

JSC "TOSMARES KUĢUBŪVĒTAVA"
Financial statements of 6 months of the year 2016
(not audited)

Liepājā
2016

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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 Aleksandrs Murugovs Jekaterina Meļņika	Chairman of the Board Member of the Board Member of the Board (from 29.04.2016)
The Council	
Vasilijs Meļņiks Aleksandrs Čerņavskis Jānis Skvarnovičs Henrik Kasesalu Viktors Ivanovs Larisa Artemenko	Chairman of the Council Vice-chairman of the Council Member of the Council Member of the Council Member of the Council (till 23.02.2016) Member of the Council (from 29.04.2016)
Financial period	January 1, 2016 - June 30, 2016
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

J.Meļņika

Member of the Board

A.Murugovs

August 31, 2016

Report of the Board

During the first 6 months of 2016 JSC "Tosmare kuģubūvētava" has performed repair of 17 ship (in comparison with 6 months of 2015 - 21 ships) and 2 catamaran hulls were built (in 6 months of 2015 were built 2 catamaran hulls).

In 6 months of 2016 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 2016 a total net turnover of JSC "Tosmares kuģubūvētava" was EUR 2 055 404, of which the turnover from ship building was EUR 512 141 and ship repair EUR 1 420 003 (in comparison 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).

The Company has finished the report period with gross profit in the amount of EUR 235 428 (in 6 months of 2015 gross profit was EUR 287 619), whereas a net profit in 6 months of 2016 was in the amount of EUR 24 541 (respectively in 6 months of 2015 there was a profit in the amount of EUR 71 416).

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

J.Meļņika

Member of the Board

A.Murugovs

August 31, 2016

PROFIT (LOSS) STATEMENT
for 6 months period of 2016 and 2015

	Notes	6 months 2016 EUR	6 months 2015 EUR
Net sales	(1)	2 055 404	2 755 980
Cost of sales	(2)	(1 819 976)	(2 468 361)
Gross profit		235 428	287 619
Distribution expenses	(3)	(1 861)	(6 293)
Administrative expenses	(4)	(187 338)	(165 272)
Other operating income	(5)	124 400	99 742
Other operating expenses	(6)	(57 903)	(64 086)
Interest payments and similar costs	(7)	(62 942)	(61 418)
Profit before taxes		49 784	90 292
Corporate income tax	(8)		
Other taxes	(8)	(25 243)	(18 876)
Net profit		24 541	71 416
Profit per share		0,007	0,022

Appendixes on pages 11 to 19 are an integral part of this financial report.

Chairman of the Board	A.Vaļums
Member of the Board	J.Meļņika
Member of the Board	A.Murugovs

August 31, 2016

BALANCE SHEET

on June 30, 2016 and December 31, 2015 and June 30, 2015

	Notes	30.06.2016 EUR	31.12.2015 EUR	30.06.2015 EUR
ASSETS				
Non-current assets				
Intangible assets				
Other intangible assets	(9)	209	275	341
Total intangible assets		209	275	341
Fixed assets				
Land and buildings	(9)	2 302 099	2 288 012	2 491 292
Equipment and machinery	(9)	3 549 477	3 622 823	3 571 637
Other fixed assets	(9)	13 829	18 603	22 433
Fixed assets under construction	(9)	133 681	111 291	13 393
Total fixed assets		5 999 086	6 040 729	6 098 755
Investment property		143 832	148 083	
Total non-current assets		6 143 127	6 189 087	6 099 096
Current assets				
Inventories				
Raw materials and consumables	(10)	556 986	589 214	638 895
Finished goods and work in progress	(11)	1 342 653	1 409 853	1 409 853
Advances paid for materials		1 361	29 057	504
Total inventories		1 901 000	2 028 124	2 049 252
Account receivables				
Trade receivables	(12)	821 296	827 161	1 269 074
Other receivables	(13)	134 115	104 629	126 901
Related company's debt	(14)	481 424	472 203	41 003
Expenses of future periods	(15)		496	14 020
Accrued income	(16)	133 818	249 661	123 885
Total receivables		1 570 653	1 654 150	1 574 883
Cash and bank	(17)	159 536	194 535	403 240
Total current assets:		3 631 189	3 876 809	4 027 375
Total assets		9 774 316	10 065 896	10 126 471

Appendixes on pages 11 to 19 are an integral part of this financial report.

