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General Information

Name of the company	Tosmares kuģubūvētava
Legal status of the company	Joint stock company
Number, place and date of registration	Register of the companies Nr. 210302283 Liepāja, January 03, 2000 Commercial register Nr. 42103022837 Liepāja, May 12, 2004
Address	Ģenerāļa Baloža iela 42/44 Liepāja, LV-3402 Latvia
Type of operations	NACE 3315: Construction and repair of technological equipment, ships, yachts, catamarans, containers, roltrailers; Port services
The Board	
Aleksandrs Vaļums	Chairman of the Board
Vladislavs Blūms	Member of the Board
Aleksandrs Murugovs	Member of the Board
The Council	
Vasilijs Meļņiks	Chairman of the Council
Aleksandrs Čerņavskis	Vice-chairman of the Council
Jānis Skvarnovičs	Member of the Council
Rolands Klincis	Member of the Council
Henrik Kasesalu	Member of the Council
Viktors Ivanovs	Member of the Council
Financial period	January 1, 2015 - June 30, 2015
Auditor's name and address	Natalija Zaiceva Certified auditor (LZRA Certificate. No. 138) "Orients Audit & Finance" Ltd LZRA Licence No. 28 Gunara Astras Street 8B Riga, LV-1082 Latvia

Statement of the Management Responsibility

The Management is responsible for the preparation of the financial statements in accordance with the Laws of the Latvian Republic On Accounting and On the Annual Reports. The financial statements give a true and fair view of the financial position of the Company at the end of the reporting year, and the results of its operations and cash flow for the year then ended.

The Management certifies that proper accounting methods were applied to preparation of these financial statements on page 5 to page 19 and decisions and assessments were made with proper discretion and prudence. The accounting policies applied have been consistent with the previous period. The Management confirms that the financial statements have been prepared on going concern basis.

The Management is responsible for accounting records and for safeguarding the Company's assets and preventing and detecting of fraud and other irregularities in the Company. It is also responsible for operating in the Company in compliance with the normative acts of the Republic of Latvia.

Chairman of the Board

A.Vaļums

Member of the Board

V.Blūms

Member of the Board

A.Murugovs

August 28, 2015

Report of the Board

During the first 6 months of 2015 JSC "Tosmare kuģubūvētava" has performed repair of 21 ship (in comparison with 6 months of 2014 - 16 ships) and 2 catamaran hulls were built (in 6 months of 2014 were built 2 catamaran hulls).

In 6 months of 2015 suppliers of products, services as well as materials for JSC "Tosmare kuģubūvētava" mostly were from Latvia, however there were also suppliers from Lithuania, Estonia and Western Europe as well. Regarding ship repair area the main Customers were from Russia, Lithuania, the Netherlands and the Customers for building of catamaran hulls were from Faroe Islands.

In 6 months of 2015 a total net turnover was EUR 2 755 980, including ship building EUR 216 145 and ship repair EUR 2 234 619 (in comparison with 6 months of 2014 the total net turnover was EUR 2 046 638, including ship building EUR 547 323 and ship repair EUR 1 461 556). The Company has finished the report period of half of year with gross profit of EUR 287 619 (in 6 months of 2014 gross losses was EUR 534 564), and a net profit in 6 months of 2015 is EUR 71 416 (respectively in 6 months of 2014 there was a losses in the amount of EUR 726 540).

JSC "Tosmares kuģubūvētava" operates in accordance with International Quality Control Standards - EN ISO 9001:2008. A Certificate of Quality Compliance was issued in 2013 and quality assurance systems is being improved constantly.

Taking into account the present marketing situation and possibilities of the Company, the Board will continue work in order to increase quantity of repaired and new built ships. In order to insure the above mentioned the Company will continue major overhaul of production building, the floating dock, gantry-cranes, tugs and other assets. Also some investments have been planned for purchase of several equipments.

The work regarding assignment of new orders for ship repair and ship building is being continued.

