

# ISC "Daugavpils Lokomotīvu Remonta Rūpnīca"

Nr LV 40003030219

Address Daugavpils, Marijas iela 1

## Profit and account

2005, g, for 9 month

0.702804

	for 9 month 2005. g.		for 9 month 2004. g.	
	LS	EUR	LS	EUR
<b>NET SALES</b>	<b>17 390 079</b>	<b>24 743 853</b>	<b>8 127 326</b>	<b>11 564 143</b>
Cost of sales	15 754 218	22 416 233	7 990 395	11 369 308
<b>GROSS PROFIT (LOSS)</b>	<b>1 635 861</b>	<b>2 327 621</b>	<b>136 931</b>	<b>194 835</b>
Sales and distribution expenses	54 110	76 992	30 978	44 078
Administrative expense	690 586	982 615	783 293	1 114 526
Other operating income	402 083	572 113	142 933	203 375
Other expenses	679 237	966 467	240 672	342 445
<b>RESULT FROM OPERATING ACTIVITIES</b>	<b>614 011</b>	<b>873 659</b>	<b>-775 079</b>	<b>-1 102 838</b>
<b>RESULT BEFORE TAXES</b>	<b>614 011</b>	<b>873 659</b>	<b>-775 079</b>	<b>-1 102 838</b>
Corporate income tax	14 778	21 027	21 588	30 717
Other taxes	27 834	39 604	21 545	30 656
<b>NET RESULT FOR THE YEAR</b>	<b>571 399</b>	<b>813 028</b>	<b>-818 212</b>	<b>-1 164 211</b>
Factor of profit on the action	0.7	0.7		

President

A. Šilovs

2005.g 24.11

**ISC "Daugavpils Lokomotīvu Remonta Rūpnīca"**

Nr LV 40003030219

Address Daugavpils, Marijas iela 1

2005. g. 01.10. balance Sheet

0.702804

<b>ASSETS</b>				
	<b>01. 10. 2005. g.</b>		<b>01. 10. 2004.g.</b>	
	<b>LTV</b>	<b>EUR</b>	<b>LTV</b>	<b>EUR</b>
<b>NON CURRENT ASSETS</b>				
<b>Property, plant and equipment:</b>				
Land, buildings and networks	2 152 778	3 063 127	2 252 450	3 204 948
Machinery and equipment	301 772	429 383	300 418	427 456
Other property, plant and equipment	94 908	135 042	118 964	169 271
Construction in progress	237 202	337 508	21 820	31 047
<b>Total property, plant and equipment</b>	<b>2 786 660</b>	<b>3 965 060</b>	<b>2 693 652</b>	<b>3 832 721</b>
Total investments	0	0	33 971	48 336
<b>Total</b>	<b>0</b>	<b>0</b>	<b>33 971</b>	<b>48 336</b>
<b>Total non current assets</b>	<b>2 786 660</b>	<b>3 965 060</b>	<b>2 727 623</b>	<b>3 881 058</b>
<b>CURRENT ASSETS</b>				
<b>Inventory</b>	<b>6 810 552</b>	<b>9 690 542</b>	<b>2 147 129</b>	<b>3 055 089</b>
<b>Debtors:</b>				
Trade accounts receivable	1 955 783	2 782 828	2 456 161	3 494 802
Other accounts receivable	266 503	379 200	197 064	280 397
Short-term loans	1 808	2 573	5 753	8 186
<b>Total debtors:</b>	<b>2 224 094</b>	<b>3 164 601</b>	<b>2 658 978</b>	<b>3 783 385</b>
<b>Cash and cash equivalents</b>	<b>256 908</b>	<b>365 547</b>	<b>187 588</b>	<b>266 914</b>
<b>Total current assets</b>	<b>9 291 554</b>	<b>13 220 690</b>	<b>4 993 695</b>	<b>7 105 388</b>
<b>TOTAL ASSETS</b>	<b>12 078 214</b>	<b>17 185 750</b>	<b>7 721 318</b>	<b>10 986 446</b>