BALANCE SHEET

on June 30, 2016 and December 31, 2015 and June 30, 2015

	Notes	30.06.2016 EUR	31.12.2015 EUR	30.06.2015 EUR
<u>EQUITY, PROVISIONS AND LIABILITIES</u>				
Equity				
Share capital	(18)	4 484 756	4 484 756	4 484 756
Non-current investments revaluation reserve	(19)	1 311 479	1 338 520	1 338 520
Reserves:				
other reserves	(20)	73 267	73 267	73 267
Retained earnings:				
previous year's retained earnings		108 695	84 155	10 118
current year's profit		84 154	(61 298)	(61 298)
		24 541	145 453	71 416
Total equity		5 978 197	5 980 698	5 906 661
Provisions				
Other provision	(21)	59 940	59 940	52 927
Total provisions		59 940	59 940	52 927
Liabilities				
Non-current liabilities				
Other borrowings	(22)	1 500 000	1 500 000	1 566 000
Leasing liabilities	(23)	452 852	506 977	466 969
Deferred income tax liabilities	(24)	583 432	583 432	505 983
Next period income	(25)	244 788	265 449	295 877
Total non-current liabilities		2 781 072	2 855 858	2 834 829
Current liabilities				
Other borrowings	(26)	22 750	23 000	23 751
Leasing liabilities	(27)	107 205	105 133	83 327
Advances from customers	(28)	3 200	31 015	110 786
Trade payables	(29)	610 869	742 266	911 719
Taxes and social insurance payments	(30)	84 560	147 447	82 379
Other liabilities	(31)	85 195	77 310	84 932
Deferred income		41 322	41 322	35 154
Dividends unpaid		6	6	6
Accrued liabilities			1 900	
Total current liabilities:		955 107	1 169 399	1 332 054
Total liabilities:		3 736 179	4 025 257	4 166 883
Total equity, provisions and liabilities		9 774 316	10 065 896	10 126 471

Appendixes on pages 11 to 19 are an integral part of this financial report.

Chairman of the Board	A.Vaļums
Member of the Board	J.Meļņika
Member of the Board	A.Murugovs

August 31, 2016

CASH FLOW STATEMENT

for 6 month of 2016 and 2015 (according to direct method)

	6 months of 2016 EUR	6 months of 2015 EUR
Cash flow from operating activities		
Sales and service income	2 196 173	2 986 436
Cash to suppliers, personnel and others primary activity costs	(2 097 384)	(2 654 312)
Gross cash flow generated from operating activities	98 789	332 124
Interest paid	(57 002)	(51 079)
Corporate income tax paid		
Cash flow before extraordinary items	41 787	281 045
Net cash flow generated from operating activities	41 787	281 045
Cash flow from investment activity		
Acquisition of fixed and intangible assets	(25 733)	(60 984)
Proceeds from sales of fixed assets and intangible assets		5 041
Net cash flow generated from investing activities	(25 733)	(55 943)
Cash flow from financing activities		
Loans received		
Expenses on repayment of loan		
Leased assets redemption expenses	(51 053)	
Net cash flow generated from financing activities	(51 053)	0
Net foreign exchange gains/losses		
Net increase / (decrease) in cash and cash equivalents	(34 999)	225 102
Cash and cash equivalents at the beginning of the financial year	194 535	178 138
Cash and Cash equivalents at the end of the financial year	159 536	403 240

Appendixes on pages 11 to 19 are an integral part of this financial report.

Chairman of the Board	A.Vaļums
Member of the Board	J.Meļņika
Member of the Board	A.Murugovs

August 31, 2016

STATEMENT OF CHANGES IN EQUITY
for 6 months period of 2016 and 2015

	Share capital	Revaluation reserve of Non-current investments	Retained earnings	Other reserves	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 31.12.2014.	4 484 756	1 338 520	(61 298)	73 267	5 835 245
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
Balance as at 31.12.2015	4 484 756	1 338 520	84 154	73 267	5 980 697
Revaluation reserve		*(27 041)			(27 041)
Profit or losses for the financial year			24 541		24 541
Balance as at 30.06.2015.	4 484 756	1 311 479	108 695	73 267	5 978 197

*A decrease in the revaluation reserve

for the estimated depreciation

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Chairman of the Board

A.Vaļums

Member of the Board

J.Meļņika

Member of the Board

A.Murugovs

August 31, 2016

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 consolidated annual reports", and the Regulations of Cabinet of Ministers No.775 "Provisions of Law enforcement on Annual reports and consolidated annual reports", which are applicable as from January 1, 2016,

