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*AS "Tosmare shipyard"
report for 2012 year*

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 Golicin Anatolijs Ustinovs Larisa Artemenko Irina Meļņika	
Period of account	1 January 2012 - 31.December 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

Explanatory notes to Annual Report for the year 2012.

The Company turnover in 2012 was equal to LVL 6 332 265, exceeding the turnover of 2011 by LVL 1 339 978. The increase in turnover corresponds to 27 % as compared to the previous reporting year.

In 2012, the Company succeeded in keeping wide distribution channels. The market comprises such countries as Germany, Russia, Lithuania, Portugal, Cyprus, Panama, etc.

In 2012, a substantial increase in the domestic market orders was reported. In 2011 the percentage of domestic market orders was equal to 7,9 %; in 2012 the share of such orders made 25 % of the Company turnover.

The share of exports amounted to 75 %.

With regard to change in the external and the domestic market percentage in the demand for shipbuilding and ship repair, structural changes took place in the Company industrial activity, namely:

- if in preceding years the share of ship repair services made over 95 % of the turnover, in 2012 a substantial increase in shipbuilding was reported. Shipbuilding went up nearly seven times that corresponds to 21 % of the total Company turnover in 2012, compared to only 4 % in 2011.

Also in the reporting period non-standard orders for melting furnace and pouring ladles were accepted and completed successfully.

Such structural changes were possible because in the preceding years, when the economic crisis resulted in a decline in output, the Company management paid special attention to shipbuilding production capacities. Investments were made to expand productive capability: in 2011 reconstruction of the floating dock began; it went on in 2012. Metallic structures of the dock were reinforced; a high-capacity gantry crane was erected. Reconstruction significantly expanded the workability of the floating dock.

Independent expert examination of the floating dock performed after the reconstruction gave proof that the dock value has increased to EUR 1,5 million.

The operation profit of the reporting year was equal to LVL 470 thousand.

The difficulty of overcoming the after-effects of the recessionary phase of operation (insolvency of the crisis period customers) did not allow the Company to clear a profit.

However, the 27 % increase in the Company turnover, modernisation of production, and mastering new types of orders allow considering the Company performance in reporting year 2012 as successful.

Chairman of the board
28 February of 2013

/Ivica Galich/

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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 9 month 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.December 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/

28 February of 2013

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PROFIT OR LOSS STATEMENT
for years 2012 and 2011

	Appendix	LVL		EUR	
		2012	2011	2012	2011
Net turnover	(1)	6 332 265	4 992 287	9 010 001	7 103 384
Production costs of sold output	(2)	(5 862 347)	(4 678 589)	(8 341 368)	(6 657 032)
Gross profit or losses		469 918	313 698	668 633	446 352
Selling costs	(3)	(13 989)	(13 966)	(19 905)	(19 872)
Administration costs	(4)	(242 742)	(253 357)	(345 391)	(360 495)
Other company's economic activity incomes	(5)	100 601	116 909	143 142	166 347
Other company's economic activity costs	(6)	(230 685)	(92 116)	(328 235)	(131 069)
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)	(69 412)	(65 898)	(98 764)	(93 764)
Profit or loss before extraordinary items and taxes		13 691	5 270	19 480	7 499
Extraordinary incomes					
Extraordinary costs					
Profit or loss before taxes		13 691	5 270	19 480	7 499
Company's income tax for the year of account			(2 282)	0	(3 247)
Deferred tax	(8)	(20 773)	1 344	(29 557)	1 912
Other taxes	(9)	(26 706)	(28 214)	(37 999)	(40 145)
Profit or loss of the year of account		(33 788)	(23 882)	(48 076)	(33 981)

Chairman of the board
28 February of 2013

/Ivica Galich/

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BALANCE on 31. December 2012 and 2011

