b>					
<b>I. Intangible investments</b>					
Company's development costs					
Concessions, patents, licenses, trade marks and similar rights					
Other intangible investments		1 355	1 392	1 928	1 980
Intangible value of the company					
Advance payments for intangible investments					
<b>Intangible investments total</b>	(9)	<b>1 355</b>	<b>1 392</b>	<b>1 928</b>	<b>1 980</b>
<b>II. Fixed assets</b>					
Lands, buildings, constructions, perennial plantations		1 850 434	1 684 736	2 632 930	2 397 164
Long-term investments in leased fixed assets					
Equipment and machines		1 729 649	571 034	2 461 069	812 508
Other fixed assets and inventory		32 789	36 616	46 655	52 100
Forming of fixed assets and costs of unfinished objects of construction		345 367	191 732	491 413	272 810
Advance payments for fixed assets					
<b>Fixes assets total</b>	(10)	<b>3 958 239</b>	<b>2 484 118</b>	<b>5 632 067</b>	<b>3 534 582</b>
<b>III. Investment property</b>					
<b>IV. Biological actives</b>					
<b>V. Long-term financial investments</b>					
Participation in capital of related companies					
Loans to related companies					
Participation in capital of affiliated companies					
Loans to affiliated companies					
Other securities and investments					
Other loans and other long-term debtors					
Own stocks and shares					
Loans to shareholders or participants and management					
<b>Long-term financial investments total</b>					
<b>Long-term investments total</b>		<b>3 959 594</b>	<b>2 485 510</b>	<b>5 633 995</b>	<b>3 536 562</b>
<b>Current assets</b>					
<b>I. Stocks</b>					
Raw materials, direct materials and auxiliary materials	(11)	813 728	705 274	1 157 831	1 003 514
Unfinished products					
Complete products and goods for sale					
Unfinished orders	(12)	884 028	270 954	1 257 858	385 533
Advance payments for goods		60	34 495	85	49 082
<b>Stocks totally</b>		<b>1 697 816</b>	<b>1 010 723</b>	<b>2 415 774</b>	<b>1 438 129</b>
<b>II. For selling held long-term investments</b>					
<b>III. Debtors</b>					
Debts of customers and clients	(13)	2 576 756	2 301 994	3 666 394	3 275 442
Accrued incomes					
Other debtors	(14)	28 338	212 784	40 321	302 764
Undeposited shares in company's capital					
Short - term loans to joint owners and management					
Next periods costs					
<b>Debtors total</b>		<b>2 605 094</b>	<b>2 514 778</b>	<b>3 706 715</b>	<b>3 578 206</b>
<b>IV. Short-term financial investments</b>					
Participation in capital of related companies					
Own stocks and shares					
Other securities and participation in capitals					
Derivative financial instruments					
<b>Securities and participation in capitals total</b>					
<b>V. Cash assets</b>	(15)	<b>5 462</b>	<b>5 779</b>	<b>7 772</b>	<b>8 223</b>
<b>Current assets total</b>		<b>4 308 372</b>	<b>3 531 280</b>	<b>6 130 261</b>	<b>5 024 558</b>
<b>Actives total</b>		<b>8 267 966</b>	<b>6 016 790</b>	<b>11 764 256</b>	<b>8 561 120</b>