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

	EUR	
	6 months of 2016	6 months of 2015
(1) Net sales		
Income from ship building	512 141	216 145
Income from ship repair services	1 420 003	2 234 619
Other income	123 260	305 216
Total	2 055 404	2 755 980
By location		
Income from sales of service in Latvia	23 864	67 350
Income from sales of service in		
Fareo Islands	423 664	221 645
Russia	672 155	1 318 122
Lithuania	145 633	416 000
Virgin Islands	249 670	
Denmark	3 200	
Cyprus	50 818	1 070
Netherlands	232 206	491 886
Liberia	9 000	
Germany	12 323	1 500
Gibraltar	30 442	58 593
Poland		28 750
Cambodia	9 038	
Norway	89 877	
Panama	103 514	51 304
Malta		99 760
	2 055 404	2 755 980
(2) Cost of sales		
Material purchase costs	289 399	358 974
Employees salary	547 080	569 506
Social insurance costs	123 696	129 695
Electricity costs	157 360	233 861
Depreciation of fixed assets	214 377	214 813
Contagent's services	358 121	829 545
Services from outside	32 780	25 832
Current overhaul of buildings	10 203	3 235
Security	49 976	49 516
Services of other Companies	19 793	21 938
Lease payment	14 784	26 936
Other costs	2 407	4 510
Total	1 819 976	2 468 361
(3) Distribution expenses		
Media advertising expenditures	218	
Business trips	1 643	6 293
Total	1 861	6 293
(4) Administrative expenses		
Communication costs	811	947
Reward for the board and council	130 026	109 995
Social insurance costs	29 748	25 146
Office maintenance costs	4 053	1 630
Stock exchange costs	4 749	5 778
Lawyer's services		5 645
Transport costs, business trips	11 540	7 979
Bank services	1 511	2 624
Representation expenses	2 467	2 982
Other costs	2 433	2 546
Total	187 338	165 272

	EUR	
	6 months of 2016	6 months 2015
(5) Other operating income		
Income from realization of materials	2 397	3 546
Income from rent	34 898	34 298
Income from tugboat's services	24 524	24 749
Other income	62 581	37 149
Total	124 400	99 742
(6) Other operating expenses		
Fixed assets exclusion expenses	1 138	587
Material purchase expenses	1 025	
Personnel expenses (material assistance)		600
Tugboat's services expenses	47 622	56 745
Losses from exchange rate fluctuations	34	156
Donations	3 360	500
Property maintenance	4 724	5 498
Total	57 903	64 086
(7) Interest and similar expenses		
Interest charge	56 752	58 146
Penalties paid	6 190	3 272
Total	62 942	61 418
(8) Other taxes		
Real estate tax for land	7 245	7 245
Real estate tax for buildings	17 998	11 631
Total	25 243	18 876
(9) Intangible assets and fixed assets		

	Other intangible assets (software)	Lands and buildings	Equipment and machines	Other fixed assets	Investment property	Fixed assets aunder construction	
	EUR	EUR	EUR	EUR		EUR	EUR
Cost/revaluation							
2015.12.31	10 465	3 721 713	5 780 536	134 491	234 837	111 291	9 993 333
Additions		79 314	70 965			101 704	251 983
Disposals			6 602			79 314	85 916
Revaluation							0
2015.06.30	10 465	3 801 027	5 844 899	134 491	234 837	133 681	10 159 400
Depreciation							
2015.12.31	10 190	1 433 701	2 157 713	115 888	86 754		3 804 246
Calculated	66	65 227	117 270	4 774	4 251		191 588
Disposals			6 602				6 602
Relocated*			27 041				27 041
2016.06.30	10 256	1 498 928	2 295 422	120 662	91 005		3 989 232
2015.12.31	275	2 288 012	3 622 823	18 603	148 083	111 291	6 189 087
2016.06.30	209	2 302 099	3 549 477	13 829	143 832	133 681	6 143 127

*Depreciation in the first 6 months of the Reporting Period for which the long-term investment revaluation reserve is being reduced.

Cadastral value

Cadastral value of freehold land as at June 30, 2016 is EUR 966 006, cadastral value for the building is EUR 1 550 784.