Chairman of the Board

A.Vaļums

Member of the Board

V.Blūms

Member of the Board

A.Murugovs

August 28, 2015

PROFIT (LOSS) STATEMENT
for 6 months period of 2015 and 2014

	Notes	6 months 2015 EUR	(Adjusted*) 6 months 2014 EUR
Net sales	(1)	2 755 980	2 046 638
Cost of sales	(2)	(2 468 361)	(2 581 202)
Gross profit or losses		287 619	(534 564)
Distribution expenses	(3)	(6 293)	(2 043)
Administrative expenses	(4)	(165 272)	(159 824)
Other operating income	(5)	99 742	82 139
Other operating expenses	(6)	(64 086)	(51 535)
Interest payments and similar costs	(7)	(61 418)	(41 837)
Profit or losses before taxes		90 292	(707 664)
Corporate income tax	(8)		
Other taxes	(8)	(18 876)	(18 876)
Net profit or losses		71 416	(726 540)
*View the No. 34			
Loss per share		0,022	-0,227

Appendixes on pages 10 to 18 are an integral part of this financial report.

Chairman of the Board

A.Vaļums

Member of the Board

V.Blūms

Member of the Board

A.Murugovs

August 28, 2015

BALANCE SHEET

on June 30, 2015 and June 30, 2014

	Notes	30.06.2015 EUR	(Adjusted*) 30.06.2014 EUR
ASSETS			
Non-current assets			
Intangible assets			
Other intangible assets	(9)	341	878
Total intangible assets		341	878
Fixed assets			
Land and buildings	(9)	2 491 292	2 622 114
Equipment and machinery	(9)	3 571 637	3 200 248
Other fixed assets	(9)	22 433	23 367
Fixed assets under construction	(9)	13 393	16 163
Total fixed assets		6 098 755	5 861 892
Total non-current assets		6 099 096	5 862 770
Current assets			
Inventories			
Raw materials and consumables	(10)	638 895	756 308
Finished goods and work in progress	(11)	1 409 853	1 405 659
Advances paid for materials		504	85
Total inventories		2 049 252	2 162 052
Account receivables			
Trade receivables	(12)	1 269 074	1 169 191
Other receivables	(13)	126 901	3 163
Related company's debt	(14)	41 003	
Expenses of future periods	(15)	14 020	
Accrued income	(16)	123 885	141 502
Total receivables		1 574 883	1 313 856
Cash and bank	(17)	403 240	3 204
Total current assets:		4 027 375	3 479 112
Total assets		10 126 471	9 341 882

Appendixes on pages 10 to 18 are an integral part of this financial report.

BALANCE SHEET

on June 30, 2015 and June 30, 2014

	Notes	30.06.2015 EUR	(Adjusted*) 30.06.2014 EUR
<u>EQUITY, PROVISIONS AND LIABILITIES</u>			
Equity			
Share capital	(18)	4 484 756	4 558 023
Non-current investments revaluation reserve	(19)	1 338 520	1 574 729
Reserves:			
other reserves	(20)	73 267	
Retained earnings:		10 118	(339 655)
previous year's retained earnings		(61 298)	386 885
current year's profit or losses		71 416	(726 540)
Total equity		5 906 661	5 793 097
Provisions			
Other provision	(21)	52 927	48 299
Total provisions		52 927	48 299
Liabilities			
Non-current liabilities			
Other borrowings	(22)	1 566 000	
Leasing liabilities	(23)	466 969	
Deferred income tax liabilities	(24)	505 983	287 540
			6
Next period income	(25)	295 877	
Total non-current liabilities		2 834 829	287 546
Current liabilities			
Loans from banks	(26)		1 752 548
Other borrowings	(27)	23 751	
Leasing liabilities	(28)	83 327	
Advances from customers	(29)	110 786	105 650
Trade payables	(30)	911 719	1 022 677
Payables to related companies	(31)		31 942
Taxes and social insurance payments	(32)	82 379	165 839
Other liabilities	(33)	84 932	134 284
Deferred income		35 154	
Dividends unpaid		6	
Accrued liabilities			
Total current liabilities:		1 332 054	3 212 940
Total liabilities:		4 166 883	3 500 486
<u>Total equity, provisions and liabilities</u>		10 126 471	9 341 882

