AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"

CONSOLIDATE REPORT

For 2008

TABLE OF CONTENTS:

INFORMATION ON THE COMPANY

Name of the company	DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA
Legal status of the company	Joint-stock company
Number, place and date of registration	Nr.40003030219 Riga, 03.10.1991. Commercial register Riga, 08.06.2004.
Address	Marijas street 1, Daugavpils LV-5401 Latvia
Type of operations	Repair and modernization of the mobile train
Names, address and % of the share capital owned by company's shareholders	AS SKINEST RAIL, reģ.10293440 (49,0%) Kadaka tee 1, 10621, Tallinna, Igaunija AS SPACECOM, reģ.10940566 (25,27%) Kadaka tee 1, 10621 Tallina Estonia LLC LOKOMOTIIV IVESTEERINGUUD, reģ.11096115 (6,09%) Tartu street 18-18, 10115 Tallina Estonia AAS "DORMAŠINVEST" reģ.001455963, OGRN 10277739059919 (5%) Moscow, Russia VAS VSAA, Riga (3,2%) Lacplesha street 70a, LV-1011 Latvia Physical persons (11,44%)
Names and positions of Board members	Keskula Aivar – chairman of the board (from 29.10.2007) Šilovs Andrejs – member of the board (from 29.10.2007) Petrova Natālija – member of the board (from 29.10.2007) Steļmačenoks Kazimirs - member of the board (from 29.10.2007.)
Names and position of Advice members	Ossinovski Oleg – chairman of the advice (from 22.05.2008) Krasnoslok Juri – vice-chairman of the advice(from 22.05.2008) Barashkov Vasiluy - member of the advice (from 22.05.2008) Rumjantsev Oleg –member of the advice (from 22.05.2008) Piir Maarika – member of the advice (from 22.05.2008)

Report of the management.

I. The key figures of the enterprise.

In 2008 year joint-stock company „Daugavpils Lokomotīvju Remonta Rūpnīca" has distributed goods for **18 119.9** thousand lats, which constitutes +152.1% compared to the appropriate period of 2007.

Displayed below is the dynamics of the output of the production of the basic classification.

Table No.1

The basic classification of the production.

thousands,Ls

Designation	2008	2007	(+, -)
Diesel locomotive repair, section	13 347.6	6 955.4	-6 392.2
Electric train repair,carrige	673.7	931.1	+257.4
Wheel pair repair, pieces	1 531.3	1 509.2	-22.1
Electric machines repair,pieces	830.5	777.9	-52.6
Diesel repair, peaces	308.1	524.90	+216.8
Other repair production	193.0	197.4	+4.4
Production reserve part	1 110.2	830.2	-280.0
Other production	125.5	183.6	+58.1
Total	**18 119.9**	**11 909.7**	**-6 210.2**

Table No.2

The structure of the distributed goods by the clients.

The client	2008		2007	
	sum	%	sum	%
Latvia	2 874.2	15.9	2 582.5	21.7
Lithuania	987.4	5.4	715.6	6.0
Estonia	2 148.9	11.9	1 477.3	12.4
Belarus	142.7	0.8	196.2	1.6
Uzbekistan	1 661.0	9.2	1 168.3	9.8
Russia	5 622.5	31.0	2 294.8	19.3
Other	4 683.2	25.8	3 475.0	29.2
Total	**18 119.9**	**100.0**	**11 909.7**	**100.0**

II. Financial figures.

The enterprise finished 2008 year with profit +1 055.9 thousand Ls.

The enterprise for the means of the increase of the turnover resources, has invested 325.0 thousand lats of investments, including:

- Equipment putting into operation - 48.6 thousand Ls
- Equipment repairs - 253.5 thousand Ls
- Furniture and equipment - 7.9 thousand Ls
- Acquisition computer programme - 15.0 thousand Ls

Chairman of the board Aivar Keskuela

Statement of Director's responsibility

The Board of Directors of the Joint Stock Company "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA" (hereinafter – the Company) is responsible for the preparation of the interim financial statements of the Company. Interim financial statements of the Company are not audited.

The financial statements on pages 7 to 18 are prepared in accordance with the underlying accounting records and source documents and present fairly the financial position of the Company as of December 31, 2008 and the result of its operations and cash flows for year 2008.

The financial statements are prepared in accordance with International Financial Reporting Standarts on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the Board of Directors in the preparation of the financial statements.