	Appendix	LVL		EUR	
		2012	2011	2012	2011
ACTIVE					
Long-term investments					
I. Intangible investments					
Company's development costs					
Concessions, patents, licenses, trade marks and similar rights					
Other intangible investments		1 170	1 168	1 665	1662
Intangible value of the company					
Advance payments for intangible investments					
Intangible investments total	(9)	1 170	1 168	1665	1 662
II. Fixed assets					
Lands, buildings, constructions, perennial plantations		1 831 190	1 739 329	2 605 548	2 474 842
Long-term investments in leased fixed assets					
Equipment and machines		2 484 036	905 202	3 534 466	1 287 986
Other fixed assets and inventory		28 210	35 303	40 139	50 233
Forming of fixed assets and costs of unfinished objects of construction		8 984	133 393	12 783	189 801
Advance payments for fixed assets					
Fixes assets total	(10)	4 352 420	2 813 227	6 192 936	4 002 862
III. Investment property					
IV. Biological actives					
V. Long-term financial investments					
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					
Long-term financial investments total					
Long-term investments total		4 353 590	2 814 395	6 194 601	4 004 524
Current assets					
I. Stocks					
Raw materials, direct materials and auxiliary materials	(11)	708 137	989 708	1 007 588	1 408 228
Unfinished products					
Complete products and goods for sale					
Unfinished orders	(12)	1 048 793	500 731	1 492 298	712 476
Advance payments for goods		60	10 650	85	15 153
Stocks totally		1 756 990	1 501 089	2 499 972	2 135 857
II. For selling held long-term investments					
III. Debtors					
Debts of customers and clients	(13)	1 698 021	2 246 369	2 416 066	3 196 295
Accrued incomes					
Other debtors	(14)	38 510	94 305	54 795	134 183
Undeposited shares in company's capital					
Short - term loans to joint owners and management					
Next periods costs		4 204	8 138	5 982	11 580
Debtors total		1 740 735	2 348 812	2 476 843	3 342 058
IV. Short-term financial investments					
Participation in capital of related companies					
Own stocks and shares					
Other securities and participation in capitals					
Derivative financial instruments					
Securities and participation in capitals total					
V. Cash assets	(15)	5 369	10 825	7 639	15 403
Current assets total		3 503 094	3 860 726	4 984 454	5 493 318
Actives total		7 856 684	6 675 121	11 179 055	9 497 842

Chairman of the board

/Ivica Galich/

28 February of 2013

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BALANCE on 31.December 2012 and 2011

	Appendix	LVL		EUR	
		2012	2011	2012	2011
<u>PASSIVE</u>					
I. Equity capital					
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)	1 106 726		1 574 729	
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		(33 788)	(23 882)	(48 076)	(33 981)
retained profit, amount		340 918	374 707	485 083	533 160
Equity capital total		4 651 041	3 578 104	6 617 835	5 091 183
II. Provisions					
Provision for pensions and similar obligations					
Provision for prospective taxes					
Other provisions	(18)	40 285	37 950	57 320	53 998
Provisions total		40 285	37 950	57 320	53 998
III. Creditors					
I. Long-term debts to creditors					
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)	197 906	177 133	281 595	252 038
Unpaid dividends		4	4	6	6
Next periods incomes					
Long-term debts to creditors total		197 910	177 137	281 601	252 044
II. Short-term debts to creditors					
Borrowings from credit institutions	(20)	1 406 794	1 396 956	2 001 688	1 987 689
Other borrowings					
Leasing liabilities					
From customers received borrowings		91 455	314 894	130 129	448 054
Debts to suppliers and contractors	(21)	1 082 058	747 524	1 539 630	1 063 631
Debts to related companies	(22)	279 972	289 291	398 364	411 624
Debts to associated companies					
Tax and social security payments	(23)	59 628	71 332	84 843	101 496
Other creditors	(24)	47 541	61 933	67 645	88 123
Next periods incomes					
Unpaid dividends					
Accrued liabilities					
Derivative financial instruments					
Short-term debts to creditors total:		2 967 448	2 881 930	4 222 299	4 100 617
Creditors total:		3 165 358	3 059 067	4 503 900	4 352 661
Passives total		7 856 684	6 675 121	11 179 055	9 497 842

Chairman of the board

/Ivica Galich/

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CASH FLOW STATEMENT

for 2012 and 2011 (according to direct method)