Chairman of the board

/Ivica Galich/

31. August of 2012

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<b>BALANCE on 30.June 2012 and 2011</b>		<b>LVL</b>		<b>EUR</b>	
	Appendix	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b><u>PASSIVE</u></b>					
<b>I. Equity capital</b>					
Stock or share capital (equity capital)	(16)	3 203 397	3 203 397	4 558 023	4 558 023
Stock issue extra charge					
Long - term investment reestimation reserve	(17)	645 278		918 148	
Financial instruments reestimation reserve					
Reserves:					
reserves prescribed by law					
reserves for own stocks and shares					
reserves prescribed by company's statutes					
other reserves					
Retained profit					
retained profit of previous years		374 706	398 589	533 159	567 141
retained profit of the year of accountant		16 356	(249 635)	23 272	(355 199)
retained profit, amount		391 062	148 954	556 431	211 942
<b>Equity capital total</b>		<b>4 239 737</b>	<b>3 352 351</b>	<b>6 032 602</b>	<b>4 769 965</b>
<b>II. Provisions</b>					
Provision for pensions and similar obligations					
Provision for prospective taxes					
Other provisions	(18)	37 950	40 327	53 998	57 380
<b>Provisions total</b>		<b>37 950</b>	<b>40 327</b>	<b>53 998</b>	<b>57 380</b>
<b>III. Creditors</b>					
<b>I. Long-term debts to creditors</b>					
Borrowings from credit institutions					
Other borrowings					
Leasing liabilities					
From customers received borrowings					
Debts to suppliers and contractors					
Debts to related companies					
Debts to associated companies					
Tax and social security payments					
Other creditors					
Deferred income liabilities	(19)	177 133	178 477	252 038	253 950
Unpaid dividends		4	4	6	6
Next periods incomes					
<b>Long-term debts to creditors total</b>		<b>177 137</b>	<b>178 481</b>	<b>252 044</b>	<b>253 956</b>
<b>II. Short-term debts to creditors</b>					
Borrowings from credit institutions	(20)	1 616 449	1 405 352	2 300 000	1 999 636
Other borrowings					
Leasing liabilities					
From customers received borrowings	(21)	63 382	25 803	90 184	36 714
Debts to suppliers and contractors	(22)	1 667 252	723 616	2 372 286	1 029 613
Debts to related companies	(23)	267 987	16 893	381 311	24 037
Debts to associated companies					
Tax and social security payments	(24)	127 449	209 365	181 344	297 899
Other creditors	(25)	70 623	64 602	100 487	91 920
Next periods incomes					
Unpaid dividends					
Accrued liabilities					
Derivative financial instruments					
<b>Short-term debts to creditors total:</b>		<b>3 813 142</b>	<b>2 445 631</b>	<b>5 425 612</b>	<b>3 479 819</b>
<b>Creditors total:</b>		<b>3 990 279</b>	<b>2 624 112</b>	<b>5 677 656</b>	<b>3 733 775</b>
<b>Passives total</b>		<b>8 267 966</b>	<b>6 016 790</b>	<b>11 764 256</b>	<b>8 561 120</b>

Chairman of the board

/Ivica Galich/

31. August of 2012

*AS "Tosmare shipyard"  
report for 6 m.2012 year*

**CASH FLOW STATEMENT**

for 6 month 2012 and 2011 (according to direct method)

	LVL		EUR	
	6 m.2012	6 m.2011	6 m.2012	6 m.2011
<b>I. Cash flow of basic activity</b>				
Incomes from selling the products and rendering of services	2 710 830	2 052 825	3 857 164	2 920 907
Payments to suppliers, employees, other basic activity expenses	(2 763 630)	(2 070 828)	(3 932 291)	(2 946 523)
Other company's basic activity incomes or expenses		6 268		8 919
<b>Gross cash flow of basic activity</b>	<b>(52 800)</b>	<b>(11 735)</b>	<b>(75 127)</b>	<b>(16 697)</b>
Expenses for interest payments	(26 075)	(32 392)	(37 101)	(46 090)
Expenses for company's income tax payments				
<b>Cash flow before extraordinary items</b>	<b>(78 875)</b>	<b>(44 127)</b>	<b>(112 228)</b>	<b>(62 787)</b>
Cash flow from extraordinary items				
<b>Net cash flow of basic activity</b>	<b>(78 875)</b>	<b>(44 127)</b>	<b>(112 228)</b>	<b>(62 787)</b>
<b>II. Cash flow of investment activity</b>				
Acquisition of stocks or shares of related or associated companies				
Incomes from detinue of stocks or shares of related or associated companies				
Acquisition of fixed assets and intangible investments	(145 980)	(15 046)	(207 711)	(21 408)
Incomes from selling fixed assets and intangible investments				
Issued loans				
Incomes from repayment of loans				
Received interests				
Received dividends				
<b>Net cash flow of investment action</b>	<b>(145 980)</b>	<b>(15 046)</b>	<b>(207 711)</b>	<b>(21 408)</b>
<b>III. Cash flow of financing action</b>				
Incomes from shares and bonds or capital participation stock investments				
Received loans	219 492	52 487	312 308	74 682
Received subsidies, grants, gifts or donations				
Expenses for repayment of loans				
Expenses for ransom of leased fixed asset				
Paid dividends				
<b>Net cash flow of financing action</b>	<b>219 492</b>	<b>52 487</b>	<b>312 308</b>	<b>74 682</b>
<b>IV. Result of foreign exchange rate fluctuations</b>				
<b>Net increase or decrease of cash and its equivalents</b>	<b>(5 363)</b>	<b>(6 686)</b>	<b>(7 631)</b>	<b>(9 513)</b>
<b>Cash and its equivalents residue at the beginning of the year of account</b>	<b>10 825</b>	<b>12 465</b>	<b>15 403</b>	<b>17 736</b>
<b>Cash and its equivalents residue at the end of the year of account</b>	<b>5 462</b>	<b>5 779</b>	<b>7 772</b>	<b>8 223</b>