0

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Chairman of the Board

A.Vaļums

Member of the Board

V.Blūms

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A.Murugovs

August 28, 2015

CASH FLOW STATEMENT

for 6 month of 2015 and 2014 (according to direct method)

	6 months of 2015 EUR	6 months of 2014 EUR
Cash flow from operating activities		
Sales and service income	2 986 436	2 339 837
Cash to suppliers, personnel and others primary activity costs	(2 654 312)	(2 231 476)
Gross cash flow generated from operating activities	332 124	108 361
Interest paid	(51 079)	(31 975)
Corporate income tax paid		(10 000)
Cash flow before extraordinary items	281 045	66 386
Net cash flow generated from operating activities	281 045	66 386
Cash flow from investment activity		
Acquisition of fixed and intangible assets	(60 984)	(25 947)
Proceeds from sales of fixed assets and intangible assets	5 041	
Net cash flow generated from investing activities	(55 943)	(25 947)
Cash flow from financing activities		
Loans received		
Expenses on repayment of loan		(103 417)
Leased assets redemption expenses		
Net cash flow generated from financing activities	0	(103 417)
Net foreign exchange gains/losses		
Net increase / (decrease) in cash and cash equivalents	225 102	(62 978)
Cash and cash equivalents at the beginning of the financial year	178 138	66 182
Cash and Cash equivalents at the end of the financial year	403 240	3 204

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Chairman of the Board

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A.Murugovs

August 28, 2015

STATEMENT OF CHANGES IN EQUITY
for 6 months period of 2015 and 2014

	Share capital	Revaluation reserve of Non-current investments	Retained earnings	Other reserves	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 30.06.2013.	4 558 023	1 574 729	386 885		6 519 637
Correction of the amount indicated in the balance sheet of a previous year			(726 540)		(726 540)
Profit or losses for the financial year					0
Balance as at 30.06.2014.	4 558 023	1 574 729	(339 655)		5 793 097
Reserves drawn up in the result of the denomination	(73 267)	(236 209)	278 357	73 267	42 148
Profit or losses for the financial year			71 416		71 416
Balance as at 30.06.2015.	4 484 756	1 338 520	10 118	73 267	5 906 661

Appendixes on pages 10 to 18 are an integral part of this financial report.

Chairman of the Board

A.Vaļums

Member of the Board

V.Blūms

Member of the Board

A.Murugovs

August 28, 2015

NOTES

ACCOUNTING POLICIES

(1) General principles

Financial statements are prepared in accordance with the Laws of the Latvian Republic On Accounting and On the Annual reports and the Regulations of Cabinet of Ministers Nr. 488 "Provisions of Law enforcement on Annual report " and No. 481 "Regulations on the cash flow statement and statement of changes in equity contents and order of preparation" As the best practice are applied the Latvian accounting standards.

The income statement is prepared in accordance with the turnover method.

The Cash flow statement has been prepared under the direct cash flow method.

The financial statements are prepared based on going concept and according to the historical cost accounting principle.

In comparison with the previous financial year, the accounting and evaluation methods used by the Company has not been changed.

In connection with the Latvian official currency exchange from January 1, 2014, the Company's functional and reporting currency is the euro, which replaced the national currency Latvian lats. Prior period financial information that has been presented in Latvian lats, have been converted into euro using the official currency exchange rate of 0.702804 LVL against EUR 1. Since the Latvian lats had previously been pegged to the euro with the same exchange rate, the functional and reporting currency change had no effect on company's financial statement, financial results and cash flows.

The accompanying financial statements have been drawn up in the Latvian national currency - the euro (EUR).

(2) Income recognition and net sales

Net sales contain the total value of goods and services sold during the year excluding discounts value added tax and costs related to sales.

In accordance to the Regulations of Cabinet of Ministers, revenue from ship repair work is recognized when the customer has accepted the executed repair work.

Other income are recognized as following:

- rent income – in the moment of appearance;
- income from fines and penalties – in the moment of its receipt;
- dividends – at the moment when the legal rights on them arise.