The Board of Directors of JSC "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA" is responsible for the maintenance of proper accounting records, the safeguarding of the Company's assets and the prevention and detection of fraud and other irregularities in the Company. The Board of Directors is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

Aivar Keskuela
Chairman of the Board

February 26, 2009

31.12.2008. balance Sheet

0.702804

ASSETS				
	31.12.2008		31.12.2007	
	LVL	EUR	LVL	EUR
NON CURRENT ASSETS				
Property, plant and equipment:				
Land, buildings and networks	5 422 828	7 715 989	5 526 647	7 863 710
Machinery and equipment	1 240 751	1 765 430	1 169 914	1 664 638
Other property, plant and equipment	241 864	344 141	290 095	412 768
Construction in progress	33 660	47 894	61 991	88 205
Total property, plant and equipment	6 939 103	9 873 454	7 048 647	10 029 321
Embedding long-term financial				
Other embedding long-term financial				
Total embedding long-term financial				
Total embedding long-term	6 939 103	9 878 454	7 048 647	10 029 321
Current assets				
Inventory	2 593 106	3 689 657	3 257 399	4 634 861
Debtors:				
Debts custom, customer	2 769 455	3 940 579	2 927 361	4 165 260
Other debtors	269 936	384 084	320 343	455 807
Payment next periods	9 011	12 822	11 103	15 798
Accumulate income	2 373 282	3 376 876	2 509 830	3 571 167
Total debtors:	5 421 684	7 714 361	5 768 637	8 208 031
Cash and cash equivalents	32 777	46 638	120 660	171 684
Total current assets	8 047 567	11 450 656	9 146 696	13 014 576
Total assets	14 986 670	21 324 110	16 195 343	23 043 897

31.12.2008. balance Sheet

0.702804

LIABILITIES				
	31.12.2008		31.12.2007	
	LVL	EUR	LVL	EUR
SHAREHOLDER' EQUITY				
Share capital	8 294 219	11 801 610	8 294 219	11 801 610
Previous year's retained earning	-3 544 688	-5 043 637	-2 577 304	-3 667 174
Current year's retained earning	1 055 906	1 502 419	-967 384	-1 376 463
Total equity	5 805 437	8 260 392	4 749 531	6 757 973
Provisions	905 445	1 288 332	955 542	1 359 614
Other provisions	905 445	1 288 332	955 542	1 359 614
Creditors				
Loans from credit institution				
Loans from liabilities credit institution	1 943 975	2 766 028	2 281 364	3 246 088
Other liability	105 561	150 120	105 561	150 200
Deffered tax	207 390	295 089	207 390	295 089
Total non-currents liabilities	2 256 926	3 211 317	2 594 315	3 691 377
Loans from liabilities credit institution	2 430 788	3 458 700	3 455 468	4 916 688
Advances from customers	541 313	770 219	383 716	545 979
Debts provider and employer	2 014 114	2 865 826	2 855 044	4 062 362
Taxes and social guaranteeing payment	517 028	735 664	587 199	835 509
Other creditors	329 320	468 580	328 508	467 425
Accumulated liabilities	186 299	265 080	286 020	406 970
Total current liabilities	6 018 862	8 564 069	7 895 955	11 234 933
Total liabilities	8 275 788	11 775 386	10 490 270	14 926 310
Total equity, provisions and liabilities	14 986 670	21 324 110	16 195 343	23 043 897

Profit or loss account

2008

0.702804

	2008		2007	
	LVL	EUR	LVL	EUR
NET SALES	18 540 929	26 381 365	15 725 257	22 375 025
Cost of sales	-14 385 530	-20 468 765	-14 526 213	-20 669 366
GROSS PROFIT (LOSS)	4 155 399	5 912 600	1 198 744	1 705 659
Sales and distribution expenses	-212 666	-302 596	-308 766	-439 334
Administrative expense	-2 167 680	-3 084 331	-1 930 568	-2 746 951
Other operating income	136 719	194 534	77 209	109 859
Other expenses	-54 627	-77 727	-34 288	-48 787
Other credit expenses	-801 689	-1 140 701	-344 535	-490 229
Other credit income	450	640	293 173	417 148
Profit or loss before extraordinary post and taxes	1 055 906	1 502 419	-1 049 031	-1 492 635
Profit or loss before taxes	1 055 906	1 502 419	-1 049 031	-1 492 635
Corporate income tax of account period	0	0	81 647	116 172
Profit or losses report on period after taxes	1 055 906	1 502 419	-967 384	-1 376 463
Profit coefficient on stock	0.127	0.181	-0.117	-0.166