Chairman of the board

/Ivica Galich/

31. August of 2012



*AS "Tosmare shipyard"  
report for 6 m.2012 year*

**EQUITY CAPITAL CHANGE REPORT**

for 6 month of years 2012 and 2011

Position Title	LVL		EUR	
	2012.06.30.	2011.06.30.	2012.06.30.	2011.06.30.
<b>1. Stock capital (Core Capital)</b>				
1.1. Sum Indicated in the Previous Year's Balance	3 203 397	3 203 397	4 558 023	4 558 023
1.2. Correction of the Sum Indicated in the Previous Year's Balance				
1.3. Stock Capital (Core Capital) Increase / Decrease				
1.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	3 203 397	3 203 397	4 558 023	4 558 023
<b>2. Emission of Shares addition</b>				
2.1. Sum Indicated in the Previous Year's Balance				
2.2. Correction of the Sum Indicated in the Previous Year's Balance				
2.3. Emission of Shares Addition Increase / Decrease				
2.8. Sum Indicated in the Accounting Year's Balance at the End of the Period				
<b>3. Long Term Investment's Adjustment Reserve</b>				
3.1. Sum Indicated in the Previous Year's Balance				
3.2. Correction of the Sum Indicated in the Previous Year's Balance				
3.3. Long Term Investment's Adjustment Surplus Increase / Decrease				
3.8. Sum Indicated in the Accounting Year's Balance at the End of the Period				
<b>4. Financial Instrument's Adjustment Reserve</b>				
4.1. Sum Indicated in the Previous Year's Balance				
4.2. Correction of the Sum Indicated in the Previous Year's Balance				
4.3. Financial Instrument's Adjustment Reserve Surplus Increase /Decrease				
4.8. Sum Indicated in the Accounting Year's Balance at the End of the Period				
<b>5. Reserves</b>				
5.1. Sum Indicated in the Previous Year's Balance				
5.2. Correction of the Sum Indicated in the Previous Year's Balance				
5.3. reserves Surplus Increase /Decrease	645 278		918 148	
5.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	<b>645 278</b>		<b>918 148</b>	
<b>6. Retained Earnings</b>				
6.1. Sum Indicated in the Previous Year's Balance	<b>374 706</b>	<b>398 589</b>	<b>533 159</b>	<b>567 141</b>
6.2. Correction of the Sum Indicated in the Previous Year's Balance				
6.3. Retained Earning Increase / Decrease	16 356	(249 635)	23 272	(355 199)
Losses for 6 month of 2011		(249 635)		(355 199)
Losses for 6 month of 2012	16 356		23 272	
6.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	<b>391 062</b>	<b>148 954</b>	<b>556 431</b>	<b>211 942</b>
<b>7. Equity</b>				
7.1. Sum Indicated in the Previous Year's Balance	<b>3 578 103</b>	<b>3 601 986</b>	<b>5 091 182</b>	<b>5 125 164</b>
7.2. Correction of the Sum Indicated in the Previous Year's Balance				
7.3. Equity increase /Decrease	661 634	(249 635)	941 420	(355 199)
7.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	<b>4 239 737</b>	<b>3 352 351</b>	<b>6 032 602</b>	<b>4 769 965</b>

EPS on 30.06.2012. LVL ( 16 356 : 3 203 397) = 0,0051 LVL or 0,0073 EUR;

EPS on 30.06.2011. LVL (-249 635 : 3 203 397) = - 0,0779 LVL or - 0,1108 EUR;

Chairman of the board /Ivica Galich/

Appendix from 10. to 19 page is an itegral part of this annual report.

31. August of 2012

**APPENDIX**  
**ACCOUNTING POLICY**

**(1) General principles**

Annual report is prepared according to laws of the Republic of Latvia "About book-keeping", "About annual report" and by the Regulation of Ministry Cabinet issued that are to be applied in the year of account.

Profit or loss statement is composed according to turnover outlay scheme.

Cash flow statement is composed according to direct method.

Comparing with previous period of account, accounting and evaluation methods used by the Company has not been changed.

Report has been prepared on the base of activity continuation conception.

The supplemented financial statements have been compiled in national currency of Latvia - lats (LVL).

**(2) Acknowledgement of incomes and net turnover**

Net turnover includes the value of rendered services in the year of account (value of sold production), excepting value added taxes and with selling connected discounts.

Other incomes are acknowledged as following:

- incomes from rent – at the moment of their emergence;
- incomes from fines and delay payments – at the moment of receipt;
- dividends – at the moment when legal rights on them arise.

**(3) Long-term contract.**

Contract about formation an active and performed actions because of the character the beginning and ending date of contract fulfillment is in different accounting periods.

Incomes from long-term contracts are acknowledged according to accomplishment level. Accomplishment level is defined having inspected the result of the work done and establishing the completion of physically definable part of work.