(3) Long-term agreements

Agreement costs are recognized when incurred. When the outcome of an agreement cannot be estimated reliably, agreement revenue is recognized only to the extent of agreement costs incurred that are likely to be recoverable. When the outcome of an agreement can be estimated reliably and it is possible that the agreement will be profitable, agreement revenue is recognized over the period of the agreement. When it is probable that total costs will exceed total agreement revenue, the expected loss is recognized as an expense immediately.

The Company apply the percentage of completion method to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the agreement costs uncured up to balance sheet date as a percentage of total estimated costs for each agreement or carrying out surveys of work performed to date. Costs incurred in the year in connection with future activity on an agreement are excluded from agreement in determining the stage of completion. They are presented as inventories or other assets, depending on their nature.

(4) Nemateriālie ieguldījumi

Intangible assets are valued as per initial cost excluding accumulated amortization. Amortization is calculated on a straight-line method useful life is determined as 4 years.

(5) Fixed assets and low-grade material

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:

	<u>Years</u>	<u>%</u>
Buildings	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 EUR 142,29 and the period of useful utilization exceeds 1 year. Reestimating the fixed assets, their value increase is reflected in non-current investment reestimation reserve. To incomes in profit or loss statement is applied to fixed assets liquidation.

Net gains or losses from disposal of fixed assets is calculated, as the difference between the carrying amount of the fixed asset, write-off of related assets revaluation reserve (if any) and proceeds from sale, and recognized in the income statements during the period when disposal are incurred.

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

(6) Non-current investments in leased fixes assets

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

(7) Rent 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.

(8) Lease without rights of ransom (operative leasing)

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

(9) Inventories

Inventories are stated at the lower of purchase or production cost and net realizable value. Purchase costs consists of purchase value and overheads, which have been acquired, by delivering inventories at their current position and value. The costs of materials and other expenses that are directly connected with the production of the appropriate item as well as a respective part of overhead expenses are included in the production cost of inventories. Selling expenses has not included in cost. Cost is stated on the weighted average method. When the net realizable value of inventories is lower than its costs, the difference is recognized as provisions for the decrease of value.

Inventories 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.

(10) Accounts receivable

Account receivable in the balance sheet have been shown at the net value, obtained deducting provisions for doubtful debts from the total amount of Account receivable. Account receivable's actual sum complies with contracts and other accounting basic documents. The comparison of account's receivable debts has been performed and the bad debts has been written-off.

(11) Other investments

Non-current investments, excluding investments in subsidiaries and associates, are stated at purchased value, adjusted in cases of their permanent value increase or decrease.

(12) Cash and cash equivalents

In the report of cash flow consist of the money in cash-box, remnants of active bank cont and demand deposits in the credit institutions with term to 90 days.

(13) Accrued liabilities for unused annual leave

Amount of accumulated unused annual leave is determined by multiplying the average day rate og employees for the last six monts of the financial year by the amount of accrued but unused annual leave at the end of the reporting year.

(14) Corporate income tax

Corporate income tax was calculated according to Latvia Republic tax laws. According to effective provisions of the normative acts the tax rate is 15%.

(15) Deffered tax

Deferred tax is calculated according to the liability method with respect to all temporary differences between the values of assets and liabilities in the financial statements and their tax basis. The deferred tax liability is calculated based on the tax rates that are expected to be applied when the temporary differences reverse. The temporary differences arise from different fixed asset depreciation rates, as well as from tax losses carried to the next taxation periods. In cases, when the total result of the deferred tax calculation is to be reflected as assets, it is recognized in the financial statement only if a future taxable profit will be available against which the temporary differences can be utilised.

(16) 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.

(17) 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.

(18) Related parties

Related parties are considered Group companies, the Board and the Council members, their close family members and Companies, in which the previously mentioned persons/Group companies have significant influence or control.