OVERWIEW OF EQUITY CAPITAL CHANGES

for 2008

0.702804

	31.12.2008.		31.12.2007.	
	LVL	**EUR**	**LVL**	**EUR**
Share capital				
Post-balance residue at the beginning of year	8 294 219	11 801 610	8 294 219	11 801 610
Post-balance residue at the end of period	8 294 219	11 801 610	8 294 219	11 801 610
Retained profit				
Post-balance residue at the beginning of year	-3 544 688	-5 043 637	-2 577 304	-3 667 173
Post-balance residue at the end of period	-2 488 782	-6 757 973	-3 544 688	-5 043 637
Share capital (total)				
Post-balance residue at the beginning of year	4 749 531	6 757 973	5 716 915	8 134 437
Post-balance residue at the end of period	5 805 437	8 260 392	4 749 531	6 757 973

A/s “Daugavpils Lokomotīvju Remonta Rūpnīca”
Unified registration number 40003030219
Address: Daugavpils, Marijas iela 1

rate 0.702804

Cash flow statement

I. Cash flow from operating activities for 2008

Activities	31.12.2008 LVL		31.12.2008 EUR		31.12.2007 LVL		31.12.2007 EUR	
	income	expences	income	expences	income	expences	income	expences
Profit before taxes	1055906		1502419			1049031		1492637
Adjustments: a) depreciation	407997		580526		335916		477965	
b) provision		50097		71282	770582		1096439	
c) profit or loss from fluctuacions of currency exchange	96372		137125			306931		436723
Provision decrease								
Income from sale of fixed assets								
Interest exspenses		14450		20560		16981		24162
Adjustments: a) Trade	346953		493670			931654		1325624
b) Net cash flow from operating activities	664293		945204			826779		1176401
c) Cash flow before extraordinary items		852413		1212874	1231803		1752698	
Gross cash flow operating activities	2571521	916960	3658944	1304716	2338301	3131376	3327102	4455547
Corporate income tax paid					74255		105656	
Cash flow before extraordinary items	2571521	916960	3658944	1304716	2412556	3131376	3432758	4455547
Net cash flow from operating activities	1654561		2354228			718820		1022789
II. Cash flows from investing activities								
Activities	31.12.2008 LVL		31.12.2008 EUR		31.12.2007 LVL		31.12.2007 EUR	
	income	expences	income	expences	income	expences	income	expences
Acguisition of fixed assets and intangible assets		345006		490899		477074		678815
Income from sale of fixed assets and intangible assets	61003		86799		19235		27369	
Parficipation in other companies								
Net cash flow from investing activities		284003		404100		457839		651446
III. Cash flows from financing activities								
Activities	31.12.2008 LVL		31.12.2008 EUR		31.12.2007 LVL		31.12.2007 EUR	
	income	expences	income	expences	income	expences	income	expences
Loans from credit institution	96007		136606		2080066		2959667	
Borrowing repaid		1554448		2211780		815898		1160918
Net cash flows from financing activities		1458441		2075174	1264168		1798749	
IV. Total cash flow								
Activities	31.12.2008 LVL		31.12.2008 EUR		31.12.2007 LVL		31.12.2007 EUR	
	income	expences	income	expences	income	expences	income	expences
Cash flow from operating activities	1654561		2354228			718820		1022789
Cash flows from investing activities		284003		404100		457839		651446
Cash flows from financing activities		1458441		2075174	1264168		1798749	
Net cash flow of the current period		87883		125046	87509		124514	
Cash and cash eguivalents at the beginning of the reporting period	120 660		171 684		33 151		47 170	
Cash and cash eguivalents at the end of the reporting period	32777		46638		120660		171684	

Chairman of the board A.Keskula
Date 26.02.2009

NOTES

Standard passing

a) Interpretations, which are effective from 1 January 2007 and are related to Company's activity

IFRS 7 Financial instruments: disclosures and complementary amendments to IAS 1, Presentation of financial statements – Capital disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures of information relating to financial assets. The standard requirements include both qualitative and quantitative data about risks arising from the financial instruments, incorporating specific requirements to disclosures about credit risk, liquidity risk and market risk. The standard replaces IAS 32, Financial instruments: Disclosures. The standard must be adopted by all companies which prepare financial statements in compliance with IFRS. Amendments to IAS 1 introduce disclosures requirements about sufficiency of the capital and management of the capital by the Company.