**(4) Foreign currency's reestimation in lats**

Company's accounting has been made in Latvian lats. All operations in foreign currencies are reestimated in lats according to official currency rate defined by the Bank of Latvia in the corresponding day of operation.

Monetary instruments, as well as debtors and creditors in foreign currencies t the end of year are recalculated in lats according to the official currency exchange rate defined by the bank of Latvia in the last day of accounting year.

The gained profit or loss from foreign currency exchange rate fluctuations are reflected in profit or loss statement of the of corresponding period in net value.

	30.06.2012.	30.06.2011.
	LVL	LVL
1 USD	0.562000	0.489000
1 EUR	0.702804	0.702804

**(5) Intangible investments**

Intangible investments are estimated according to their initial expense value, excepting the accrued depreciation. Depreciation is calculated according to linear method for 4 years.

**(6) Fixed assets and low-grade inventory**

Fixed assets are estimated according to their initial expense value or reestimated initial value, excluding accrued depreciation. Depreciation is calculated according to (linear) method, using the rates of fixed assets depreciation calculation, that are based on the evaluation of fixed assets useful service duration:

	<b>Years</b>	<b>%</b>
Buildings, constructions	33.3	3
Equipment and technical utilities	10	10
Rolling stock, seacraft transport, power plant	14.3	7
Furniture and office machines	10	10
Computers and facilities	4	25
Vehicles	5	20
Instruments and inventory	10	10

The depreciation of fixed assets is started to calculate with the first day of next month after its commissioning and is finished with the first day of next month after its exclusion from fixed assets.

Company capitalizes fixed assets whose value exceeds LVL 100 and the period of useful utilization exceeds 1 year. Reestimating the fixed assets, their value increase is reflected as movement in long-term investment reestimation reserve. To incomes in profit or loss statement is applied to fixed assets liquidation.

For calculation of company's income tax the fixed assets calculation is calculated according to requirements and rates of LR law "About company's income tax" 13.paragraph.

Low-grade inventory is entered in purchase prices and in expenses written off for 100% after commissioning.

**(7) Long-term investments in leased fixes assets**

Expenses of leased fixed assets overhaul are written off according to linear method rate in time of the period.

**(8) Rate with ransom (financial leasing)**

In cases when fixed assets that are obtained in lease with ransom (financial leasing) in relation to what all risks and liabilities pass over to the company, that is characteristic to ownership, is considered as company's actives at such value as they could be acquired for spot cash. Leasing interest payments and similar payments are included in profit or loss statement of the period when they have arisen.

**(9) Lease without rights of ransom (operative leasing)**

In cases when fixed assets are leased on lease provisions without rights on ransom, lese payments and prepayments for lease are included in profit or loss statement according to linear method in the period of lease.

**(10) Stocks**

Stocks are reflected at the lowest market or purchase value, using the FIFO (weighted average) method. In case of necessity the value of obsolete, slow turnover or damaged stock is written off.

In prime costs of produces goods are included the costs of used raw materials and materials and other expenses that are directly connected with production of corresponding object.

**(11) Debtors**

Debtors are estimated observing the principle of caution showing in balance sheet only the actual debtors. The actual sums of debtors conform with the ones shown in contacts and other accounting original documents. A comparison of debtors has been made and hopeless debts are written off, provisions for suspicious debtors was formed as well (or provisions has not been formed), on the base of evaluation of separate client financial standing and economic activity, considering the repayment of debt according to the concluded agreement (or otherwise – explain).

**(12) Accrued incomes.**

Incomes from ship building orders according to the level of their accomplishment.

**(13) Investments in sister or associated companies**

Investments in sister or associated companies are listed according to prime cost method. According to this method the value of investments is formed from participation acquisition value and with acquisition connected expenses.

**(14) Other investments**

Long-term investments, excluding investments in holding company's sister or associated companies, are listed at acquisition value that is corrected in cases of their permanent value increase or decrease.

**(15) Cash and cash equivalents**

For cash flow statement purposes cash and cash equivalents consist of residues in cash-desk, current bank account residues and short-term deposits with term to 90 days.

**(16) Provisions for not used holidays**

Provisions for not used holidays are estimated multiplying the average daily earnings of a worker for the last six month of the year of account with accrued number of days of not used holidays at the end of the year of account.

**(17) Company's income tax**

Company's income tax is calculated according to the tax legislation of Republic of Latvia. The legislation in force in year 2010 and in future sets a tax rate of 15%.