Notes to Income Statement

(1) Net sales

	EUR	EUR
	6 month of 2015	6 month of 2014
Income from ship building	216 145	547 323
Income from ship repair services	2 234 619	1 461 556
Other income	305 216	37 759
Total	2 755 980	2 046 638

By location

Income from sales of service in Latvia	67 350	147 468
Income from sales of service in		
Fareo Islands	221 645	438 994
Russia	1 318 122	402 656
Lithuania	416 000	141 888
Antiqua and Barbuda		
Beliza		
Cyprus	1 070	
Netherlands	491 886	396 632
Saint Vincent and the Grenadines		
Malta		
Germany	1 500	13 538
Gibraltar	58 593	
Sweden		
Poland	28 750	11 817
Cambodia		130 955
Marshall Islans		24 360
Norway		338 330
Panama	51 304	
St.Kitts&Nevis	99 760	
	2 755 980	2 046 638

(2) Cost of sales

Material purchase costs	358 974	509 532
Employees salary	569 506	539 453
Social insurance costs	129 695	124 253
Electricity costs	233 861	192 884
Depreciation of fixed assets	214 813	240 032
Contagent's services	829 545	799 165
Services from outside	25 832	137 820
Current overhaul of buildings	3 235	
Security	49 516	
Services of other Companies	21 938	
Lease payment	26 936	27 295
Other costs	4 510	10 768
Total	2 468 361	2 581 202

(3) Distribution expenses

Media advertising expenditures		
Business trips	6 293	2 043
Total	6 293	2 043

(4) Administrative expenses

Communication costs	947	672
Reward for the board and council	109 995	89 019
Social insurance costs	25 146	20 689
Office maintenance costs	1 630	1 372
Stock exchange costs	5 778	5 478
Lawyer's services	5 645	26 725
Expenses for the audit of 2014 financial statements		5 540
Transport costs, business trips	7 979	4 921
Bank services	2 624	3 763
Representation expenses	2 982	1 645
Other costs	2 546	
Total	165 272	159 824

JSC "Tosmares kuģubūvētava"
report for the 6 months period ended on June 30, 2015

	EUR	
	6 month of 2015	6 month 2014
(5) Other operating income		
Income from realization of materials	3 546	27 130
Income from rent	34 298	29 579
Income from tugboat's services	24 749	12 360
Income from exchange rate fluctuations		58
Other income	37 149	13 012
Total	99 742	82 139
(6) Other operating expenses		
Written off bad debtors		
Accrued liabilities (holiday reserves)		
Fixed assets exclusion expenses	587	
Material purchase expenses		21 591
Personnel expenses (material assistance)	600	960
Tugboat's services expenses	56 745	28 137
Losses from exchange rate fluctuations	156	
Donations	500	
Gifts to employees		
Property maintenance	5 498	847
Other expenses		
Total	64 086	51 535
(7) Interest and similar expenses		
Interest charge	58 146	31 975
Penalties paid	3 272	9 862
Total	61 418	41 837
(8) Other taxes		
Real estate tax for land	7 245	7 245
Real estate tax for buildings	11 631	11 631
Total	18 876	18 876

	Other intangible assets (software)		Lands and buildings		Equipment and machines		Other fixed assets		Fixed assets under construction		Total	
	EUR		EUR		EUR		EUR		EUR		EUR	
Cost/revaluation												
2014.12.31	10 465	3 940 137	5 514 494	133 124	16 163	9 614 383						
Additions		2 590	129 589	2 157	14 146	148 482						
Disposals			4 980	2 628	16 916	24 524						
Revaluation						0						
2015.06.31	10 465	3 942 727	5 639 103	132 653	13 393	9 738 341						
Depreciation												
2014.12.31	9 971	1 382 805	1 931 916	106 760	3 431 452							
Calculated	153	68 630	139 949	6 081	214 813							
Disposals			4 399	2 621	7 020							
2015.06.31	10 124	1 451 435	2 067 466	110 220	3 639 245							
2014.12.31	494	2 557 332	3 582 578	26 364	16 163	6 182 931						
2015.06.31	341	2 491 292	3 571 637	22 433	13 393	6 099 096						

Cadastral value

Cadastral value of freehold land as at June 30, 2015 is EUR 966 006, cadastral value for the building is EUR 1 550 784.