	LVL		EUR	
	2012	2011	2012	2011
I. Cash flow of basic activity				
Incomes from selling the products and rendering of services	6 421 561	5 528 707	9 137 058	7 866 641
Payments to suppliers, employees, other basic activity expenses	(6 117 535)	(5 390 095)	(8 704 468)	(7 669 414)
Other company's basic activity incomes or expenses				
Gross cash flow of basic activity	304 026	138 612	432 590	197 227
Expenses for interest payments	(55 727)	(62 460)	(79 292)	(88 873)
Expenses for company's income tax payments	(7 948)	(10 278)	(11 309)	(14 624)
Cash flow before extraordinary items	240 351	65 874	341 989	93 730
Cash flow from extraordinary items				
Net cash flow of basic activity	240 351	65 874	341 989	93 730
II. Cash flow of investment activity				
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	(255 645)	(111 605)	(363 750)	(158 800)
Incomes from selling fixed assets and intangible investments				
Issued loans				
Incomes from repayment of loans				
Received interests				
Received dividends				
Net cash flow of investment action	(255 645)	(111 605)	(363 750)	(158 800)
III. Cash flow of financing action				
Incomes from shares and bonds or capital participation stock investments				
Received loans	9 838	44 091	13 998	62 736
Received subsidies, grants, gifts or donations				
Expenses for repayment of loans				
Expenses for ransom of leased fixed asset				
Paid dividends				
Net cash flow of financing action	9 838	44 091	13 998	62 736
IV. Result of foreign exchange rate fluctuations				
Net increase or decrease of cash and its equivalents	(5 456)	(1 640)	(7 763)	(2 334)
Cash and its equivalents residue at the beginning of the year of account	10 825	12 465	15 403	17 736
Cash and its equivalents residue at the end of the year of account	5 369	10 825	7 639	15 402

Chairman of the board
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EQUITY CAPITAL CHANGE REPORT

for years 2012 and 2011

Position Title	LVL		EUR	
	2012.12.31.	2011.12.31.	2012.12.31.	2011.12.31.
1. Stock capital (Core Capital)				
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
2. Emission of Shares addition				
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				
3. Long Term Investment's Adjustment Reserve				
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	1 106 726		1 574 729	
3.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	1 106 726		1 574 729	
4. Financial Instrument's Adjustment Reserve				
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				
5. Reserves				
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				
5.8. Sum Indicated in the Accounting Year's Balance at the End of the Period				
6. Retained Earnings				
6.1. Sum Indicated in the Previous Year's Balance	374 706	398 589	533 159	567 141
6.2. Correction of the Sum Indicated in the Previous Year's Balance				
6.3. Retained Earning Increase / Decrease	(33 788)	(23 882)	(48 076)	(33 981)
Losses for 2011		(23 882)		(33 981)
Losses for 2012	(33 788)		(48 076)	
6.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	340 918	374 707	485 083	533 160
7. Equity				
7.1. Sum Indicated in the Previous Year's Balance	3 578 103	3 601 986	5 091 182	5 125 164
7.2. Correction of the Sum Indicated in the Previous Year's Balance				
7.3. Equity increase /Decrease	1 072 938	(23 882)	1 526 653	(33 981)
7.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	4 651 041	3 578 104	6 617 835	5 091 183

EPS on 31.12.2012. LVL (- 33 788 : 3 203 397) = - 0,0105 LVL or - 0,0149 EUR;

EPS on 31.12.2011. LVL (-23 882 : 3 203 397) = - 0,0075 LVL or - 0,0107 EUR;

Chairman of the board /Ivica Galich/

Appendix from 10. to 20 page is an itegral part of this annual report.

28 February of 2013

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.

	31.12.2012.	31.12.2011.
	LVL	LVL
1 USD	0.531000	0.544000
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:

	Years	%
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) Other investments

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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.

(13) 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.

(14) 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.

(15) 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%.

(16) 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 impossible with tax shall be available, to that it will be possible to relate the deductible interim differences that formed the deferred tax active.

(17) 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.

(18) 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.

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

<u>(1) Net turnover</u>	LVL		EUR	
	2012	2011	2012	2011
Incomes from ship building	1 331 293	192 311	1 894 259	273 634
Incomes from ship repair services	4 344 904	4 541 280	6 182 241	6 461 659
Other incomes	656 068	258 696	933 501	368 091
Total	6 332 265	4 992 287	9 010 001	7 103 384

Per geographic regions

Incomes from service selling in local market	1 608 576	395 514	2 288 797	562 766
Incomes from service selling to				
Russia	1 041 149	1 136 795	1 481 422	1 617 514
Virdjin's island		112 727		160 396
Bahama islands		137 557		195 726
Farer's island	178 694	27 450	254 259	39 058
England	129 747		184 613	
ASV		56 503		80 397
Lietuvania	809 586	573 212	1 151 937	815 607
Antigua Burbuda	91 128	104 094	129 663	148 112
Beleez		192 310		273 632
Cyprus	448 070	1 160 810	637 546	1 651 684
Niderland	21 084	196 958	30 000	280 246
St.Vincent&Grenadies	45 673	133 058	64 987	189 324
Malta	5 892	9 667	8 384	13 755
Belgia		14 261		20 292
Germany	1 024 648	602 514	1 457 943	857 300
Sweden		16 720		23 790
France		5 673		8 072
Marshala's island	46 626	29 296	66 343	41 684
Dania		689		980
Ukraina	157 525		224 138	
Geebraltar	7 520		10 700	
Panama	148 281		210 985	
Portugale	542 462		771 854	
Liberia	8 182		11 642	
Rumunia		86 479		123 049
	17 422		24 789	
	6 332 265	4 992 287	9 010 001	7 103 384