**(18) Deferred company's income tax**

Deferred company's income tax is calculated according to liability method in relation to all interim differences between active and liability values in financial statements and their values for tax calculation purposes. In deferred tax calculations a tax rate is used that is prospective in periods, when interim difference equalizes. Interim differences mainly arise using different depreciation rates of fixed assets, as well as from tax losses that are to be posted on next taxation periods. In cases when the deferred tax calculation result should be reflected in balance active, it is included in financial statement only then when it is anticipated that a profit imposable with tax shall be available, to that it will be possible to relate the deductible interim differences that formed the deferred tax active.

**(19) Grants**

For fixed assets formation received grants are regarded as next periods incomes, that gradually includes the in incomes received of for grants acquired fixed assets in useful utilization time of period. Other grants are related to results of the year of account in the period of grant receipt.

**(20) Use of calculations**

Preparing the financial statements, company's management has to make calculations and assumptions that influence the actives and passives shown in statements and off-balance for the day of statement preparation, as well as shown incomes and expenses of accounting period. The actual results can differ from these calculations.

*AS "Tosmare shipyard"  
report for 6 m.2012 year*

**Financial statement appendixes  
Appendixes to profit or loss statement**

<u>(1) Net turnover</u>	LVL		EUR	
	<u>6 m. 2012</u>	<u>6 m.2011</u>	<u>6 m. 2012</u>	<u>6 m.2011</u>
Incomes from ship building	1 244 848	192 310	1 771 259	273 632
Incomes from ship repair services	2 026 176	1 759 966	2 882 989	2 504 206
Other incomes	193 669	76 644	275 566	109 055
<b>Total</b>	<b>3 464 693</b>	<b>2 028 920</b>	<b>4 929 814</b>	<b>2 886 893</b>
<b>Per geographic regions</b>				
Incomes from service selling in local market	1 252 320		1 781 890	
Incomes from service selling to				
Russia	363 154	417 561	516 722	594 136
Great Britain	129 747		184 613	
Marshala's island	4 363	29 296	6 208	41 684
Malta	5 892		8 384	
Cyprus	247 261	628 919	351 821	894 871
St.Vincent&Grenadies	45 673	37 325	64 987	53 109
Belgia		3 914		5 569
Lietuvania	47 720	225 891	67 899	321 414
Antigua Burbuda		104 094		148 112
Beleez		64 451		91 706
Dania		689		980
Faros island	178 694	153 863	254 259	218 927
Ruminia	17 422		24 789	
Ukraina	157 525		224 138	
Germany	611 808	168 857	870 524	240 262
Geebraltar	7 520		10 700	
Panama	148 281		210 985	
Portugale	247 313		351 895	
ASV		56 503		80 397
Bahama islands		137 557		195 726
	<b>3 464 693</b>	<b>2 028 920</b>	<b>4 929 814</b>	<b>2 886 893</b>
<b>(2) Production costs of sold goods</b>				
Material purchase costs	1 326 364	411 287	1 887 246	585 208
Employees salary	455 985	330 105	648 808	469 697
Social insurance costs	106 850	77 101	152 034	109 705
Electricity costs	178 883	160 399	254 528	228 227
Depreciation of fixed assets	147 010	166 270	209 176	236 581
Contagent's services	908 004	812 274	1 291 973	1 155 762
Lease payment	23 279	18 475	33 123	26 288
Services from outside	122 129	137 412	173 774	195 520
Other costs	2 646	3 954	3 765	5 626
<b>Total</b>	<b>3 271 150</b>	<b>2 117 277</b>	<b>4 654 427</b>	<b>3 012 614</b>

*AS "Tosmare shipyard"  
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**Appendixes to profit or loss statement (continuation)**