(10) Raw materials and consumables	EUR	EUR
	<u>6 month of 2015</u>	<u>6 month 2014</u>
Metal	333 984	344 815
Abrasive	2 108	1 034
Pipes	119 307	155 536
Non-ferrous metals	50 400	65 453
Products of technical rubber	37 512	38 210
Other expenses	95 584	151 260
Total	<u>638 895</u>	<u>756 308</u>
(11) Finished goods		
Yacht's hull	890 000	885 806
Equipment for yacht	519 853	519 853
Total	<u>1 409 853</u>	<u>1 405 659</u>
(12) Trade receivables		
Book value of trade receivables	1 269 074	1 169 191
Net worth of trade receivables	<u>1 269 074</u>	<u>1 169 191</u>
(13) Other receivables		
In budget advance paid and overpaid VAT tax	35 752	
Corporate income tax advance payments	17 309	3 038
Advance payments for services	10 375	125
Other receivables	63 465	
Total	<u>126 901</u>	<u>3 163</u>
(14)		
AS "Rīgas kuģu būvētava" debt for the loan	41 003	
Total	<u>41 003</u>	<u>0</u>
For the use of the loan is paid 6% per annum. Loan return deadline is 01 June 2015.		
(15) Expenses of future periods		
Press Subscription		
Insurance expenses		
Other expenses	14 020	
Total	<u>14 020</u>	<u>0</u>
(16) Accrued income	EUR	EUR
	<u>6 month of 2015</u>	<u>6 month 2014</u>
Shipbuilding	123 885	82 486
Ship repair		59 016
Total	<u>123 885</u>	<u>141 502</u>
(17) Cash and Bank		
Cash on hand		32
Cash at bank on current accounts	403 240	3 172
Total	<u>403 240</u>	<u>3 204</u>

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

AS "Tosmares kuģubūvētava" was established in 2000 with share capital EUR 2 281 428 that consist of 1 603 397 common shares, nominal value of share is EUR 1,40.

The joint-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 In a year of 2001 an increase of share capital of the company to EUR 3 704 300.
- 2 In a year of 2002 an increase of share capital of the company to EUR 4 558 023.
- 3 In 2011 the 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.
- 4 Equity capital is EUR 4 484 756 after denomination. JSC "Tosmares kuģubūvētava" has 3 203 397 stocks. One stock costs EUR 1.40.

(19) Non-current investments revaluation reserve	<u>EUR</u>	<u>EUR</u>
	<u>6 month of 2015</u>	<u>6 month 2014</u>
Investment revaluation of floating dock was on December, 2011	1 338 520	1 574 729
Total	<u>1 338 520</u>	<u>1 574 729</u>

The assessment of floating dock was carried out by certified technical expert SIA "Baltic Kontor".

(20) Other reserves

Reserves from resulting of the denomination of the share in accordance with the shareholders' decision.

	<u>73 267</u>	<u> </u>
Total	<u>73 267</u>	<u> </u>

(21) Other provisions

Provisions for annual leave

	<u>52 927</u>	<u>48 299</u>
Total	<u>52 927</u>	<u>48 299</u>

(22) Other borrowings

Total 1 566 000

Loan is received from the legal person with 6% annual rate with the deadline of return in 2019.

As security for the loan liabilities accomplishment the Company's fixed assets are pledged. The value of the pledged fixed assets is EUR 833 471.

(23) Non-current leasing liabilities

Overhead cranes	399 986	<u> </u>
Automobile	66 983	<u> </u>
Total	<u>466 969</u>	<u> </u>

Liabilities under the finance leases are repayable within 2-5 years.

The company has purchased cargo cranes by financial lease from SIA "SEB līzings." Interest payments are set at 3,45% + 3 months EURIBOR.

The automobile has been purchased by financial lease from SIA "Citadele līzings un faktoring". Interest payments are set at 5% + 6 months EURIBOR.