(2) Production costs of sold goods

Material purchase costs	1 797 849	1 000 276	2 558 109	1 423 265
Employees salary	948 991	714 130	1 350 293	1 016 115
Social insurance costs	222 291	167 049	316 292	237 689
Electricity costs	344 837	286 778	490 659	408 048
Depreciation of fixed assets	312 261	274 139	444 307	390 065
Contagent's services	1 933 610	1 945 571	2 751 279	2 768 298
Running repairs of equipment	49 964	73 638	71 092	104 777
Running repairs of buildings	8 654	9 085	12 314	12 927
Security staff	66 921	58 401	95 220	83 097
Services from outside	123 651	104 077	175 940	148 088
Lease payment	46 911	37 878	66 748	53 896
Other costs	6 407	7 567	9 116	10 767
Total	5 862 347	4 678 589	8 341 368	6 657 032

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Appendixes to profit or loss statement (continuation)

(3) Selling costs	LVL		EUR	
	2012	2011	2012	2011
Media advertising expenditures	8 179	7 262	11 638	10 333
Business trips	5 810	6 704	8 267	9 539
Total	13 989	13 966	19 905	19 872
(4) Administration costs	LVL		EUR	
	2012	2011	2012	2011
Communication costs	3 010	3 293	4 283	4 686
Annual report's costs	2 500	2 500	3 557	3 557
Reward for the board	66 646	69 378	94 829	98 716
Reward for the council	99 500	102 000	141 576	145 133
Social insurance costs	38 768	40 047	55 162	56 982
Office maintenance costs	2 294	2 317	3 264	3 297
Stock exchange costs	5 000	5 625	7 114	8 004
Lawyer's services	5 834	8 315	8 301	11 831
Transport costs, business trips	8 062	8 006	11 471	11 392
Bank services	8 410	8 051	11 966	11 456
Representation expenses	2 718	3 825	3 867	5 442
Total	242 742	253 357	345 391	360 495
(5) Other incomes from company's economic activity				
Incomes from realization of materials	9 444	16 140	13 438	22 965
		900		1 281
Incomes from rent	46 226	47 693	65 774	67 861
Incomes from exchange rate fluctuations		2 422		3 446
Incomes from tugboat's services	31 939	41 870	45 445	59 576
Other incomes	12 992	7 884	18 486	11 218
Total	100 601	116 909	143 142	166 347
(6) Other expenses from company's economic activity				
Written off bad debtors	112 628	23 414	160 255	33 315
Accrued liabilities (holiday reserves)	2 335	(2 377)	3 322	(3 382)
Fixed assets exclusion expenses	27	2 551	38	3 629
Material purchase expenses	2 895	1 266	4 119	1 801
Personnel expenses (material assistance)	1 500	770	2 134	1 096
Tugboat's services expenses	59 634	56 140	84 852	79 880
Losses from exchange rate fluctuations	38 781		55 180	
Dotations	4 195	1 980	5 969	2 817
Gifts to employees	256	7 148	364	10 171
Property maintenance	2 017	1 224	2 870	1 742
Other	6 417		9 131	
Total	230 685	92 116	328 235	131 069
(7) Interest payments and similar expenses				
Paid interests	55 727	62 460	79 292	88 873
Paid fines	13 685	3 438	19 472	4 892
Total	69 412	65 898	98 764	93 764
(8) Other taxes				
Immovable property tax for land	10 599	11 924	15 081	16 966
Immovable property tax for buildings and constructions	16 107	16 290	22 918	23 179
Total	26 706	28 214	37 999	40 145

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Appendixes to balance sheet on 31.12.2012.