President

A. Šilovs

2005, gada 24.11

**ISC "Daugavpils Lokomotīvu Remonta Rūpnīca"**

Nr LV 40003030219

Address Daugavpils, Marijas iela 1

**2005. g. 01. 10. balance Sheet**

0.7028

<b>LIABILITIES</b>				
	<b>01.10. 2005. g.</b>		<b>01.10. 2004. g.</b>	
	<b>LTV</b>	<b>EUR</b>	<b>LTV</b>	<b>EUR</b>
<b>SHAREHOLDER' EQUITY</b>				
Share capital	8 294 219	11 801 678	8 294 219	11 801 678
Topheavy reserves	825 080	1 173 990	914 416	1 301 104
Previous year unappropriated result	-5 383 732	-7 660 404	-4 350 458	-6 190 179
Current year unappropriated result	571 398	813 031	-818 212	-1 164 217
<b>Total shareholders' equity</b>	<b>4 306 965</b>	<b>6 128 294</b>	<b>4 039 965</b>	<b>5 748 385</b>
<b>ACCUMULATION</b>				
Accumulation	54 867	78 069	0	0
<b>LONG-TERM LIABILITIES</b>				
Long-term loan from credit institution	2 466 693	3 509 808	2 180 000	3 101 878
<b>Total long-term liabilities</b>	<b>2 466 693</b>	<b>3 509 808</b>	<b>2 180 000</b>	<b>3 101 878</b>
<b>CURRENT LIABILITIES</b>				
Creditors' equity	649 556	924 240	108 800	154 809
Advances from customers	2 058 331	2 928 758	639 337	909 700
Trade accounts payable	2 173 221	3 092 232	334 168	475 481
Covered by taxes	170 481	242 574	172 861	245 960
Other liabilities	198 100	281 873	246 187	350 295
<b>Total current liabilities</b>	<b>5 249 689</b>	<b>7 469 677</b>	<b>1 501 353</b>	<b>2 136 245</b>
<b>Total</b>	<b>7 716 382</b>	<b>10 979 485</b>	<b>3 681 353</b>	<b>5 238 123</b>
<b>TOTAL LIABILITIES</b>	<b>12 078 214</b>	<b>17 185 848</b>	<b>7 721 318</b>	<b>10 986 508</b>

President :

A. Šilovs

2005. g.24.11

ENG

**NOTES**

**Accounting policies**

**(1) General principles**

Annual accounts are prepared in accordance with the laws of the Republic of Latvia "On Accounting" and "On the Annual Accounts of Companies".

The profit and loss account is prepared in accordance with the turnover module.

The statement of cash flows has been prepared using direct/indirect cash flow method.

The accounting policies used by the Company are consistent with those used in the previous accounting period.

**(2) Net sales**

Net sales represent the total of goods and services sold during the year excluding discounts, value added tax and other taxes directly adjusted to sales.

Income is recognized according to the following principles:

income from operating activities - at the moment of emergence;

income from fines and overdue money - at the moment of gain;

dividends - from the moment when arise legal rights to receive them.

**(3) Foreign currency translation into Lats**

The Company maintains its accounts in Latvian Lats. All transactions denominated in foreign currencies are converted into Lats at the exchange rate set by the Bank of Latvia prevailing on the day on which the transactions took place.

Monetary assets and liabilities in foreign currencies are translated into Lats in accordance with the official exchange rate set by Bank of Latvia for the last day of the reporting period. The resulting profit or loss is charged to the profit and loss account.

	30.09.2005.	30.09.2004.
	Ls	Ls
1 USD	0.583	0.544
1 EUR	0.7028	0.671
1 LTL	0.204	0.194
1 EEK	0.0449	0.0429

**(4) Fixed assets**

Fixed assets are initially recorded at historic cost. In financial statements fixed assets are shown at historic cost or revalued amount of net depreciation. Increase in value arising on revaluation is shown in equity under "Long-term investments revaluation reserve".

Depreciation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life period using the following annual rates set by the management:

	Depreciation % per year
Buildings	1-5
Plant and equipment	5-20
Other fixtures and fittings, motor vehicles	5-35

The Company capitalises its fixed assets valued over Ls 50 with utilization period exceeding 1 year. Low value inventory is recorded at historical cost and charged to expenses 100% after putting into operation.

(5)

**Stock**

The stock cost has been determined using the first-in first-out method. Stock is recorded at the lowest market price and net realisable value. Required, slow moving, obsolete or damaged stock has been written down.

Within the production cost of stock are included the costs of used materials and other expenses that are directly connected with the production process as well as a respective part of administrative expenses.

(6)

**Accounts receivable**

Accounts receivables are recorded in the balance sheet at their net value, being original invoice amount less provisions made to cover anticipated loss on bad and doubtful accounts receivables. Provisions for bad and doubtful accounts receivables are established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions for bad and doubtful accounts receivables is recorded as expenses in current financial year.

Dektors are recorded in the balance sheet at their net value less provisions made to cover anticipated loss on bad and doubtful accounts receivables. Specific provisions for doubtful accounts receivables are made when the recoverability of the specific debitor is considered by the Company's management to be uncertain. Bad debts are charged to the loss for the reporting year.

(7)

**Provisions for unused annual leave**

Amount of provision for unused annual leave is determined by multiplying the average wage of employees in the last six months of the reporting year per day by the amount of accrued but unused annual leave at the end of the reporting year.

(8)

**Taxation**

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with the tax legislation of the Republic Latvian.

(9)

**Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, balances of current account with banks, short-term deposits with maturity up to 90 days and bank overdrafts. Bank overdrafts on the balance sheet are included within the item short-term "loans from credit institutions".