(24) Deferred tax liabilities	<u>EUR</u>	<u>EUR</u>
	<u>6 month of 2015</u>	<u>6 month 2014</u>
Deferred tax liabilities at the beginning of year	505 983	287 540
Deferred tax liability from revaluation reserve of floating dock		
Deferred tax liability increase in the financial year		
Liabilities in the end of a period	<u>505 983</u>	<u>287 540</u>

(25) Next period income (non-current part)

Revenue as a result of the reverse leasing	<u>295 877</u>	<u> </u>
Total	<u>295 877</u>	<u> </u>

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(26) Loans from credit institutions

1 752 548

1 855 966

The Company had an opened credit facility in JSC "SEB bank" on December 31, 2013.

As security for the liabilities were pledged by the Company belonging property - equipment, floating dock and two dry docks. In 2014 the liabilities to the credit institution were paid off.

(27) Other borrowings

Interests unpaid

23 751

Total

23 751

(28) Current leasing liabilities

Automobile

17 890

Overhead cranes

65 437

Total

83 327

(29) Advances from customers

Ship building

105 984

100 775

Ship repair

Other

4 802

4 875

Total

110 786

105 650

(30) Trade payables

Debts for materials

110 450

237 383

Debts for services

80 742

165 384

Debts for ship building and ship repair

705 535

544 049

Debts for fixed assets

14 992

75 861

Total

911 719

1 022 677

(31) Payables to related companies

Debt to the AS "Rīgas kuģu būvētava" for the materials and services

0

31 942

Total

0

31 942

(32) Movement of tax liabilities for 3 months of 2015

	01.01.2015.	Calculated 2015.	Calculated penalty and delay fees	(Paid) / repaid	Transferred to other taxes	31.06.2015
	EUR	EUR	EUR	EUR	EUR	EUR
Value added tax	(22 984)	(150 794)		21 922	116 104	(35 752)
Personal income tax	36 863	122 053	1 259	(96 000)	(20 989)	43 186
Social insurance payments	65 631	224 518	45	(110 500)	(141 301)	38 393
Corporate income tax	(44 491)			(10 000)	37 182	(17 309)
Real estate tax (land)	8 315	7 245	371	(15 938)		(7)
Real estate tax (building)	12 350	11 631	1 596	(25 587)		(10)
Natural resources tax	785	2 375		(2 487)	68	741
Risk duty	60	378		(380)		58
Total	<u>56 529</u>	<u>217 406</u>	<u>3 271</u>	<u>(238 970)</u>	<u>(8 936)</u>	<u>29 300</u>

Tax debt **124 004**

Tax overpayment **(67 475)**

82 378

(53 078)

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		EUR	EUR
(33) Other liabilities		<u>6 month of 2015</u>	<u>6 month 2014</u>
Salaries		83 981	133 480
Retention from salaries		951	607
Other liabilities			197
Total		<u>84 932</u>	<u>134 284</u>
(34) Correction of errors of previous years			

Evaluation of long-term contracts was not made according to the stage of completion on 31.06.2014. Corrections are made in the report retroactively and the impact on the comparative figures is following:

	2014.06.31		2014.06.31
<u>Income statements items</u>	Before corrections, EUR	Correction amount EUR	After corrections, EUR
Net sales	1 905 136	141 502	2 046 638
Cost of sales	2 367 243	213 959	2 581 202
Gross profit	<u>(462 107)</u>	<u>(72 457)</u>	<u>(534 564)</u>
Net profit	<u>(654 083)</u>	<u>(72 457)</u>	<u>(726 540)</u>
<u>Balance sheet items</u>			
<u>Assets</u>			
Current assets			
Work in progress	213 959	(213 959)	0
Accrued income	0	141 502	141 502
Total current assets	3 551 569	(72 457)	3 479 112
Equity			
current year's profit or losses	<u>(654 083)</u>	<u>72457</u>	<u>(72 540)</u>
Total equity	<u>5 865 554</u>	<u>72457</u>	<u>5 793 097</u>

Chairman of the Board

A.Vaļums

Member of the Board

V.Blūms

Member of the Board

A.Murugovs

August 28, 2015