	LVL		EUR	
	6 m.2012	6 m.2011	6 m.2012	6 m.2011
<b>(3) Selling costs</b>				
Media advertising expenditures	4 457	3 003	6 342	4 273
Business trips	2 166	3 117	3 082	4 435
<b>Total</b>	<b>6 623</b>	<b>6 120</b>	<b>9 424</b>	<b>8 708</b>
<b>(4) Administration costs</b>				
Communication costs	1 393	1 597	1 982	2 272
Reward for the council and board	86 388	84 937	122 919	120 855
Social insurance costs	20 192	19 931	28 730	28 359
Office maintenance costs	1 898	1 851	2 700	2 634
Stock exchange costs	3 750	4 375	5 336	6 225
Lawyer's services	4 154	3 852	5 911	5 481
Transport costs, business trips	4 557	3 541	6 484	5 038
Bank services	3 934	2 974	5 598	4 232
Representation expenses	1 182	1 778	1 682	2 530
<b>Total</b>	<b>127 448</b>	<b>124 836</b>	<b>181 342</b>	<b>177 626</b>
<b>(5) Other incomes from company's economic activity</b>				
Incomes from realization of materials	3 408	2 454	4 849	3 492
Incomes from rent	21 268	17 827	30 261	25 365
Incomes from exchange rate fluctuations		5 325		7 577
Incomes from tugboat's services	12 485	15 938	17 765	22 678
Other incomes	8 476	5 643	12 060	8 029
<b>Total</b>	<b>45 637</b>	<b>47 187</b>	<b>64 935</b>	<b>67 141</b>
<b>(6) Other expenses from company's economic activity</b>				
Fixed assets exclusion expenses		179		255
Material purchase expenses	814	834	1 158	1 187
Personnel expenses (material assistance)	1 350	470	1 921	669
Tugboat's services expenses	30 742	26 444	43 742	37 626
Dotations	680	695	968	989
Losses from exchange rate fluctuations	12 963		18 444	
Other	1 499	483	2 133	687
<b>Total</b>	<b>48 048</b>	<b>29 105</b>	<b>68 366</b>	<b>41 413</b>
<b>(7) Interest payments and similar expenses</b>				
Paid interests	26 075	32 392	37 101	46 090
Paid fines	1 277	1 905	1 817	2 710
<b>Total</b>	<b>27 352</b>	<b>34 297</b>	<b>38 918</b>	<b>48 800</b>
<b>(8) Other taxes</b>				
Immovable property tax for land	5 300	5 962	7 541	8 483
Immovable property tax for buildings and constructions	8 053	8 145	11 459	11 589
<b>Total</b>	<b>13 353</b>	<b>14 107</b>	<b>19 000</b>	<b>20 072</b>

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Appendixes to balance sheet on 30.06.2012.

(9) Intangible investments

	Concessions, patents, licenses, trade marks and similar rights	Research work and company's development expenses	Other intangible investments (computer pr.)	Company's intangible value	Advance payments for intangible investments	Total
	Ls	Ls	Ls	Ls	Ls	Ls
<b>Undepreciated value</b>						
31.12.2011.			12 431			12 431
Purchased			371			371
Written off						0
Reestimated						0
30.06.2012.	0	0	12 802	0	0	12 802
<b>Depreciation</b>						
31.12.2011.			11 263			11 263
Calculated			184			184
Written off						0
30.06.2012.	0	0	11 447	0	0	11 447
<b>Residual value 31.12.2011</b>	<b>0</b>	<b>0</b>	<b>1 168</b>	<b>0</b>	<b>0</b>	<b>1 168</b>
<b>Residual value 30.06.2012</b>	<b>0</b>	<b>0</b>	<b>1 355</b>	<b>0</b>	<b>0</b>	<b>1 355</b>

	EUR	EUR	EUR	EUR	EUR	EUR
<b>Undepreciated value</b>						
31.12.2011.			17 688			17 688
Purchased			528			528
Written off						0
Reestimated						0
30.06.2012.	0	0	18 216	0	0	18 216
<b>Depreciation</b>						
31.12.2011.			16 026			16 026
Calculated			262			262
Written off						0
30.06.2012.	0	0	16 288	0	0	16 288
<b>Residual value 31.12.2011</b>	<b>0</b>	<b>0</b>	<b>1 662</b>	<b>0</b>	<b>0</b>	<b>1 662</b>
<b>Residual value 30.06.2012</b>	<b>0</b>	<b>0</b>	<b>1 928</b>	<b>0</b>	<b>0</b>	<b>1 928</b>

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(10) Fixed assets

	Land, buildings, constructions	Equipment and machines	Long-term investments in leased fixed assets	Other fixed assets and inventory	Formation of fixed assets	Advance payments for fixed assets	Unfinished construction works	Total
	Ls	Ls	Ls	Ls	Ls	Ls	Ls	Ls
<b>Undepreciated value</b>								
<b>31.12.2011.</b>	<b>2 437 226</b>	<b>2 609 055</b>		<b>109 448</b>			<b>133 394</b>	<b>5 289 123</b>
Purchased	153 309	917 668		1 808			558 226	1 631 011
Written off		461 448					346 253	807 701
Reestimated								0
<b>30.06.2012.</b>	<b>2 590 535</b>	<b>3 065 275</b>	<b>0</b>	<b>111 256</b>	<b>0</b>	<b>0</b>	<b>345 367</b>	<b>6 112 433</b>
<b>Depreciation</b>								
<b>31.12.2011.</b>	<b>697 897</b>	<b>1 703 854</b>		<b>74 146</b>				<b>2 475 897</b>
Calculated	42 204	93 220		4 321				139 745
Written off		461 448						461 448
<b>30.06.2012.</b>	<b>740 101</b>	<b>1 335 626</b>	<b>0</b>	<b>78 467</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 154 194</b>
<b>Residual value 31.12.2011</b>	<b>1 739 329</b>	<b>905 201</b>	<b>0</b>	<b>35 302</b>	<b>0</b>	<b>0</b>	<b>133 394</b>	<b>2 813 226</b>
<b>Residual value 30.06.2012</b>	<b>1 850 434</b>	<b>1 729 649</b>	<b>0</b>	<b>32 789</b>	<b>0</b>	<b>0</b>	<b>345 367</b>	<b>3 958 239</b>