(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
Undepreciated value						
31.12.2011.			12 431			12 431
Purchased			371			371
Written off						0
Reestimated						0
31.12.2012.	0	0	12 802	0	0	12 802
Depreciation						
31.12.2011.			11 263			11 263
Calculated			369			369
Written off						0
31.12.2012.	0	0	11 632	0	0	11 632
Residual value 31.12.2011	0	0	1 168	0	0	1 168
Residual value 31.12.2012	0	0	1 170	0	0	1 170

	EUR	EUR	EUR	EUR	EUR	EUR
Undepreciated value						
31.12.2011.			17 688			17 688
Purchased			528			528
Written off						0
Reestimated						0
31.12.2012.	0	0	18 216	0	0	18 216
Depreciation						
31.12.2011.			16 026			16 026
Calculated			525			525.0396981
Written off						
31.12.2012.	0	0	16 551	0	0	16 551
Residual value 31.12.2011	0	0	1 662	0	0	1 662
Residual value 31.12.2012	0	0	1 665	0	0	1 665

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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
Undepreciated value								
31.12.2011.	2 437 226	2 609 055		109 448			133 393	5 289 122
Purchased	178 267	667 303		2 052			635 598	1 483 220
Written off		481 485		6 025			760 007	1 247 517
Reestimated		1 106 726						1 106 726
31.12.2012.	2 615 493	3 901 599	0	105 475	0	0	8 984	6 631 551
Depreciation								
31.12.2011.	697 897	1 703 853		74 145				2 475 895
Calculated	86 406	192 723		8 439				287 568
Written off		479 013		5 319				484 332
31.12.2012.	784 303	1 417 563	0	77 265	0	0	0	2 279 131
Residual value 31.12.2011	1 739 329	905 202	0	35 303	0	0	133 393	2 813 227
Residual value 31.12.2012	1 831 190	2 484 036	0	28 210	0	0	8 984	4 352 420
Undepreciated value								
31.12.2011.	3 467 860	3 712 351		155 731			189 801	7 525 743
Purchased	253 652	949 486		2 920			904 374	2 110 432
Written off		685 091		8 573			1 081 393	1 775 057
Reestimated		1 574 729						1 574 729
31.12.2012.	3 721 512	5 551 475	0	150 078	0	0	12 783	9 435 847
Depreciation								
31.12.2011.	993 018	2 424 364		105 498				3 522 881
Calculated	122 945	274 220		12 007				409 172
Written off		681 574		7 568				689 142
31.12.2012.	1 115 963	2 017 010	0	109 937	0	0	0	3 242 911
Residual value 31.12.2011	2 474 842	1 287 987	0	50 233	0	0	189 801	4 002 862
Residual value 31.12.2012	2 605 549	3 534 465	0	40 141	0	0	12 783	6 192 936

The company's property costs 678 920.00 LVL or 966 016.00 EUR on 31.12.2012 year in cadastre.

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Appendixes to balance sheet (continuation)

(11) Raw materials, direct materials and auxiliary materials

	LVL		EUR	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
1. Metal	407 671	657 718	580 064	935 848
2. Abrasive	1 218	13 515	1 733	19 230
3. Pipes	137 760	143 124	196 015	203 647
4. Non-ferrous metals	47 500	49 403	67 586	70 294
5. Products of technical rubber	30 724	31 392	43 716	44 667
6. Other expenses	83 264	94 556	118 474	134 541
Total	708 137	989 708	1 007 588	1 408 228
1 (12) Unfinished products				
2 Ship building	1 048 792	427 486	1 492 298	608 258
3 Ship repair services		43 184		61 445
Other		30 061		42 773
Total	1 048 792	500 731	1 492 298	712 476

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

	LVL		EUR	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Accounting value of purchaser's and clients' debts	1 698 021	2 246 369	2 416 066	3 196 295
Net debts of purchasers and clients	1 698 021	2 246 369	2 416 066	3 196 295

(14) Other debtors

	LVL		EUR	
	31.12.2012	31.12.2011	31.12.2012	30.06.2009.
VAT accepted	8 855		12 600	
In budget advance and overpaid taxes	28 784	74 080	40 956	105 406
Advance payments for services	871	20 225	1 239	28 777
Total	38 510	94 305	54 795	134 183

(15) Cash

	LVL		EUR	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Money in cash-desk	677	2 927	963	4 165
Money in current accounts	4 692	7 898	6 676	11 238
Total	5 369	10 825	7 639	15 403

(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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Investment reestimation of water's dok	1 106 726		1 574 729	
Total	1 106 726	0	1 574 729	0

(18) Provisions

	LVL		EUR	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Accruals for holiday grants	40 285	37 950	57 320	53 998
Total	40 285	37 950	57 320	53 998