(10) Raw materials and consumables	EUR	EUR
	<u>6 months of 2016</u>	<u>6 months 2015</u>
Metal	278 353	333 984
Abrasive	3 173	2 108
Pipes	106 289	119 307
Non-ferrous metals	50 398	50 400
Products of technical rubber	36 191	37 512
Other expenses	82 582	95 584
Total	<u>556 986</u>	<u>638 895</u>
(11) Finished goods		
Yacht's hull	890 000	890 000
Equipment for yacht	452 653	519 853
Total	<u>1 342 653</u>	<u>1 409 853</u>
(12) Trade receivables		
Book value of trade receivables	821 296	1 269 074
Net worth of trade receivables	<u>821 296</u>	<u>1 269 074</u>
(13) Other receivables		
In budget advance paid and overpaid VAT tax	19 912	35 752
Corporate income tax advance payments	9 911	17 309
Advance payments for services	50 817	10 375
Other receivables	53 475	63 465
Total	<u>134 115</u>	<u>126 901</u>
(14)		
AS "Rīgas kuģu būvētava" debt for the loan	481 424	41 003
Total	<u>481 424</u>	<u>41 003</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	0	14 020
Total	<u>0</u>	<u>14 020</u>
(16) Accrued income	EUR	EUR
	<u>6 months of 2016</u>	<u>6 months 2015</u>
Shipbuilding		123 885
Ship repair	133 818	
Total	<u>133 818</u>	<u>123 885</u>
(17) Cash and Bank		
Cash at bank on current accounts	159 536	403 240
Total	<u>159 536</u>	<u>403 240</u>

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

AS "Tosmares kuģubūvētava" was established in 2000 with share capital of 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 Statutes:

- 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	EUR	EUR
	6 months of 2016	6 months 2015
Investment revaluation of floating dock was on December, 2011	1 311 479	1 338 520
Total	1 311 479	1 338 520

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

As of 30 June 2016, the revaluation reserve is reduced by an amount equal to the difference between the depreciation calculated on the basis revaluated value of the floating dock and

the depreciation calculated on the basis of the acquisition value of the floating dock.

(20) Other reserves

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

	73 267	73 267
Total	73 267	73 267

(21) Other provisions

Provisions for annual leave

	59 940	52 927
Total	59 940	52 927

(22) Other borrowings

Total	1 500 000	1 566 000
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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	330 507	399 986
Automobile	122 345	66 983
Total	452 852	466 969

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

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

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

(24) Deferred tax liabilities

	EUR	EUR
	6 months of 2016	6 months 2015
Deferred tax liabilities at the beginning of year	583 432	505 983
Deferred tax liability from revaluation reserve of floating dock		
Deferred tax liability increase in the financial year		
Liabilities in the end of a period	583 432	505 983

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

Revenue as a result of the reverse leasing	244 788	295 877
Total	244 788	295 877

(26) Other borrowings

Interests unpaid	22 750	23 751
Total	22 750	23 751

(27) Current leasing liabilities

Automobile	39 344	17 890
Overhead cranes	67 861	65 437
Total	107 205	83 327

(28) Advances from customers

Ship building		105 984
Ship repair	3 200	
Other		4 802
Total	3 200	110 786

(29) Trade payables

Debts for materials	95 779	110 450
Debts for services	118 546	80 742
Debts for ship building and ship repair	358 476	705 535

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Debts for fixed assets	38 068	14 992
Total	610 869	911 719

(30) Movement of tax liabilities for 6 months of 2016

	01.01.2016.	Calculated 2016	Calculated penalty and delay fees	(Paid) / repaid	Transferred to other taxes	30.06.2016	
	EUR	EUR	EUR	EUR		EUR	EUR
Value added tax	(43 008)	(104 607)				127 703	(19 912)
Personal income tax	59 291	122 240	4 131	(135 800)		(4 964)	44 898
Social insurance payments	54 511	221 468	1 063	(98 600)		(139 563)	38 879
Corporate income tax	32 279			(42 190)			(9 911)
Real estate tax (land)	2	7 245	196	(7 443)			0
Real estate tax (building)	3	17 998	486	(18 487)			0
Natural resources tax	1 306	1 450		(2 031)			725
Risk duty	55	360		(357)			58
Total	104 439	266 154	5 876	(304 908)		(16 824)	54 737
Tax debt	147 447						84 560
Tax overpayment	(43 008)						(29 823)

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(31) Other liabilities	EUR	
	6 months of 2016	6 months 2015
Salaries	84 236	83 981
Retention from salaries	711	951
Other liabilities	248	
Total	85 195	84 932

Chairman of the Board

A.Vaļums

Member of the Board

J.Meļņika

Member of the Board

A.Murugovs

August 31, 2016