	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Undepreciated value</b>								
<b>31.12.2011.</b>	<b>3 467 860</b>	<b>3 712 351</b>		<b>155 730</b>			<b>189 803</b>	<b>7 525 744</b>
Purchased	218 139	1 305 724		2 573			794 284	2 320 720
Written off		656 581					492 674	1 149 255
Reestimated								0
<b>30.06.2012.</b>	<b>3 685 999</b>	<b>4 361 494</b>	<b>0</b>	<b>158 303</b>	<b>0</b>	<b>0</b>	<b>491 413</b>	<b>8 697 209</b>
<b>Depreciation</b>								
<b>31.12.2011.</b>	<b>993 018</b>	<b>2 424 366</b>		<b>105 500</b>				<b>3 522 884</b>
Calculated	60 051	132 640		6 148				198 839
Written off		656 581						656 581
<b>30.06.2012.</b>	<b>1 053 069</b>	<b>1 900 425</b>	<b>0</b>	<b>111 648</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3 065 142</b>
<b>Residual value 31.12.2011</b>	<b>2 474 842</b>	<b>1 287 985</b>	<b>0</b>	<b>50 230</b>	<b>0</b>	<b>0</b>	<b>189 803</b>	<b>4 002 860</b>
<b>Residual value 30.06.2012</b>	<b>2 632 930</b>	<b>2 461 069</b>	<b>0</b>	<b>46 655</b>	<b>0</b>	<b>0</b>	<b>491 413</b>	<b>5 632 067</b>



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**Appendixes to balance sheet (continuation)**

**(11) Raw materials, direct materials and auxiliary materials**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
1. Metal	475 135	369 429	676 056	525 650
2. Abrasive	34 283	13 478	48 780	19 177
3. Pipes	130 596	147 771	185 821	210 259
4. Non-ferrous metals	50 088	47 636	71 269	67 780
5. Products of technical rubber	31 616	34 631	44 986	49 275
6. Other expenses	92 010	92 329	130 919	131 373
<b>Total</b>	<b>813 728</b>	<b>705 274</b>	<b>1 157 831</b>	<b>1 003 514</b>

**(12) Unfinished products**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Ship building	399 784	81 656	568 841	116 186
Ship repair services	403 424	175 770	574 021	250 098
Other	80 820	13 528	114 996	19 249
<b>Total</b>	<b>884 028</b>	<b>270 954</b>	<b>1 257 858</b>	<b>385 533</b>

**(13) Accounting value of purchaser's and clients' debts**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Accounting value of purchaser's and clients' debts	2 576 756	2 301 994	3 666 393	3 275 442
<b>Net debts of purchasers and clients</b>	<b>2 576 756</b>	<b>2 301 994</b>	<b>3 666 393</b>	<b>3 275 442</b>

**(14) Other debtors**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2009.
In budget advance and overpaid taxes	28 326	196 046	40 304	278 948
Advance payments for services	12	16 738	17	23 816
<b>Total</b>	<b>28 338</b>	<b>212 784</b>	<b>40 321</b>	<b>302 764</b>

**(15) Cash**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Money in cash-desk	1 921	662	2 734	942
Money in current accounts	3 541	5 117	5 038	7 281
<b>Total</b>	<b>5 462</b>	<b>5 779</b>	<b>7 772</b>	<b>8 223</b>

**(16) Information about company's own shares and total stock**

"Tosmare Shipyard" JSC was established in 2000 with share capital LVL 1 603 397 that consist of 1 603 397 common shares, nominal value of share is LVL 1.

The join-stock company is public and its shares counts among the stock exchange. All shares give equal rights to receipt of dividends, receipt of liquidation quotas and right to vote in the shareholders meeting. One share gives the right to 1 vote in the shareholders meeting. The Company has no shares that are held by the Company itself or anyone else in its assignment.

Modifications in statues :

1. Increase of share capital of the company to LVL 2 603 397 in 2001 year.
2. Increase of share capital of the company to LVL 3 203 397 in 2002 year.
3. In 2011, 2 562 660 shares were determined as registered shares, and 640 737 shares as bearer shares; all shares are non-certificated shares / book-entry shares.