(19) Deferred tax liabilities

	LVL		EUR	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
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	20 773	(1 344)	29 557	(1 912)
Total	197 906	177 133	281 595	252 038

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

	LVL	EUR
	31.12.2012	31.12.2011
Total	1 406 794	1 396 956

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) Debts to suppliers and contractors

	LVL		EUR	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Raw materials, direct materials and auxiliary materials	274 715	283 960	390 884	404 039
Services	195 558	102 734	278 254	146 177
Contractor's services	541 028	356 633	769 813	507 443
Capital assets	70 757	4 197	100 678	5 972
Total	1 082 058	747 524	1 539 630	1 063 631

(22) Debts to related companies

	LVL		EUR	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
JSC "Riga's shipyard"	279 972	289 291	398 364	411 624
Total	279 972	289 291	398 364	411 624

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(23) Movement of tax liabilities for 2012

	01.01.2012.	Calculated for 2012	Calculated fine and delay payment	(Paid)/repaid	Posted to/(from) other taxes	31.12.2012.
	LVL	LVL	LVL	LVL	LVL	LVL
Value added tax	(57 661)	(326 481)	798	16 300	344 128	(22 916)
Population income tax	32 796	207 731	10 094	(144 500)	(70 663)	35 458
State social insurance compulsory payments	28 783	361 429	1 590	(82 500)	(286 258)	23 044
Company's income tax	2 239		241	(24 530)	16 182	(5 868)
Immovable property tax (land)	2 981	10 599	383	(13 963)		
Immovable property tax (buildings)	4 072	16 107	563	(20 742)		
Tax of natural resources	411	2 561	13	(1 910)		1 075
Risk duty of business	50	662	3	(664)		51
Total	13 671	272 608	13 685	(272 509)	3 389	30 844

incl.:

Debt to budget	71 332	59 628
Overpayment	(57 661)	(28 784)

	01.01.2012.	Calculated for 2012	Calculated fine and delay payment	(Paid)/repaid	Posted to/(from) other taxes	31.12.2012.
	EUR	EUR	EUR	EUR	EUR	EUR
Value added tax	(82 044)	(464 541)	1 135	23 193	489 650	(32 607)
Population income tax	46 664	295 575	14 362	(205 605)	(100 544)	50 452
State social insurance compulsory payments	40 955	514 267	2 263	(117 387)	(407 309)	32 789
Company's income tax	3 186	0	343	(34 903)	23 025	(8 349)
Immovable property tax (land)	4 241	15 081	545	(19 867)		
Immovable property tax (buildings)	5 794	22 918	801	(29 513)		
Tax of natural resources	585	3 644	19	(2 718)		1 530
Risk duty of business	71	942	4	(945)		72
Total	19 451	387 886	19 473	(387 745)	4 822	43 887

incl.:

Debt to budget	101 496	84 843
Overpayment	(82 044)	(40 956)

(24) Other creditors

	LVL		EUR	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Salary	44 181	58 586	62 864	83 360
Deductions from salary	694	763	987	1 086
Other creditors	2 666	2 584	3 793	3 677
Total	47 541	61 933	67 645	88 123

Chairman of the board
Member of the board
Member of the board

/Ivica Galich/
/Igor Komarov/
/Boris Galcovich/

28 February of 2013

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General remarks

(1) The annual average number of employed ones

The average number of persons employed by the company in the year of account

	<u>229</u>		<u>221</u>	
	Ls		EUR	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2 011</u>
(2) Personnel expenses total	1 310 095	1 153 836	1 864 098	1 641 760
- salary	1 061 971	935 476	1 511 049	1 331 062
- social tax	248 124	218 360	353 049	310 698
- including:				
Salary of persons engaged in production (basic activity)				
- salary	895 824	764 098	1 274 643	1 087 214
- social tax	209 356	178 313	297 887	253 717
- total	1 105 180	942 411	1 572 529	1 340 930
Reward to the board				
- reward	66 647	69 378	94 830	98 716
- social tax	16 055	16 713	22 844	23 780
- total	82 702	86 091	117 674	122 496
Reward to the council				
- reward	99 500	102 000	141 576	145 133
- social tax	22 713	23 334	32 318	33 201
- total	122 213	125 334	173 894	178 334

(3) Pledged assets, guaranties, off-balance liabilities.

Assets are pledged to ensure the credit.

No guaranties are issued. There are no off-balance liabilities.

We confirm the annual report for the 2012 year from 1 to 20.

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

28 February of year 2013.

*AS "Tosmare shipyard"
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