	(1)	Net sales		
			2005	2004
			Ls	Ls
<b>According to operating activities</b>				
Products production			12 353 900	8 089 900
Diesel locomotive sale			4 544 850	0
And other			491 329	37 426
			<b>17 390 079</b>	<b>8 127 326</b>
<b>According to the location</b>				
Income from export to Latvia			1 664 400	984 400
Income from export to Russia			1 011 300	2 417 400
Income from export to Estonia			774 100	652 000
Income from export to Lithuania			3 397 600	340 300
Income from export to Belorusia			106 800	427 400
Income from export to Uzbekistan			539 900	849 700
Income from export to other states			4 859 800	2 418 700
			<b>12 353 900</b>	<b>8 089 900</b>
<b>(2) Production costs</b>				
Purchase costs			219 015	0
Goods delivery expenses			322 485	371 800
Row and material expenses			7 761 590	3 767 666
Rent expenses			0	0
Utility expenses			395 875	360 465
Salary expenses			2 435 846	2 215 860
Social insurance			575 672	530 376
Depreciation of fixed assets			201 615	68 801
Other production costs			4 061 135	675 427
			<b>15 754 218</b>	<b>7 990 395</b>
<b>(3) Selling expenses</b>				
Salary expenses			0	0
Social insurance			0	0
Other social securing expenses			0	0
Rent expenses			0	0
Utility expenses			0	0
Advertising			0	0
Depreciation of fixed assets			0	0
Transportation costs			54 110	30 978
Other selling costs			0	0
			<b>54 110</b>	<b>30 978</b>

<b>(4) Administrative expenses</b>			
Salary expenses		219 015	336 200
Social insurance		52 469	76 200
Other social security expenses		0	0
Rent expenses		0	0
Office expenses		162 209	103 200
Advertising		2 935	2 500
Representation costs		3 701	0
Depreciation of fixed assets		55 570	13 235
Depreciation of intangible assets		0	0
Transportation costs		0	0
Professional fees		0	0
Other administrative costs		194 687	251 958
		<b>690 586</b>	<b>783 293</b>

<b>(5) Other operating income</b>			
Income from fixed assets sale		134 068	0
Incomes of converting			69 000
Income from material's realisation			47 000
Write of a reserve of the basic means		199 699	0
Incomes of the basic means		8 889	11 000
Other income		58 653	15 933
		<b>401 309</b>	<b>142 933</b>

<b>(6) Other operating expenses</b>			
Residual value of sold fixed assets		75 908	0
Losses of course exchange		517 846	130 000
Expenses of collective agreement		42 738	51 000
Net loss from sale of fixed assets		15 754	17 000
Pretax applied to expenses		0	23 734
Other expenses		26 991	18 938
		<b>679 237</b>	<b>240 672</b>

<b>(7) Corporate income tax</b>			
Deferred tax charge		0	0
Corporate income tax charge for the current year		14 778	21 588
		<b>14 778</b>	<b>21 588</b>

According to the tax declarations as at 31 December 2005 the Company had tax losses of Ls 280948, which it can carry forward and utilise in future years. In accordance with the law "On Corporate Income Tax" tax losses carried forward can be covered in chronological order from taxable income during the following five years.

	Tax losses	Expiry term
	Ls	Termiņš
Tax losses of 2001	0	2006
Tax losses of 2002	0	2007
Tax losses of 2003	0	2008
Tax losses of 2004	280 948	2009
Tax losses of 2005	0	2010
	<b>280 948</b>	



<b>(12) Trade receivables</b>			
Registered price of trade debtors		1 955 783	2 456 161
Provisions for bad and doubtful trade debtors		0	0
		<b>1 955 783</b>	<b>2 456 161</b>

<b>(13) Other receivables</b>			
VAT overpaid		112 423	56 247
Corporate income tax overpaid		0	0
VAT accepted		98 782	43 378
Housing and Communal Service		11 978	67 990
Payments to personnel		13 736	16 402
Other debtors		30 682	15 028
		<b>267 601</b>	<b>199 045</b>

<b>(14) Deferred expenses</b>			
Payment for insurance		0	2 651
Magazine subscription fee		0	0
Other expenses		1 808	3 102
		<b>1 808</b>	<b>5 753</b>

<b>(15) Cash and bank</b>			
Cash in hand		114	1 881
Cash at bank		256 794	185 707
		<b>256 908</b>	<b>187 588</b>

**(16) Share capital**

As at 30 Junie 2005 the subscribed and fully paid share capital consists of 8294219 ordinary shares with a nominal value of Ls 1 each.

<b>(17) Provisions</b>				
	<b>Provisions for guarantee repair</b>	<b>Provisions for unused annual leave</b>	<b>Total</b>	
	<b>Ls</b>	<b>Ls</b>	<b>Ls</b>	
<b>01.01.2004.</b>	0	0	<b>0</b>	
Increase	0	0	<b>0</b>	
Decrease	0	0	<b>0</b>	
<b>01.01.2005.</b>	0	0	<b>0</b>	
Increase	0	0	<b>0</b>	
Decrease	4 310	87 529	<b>91 839</b>	
<b>30.09.2005.</b>	<b>4 310</b>	<b>87 529</b>	<b>91 839</b>	