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**Appendixes to balance sheet (continuation)**

**(17) Long-term investment reestimation reserve**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Investment reestimation of water's dok	645 278		918 148	
<b>Total</b>	<b>645 278</b>	<b>0</b>	<b>918 148</b>	<b>0</b>

**(18) Provisions**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Accruals for holiday grants	37 950	40 327	53 998	57 380
<b>Total</b>	<b>37 950</b>	<b>40 327</b>	<b>53 998</b>	<b>57 380</b>

**(19) Deferred tax liabilities**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Deferred tax liabilities at the beginning of year	177 133	178 477	252 038	253 950
Deferred tax liability lost in the year of account				
<b>Total</b>	<b>177 133</b>	<b>178 477</b>	<b>252 038</b>	<b>253 950</b>

**(20) Loans from credit institutions (short-term)**

	LVL	EUR
<b>Total</b>	<b>1 616 449</b>	<b>1 405 352</b>

The Company has EUR 2 000 000 credit line with AS "SEB banka" and EUR 300 000 credit with DNB bank.

Tehnological equipment, floating dock and two dry docks owned by the company are pledged guarantee the liabilities.

**(21) From customers received borrowing**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Ship repair services	63 382	25 803	90 184	36 714
<b>Total</b>	<b>63 382</b>	<b>25 803</b>	<b>90 184</b>	<b>36 714</b>

**(22) Debts to suppliers and contractors**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Raw materials, direct materials and auxiliary materials	565 832	216 725	805 106	308 372
Services	215 320	119 509	306 373	170 046
Contractor's services	691 375	381 997	983 738	543 533
Capital assets	194 725	5 385	277 069	7 662
<b>Total</b>	<b>1 667 252</b>	<b>723 616</b>	<b>2 372 286</b>	<b>1 029 613</b>

**(23) Debts to related companies**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
JSC "Riga's shipyard"	267 987	16 893	381 311	24 037
<b>Total</b>	<b>267 987</b>	<b>16 893</b>	<b>381 311</b>	<b>24 037</b>

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**(24) Movement of tax liabilities for 6 month of 2012**

	01.01.2012.	Calculated for 6 m. 2012	Calculated fine and delay payment	(Paid)/ repaid	Posted to/ (from) other taxes	30.06.2012.
	LVL	LVL	LVL	LVL	LVL	LVL
Value added tax	(57 661)	(175 952)		20 508	190 239	(22 866)
Population income tax	32 796	103 999	453		(33 406)	103 842
State social insurance compulsory payments	28 783	181 894	496	(25 000)	(169 626)	16 547
Company's income tax	(14 180)	5 460	34	(4 107)	12 793	0
Immovable property tax (land)	2 981	5 300	119	(5 750)		2 650
Immovable property tax (buildings)	4 072	8 054	163	(8 265)		4 024
Tax of natural resources	411	656	10	(750)		327
Risk duty of business	50	328	2	(321)		59
<b>Total</b>	<b>(2 748)</b>	<b>129 739</b>	<b>1 277</b>	<b>(23 685)</b>	<b>0</b>	<b>104 583</b>

incl.:

<b>Debt to budget</b>	<b>69 093</b>	<b>127 449</b>
<b>Overpayment</b>	<b>(71 841)</b>	<b>(22 866)</b>

	01.01.2012.	Calculated for 6 m. 2012	Calculated fine and delay payment	(Paid)/ repaid	Posted to/ (from) other taxes	30.06.2012.
	EUR	EUR	EUR	EUR	EUR	EUR
Value added tax	(82 044)	(250 357)		29 180	270 685	(32 536)
Population income tax	46 664	147 977	645		(47 532)	147 754
State social insurance compulsory payments	40 954	258 812	706	(35 572)	(241 356)	23 544
Company's income tax	(20 176)	7 769	48	(5 844)	18 203	0
Immovable property tax (land)	4 242	7 541	169	(8 181)		3 771
Immovable property tax (buildings)	5 794	11 460	232	(11 760)		5 726
Tax of natural resources	585	933	14	(1 067)		465
Risk duty of business	71	467	3	(457)		84
<b>Total</b>	<b>(3 910)</b>	<b>184 602</b>	<b>1 817</b>	<b>(33 701)</b>		<b>148 808</b>

incl.:

<b>Debt to budget</b>	<b>98 310</b>	<b>181 344</b>
<b>Overpayment</b>	<b>(102 220)</b>	<b>(32 536)</b>

**(25) Other creditors**

	LVL		EUR	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Salary	67 319	59 342	95 786	84 436
Deductions from salary	1 049	966	1 492	1 374
Other creditors	2 255	4 294	3 209	6 110
<b>Total</b>	<b>70 623</b>	<b>64 602</b>	<b>100 487</b>	<b>91 920</b>

Chairman of the board /Ivica Galich/  
 Member of the board /Igor Komarov/  
 Member of the board /Boris Galcovich/

31. August of 2012