b) Standards, amendments and interpretations that are effective from 1 January 2007, and relevant for operations of the Company

There is published or transcribed IFRS interpretations, which are obligatory for periods of accounting which begin from 1 January 2007, but do not relevant for operations of the Company:
IFRS 7 "Repeated adoption of IAS 39 „Financial reporting in hyperinflation cautionary economies"
IFRS 8 "Scope of IFRS No. 2"
IFRS 9 "Reassessment of embedded derivatives"
IFRS 10 "Interim financial reporting and impairment"

c) Standards, amendments and interpretations, which are not yet obligatory adaptive and their adaptation previously Company has not done

IAS 1 Presentation of financial statements

IAS 27 – Consolidated and separate financial statements

Processed standard requires that changes in participation in subsidiaries is considered as transactions of equity. Calculation of losses of subsidiaries was changed. The Company now is appraising influence of processed standards to further financial statements and planning to make allegations of IAS 27 starting from accounting period on 1 January 2009.

d) Standards, amendments and interpretations that are not yet effective and not relevant for operations of the Company

IFRS 3- Business combinations and – revised (effective for periods beginning on or after 1 January 2009).
IFRIC 11, "IFRS 2 – "Group and treasury share transactions" (effective for periods beginning on or after 1 March 2007).
IFRIC 12, "Service concession arrangements (effective for periods beginning on or after 1 January 2008).
IFRIC 13, „Customer loyalty programs" (effective for periods beginning on or after 1 July 2008).
IFRIC 14, „IAS No. 19 – The limit on a defined benefit asset, minimum funding and their interaction" (effective for periods beginning on or after 1 January 2008).

Accounting policies

Principles of consolidation and purchase of companies

Consolidated financial statement includes financial statements of the Company and it's subsidiaries. Accounting policy and financial year of the Company and subsidiaries do not differ. Financial statements of the subsidiaries included in consolidated financial statements of the Company under the full consolidation method. Since the Company has established all of the subsidiaries no goodwill arise. Subsidiaries are consolidated from their incorporation date.

Segment reporting

A business segment is the identified business segment engaged in selling goods and providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is the identified business segment engaged in selling goods or providing services within a particular economic environment that are subject to risks and returns that are different from those of business segments operating in other economic environments.

Foreign currency translation to LVL

(a) Functional and presentation currency

Items are shown in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). Financial statements are presented in Latvian lat (LVL), which is the Company's functional and presentation currency.

(b) Transactions and balances

All foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement for the period.

	31.12.2008.	31.12.2007.
1 USD	0.495	0.484
1 EUR	0.702804	0.702804
1 LTL	0.203	0.204
1 EEK	0.0449	0.0449
1 RUB	0.0171	0.0197

Income recognition

Main operation of the Company is repair and modernization of railway rolling stock. Net sales represent the total of goods and services sold during the year net of discounts, value added tax and excise tax.

Income from repairing and modernizing services are recognized by percentage completion method.

Income from sales of goods in Latvia is recognized when the customer has accepted the goods. Income from sales of goods outside Latvia is recognized in accordance with the terms of delivery. Income from penalties is recognized at the moment of receipt. Income from provision of other services is recognized at the period of rendering the services.

Interest income or expenses are recognized in the income statement for all loans and borrowings assessed at amortized cost applying the effective interest rate method.

Long term contracts

Costs which are connected with longterm contract are recognised at the time when they appear. If result of long term contract is not possible to estimate, then Company recognises the income at the amount of contract related expenses which is possible to recover. If it is probable to estimate the financial result and it is planned to be a profit the income recognised during the period of contract. If there is material probability that total expenses of this agreement will exceed total income, then potencial losses are recognised immediately as expenses.

Company applies precentage completion method to estimate the recognized income amount in the curent period. According to that method the Company determines completion degree of work by as percentage of total planned contract expenses toward contract expenses which are ensued until balance sheet date or by reviewing the actual work done. Expenses which are incurred in current period but related to work in future periods, are extracted from current year expenses in calculating of work percentage completion. These expenses are recognzed as inventories or other assets, depends from the nature of expenses.

Property, plant and equipment (fixed assets)

Fixed assets are initially accounted at the purchase cost. Purchase cost includes costs, which are directly related to the purchase of fixed assets. In financial statements the intangible and fixed assets are shown at purchase cost less depreciation.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revaluated amounts to their residual values over their estimated useful live, as follows:

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

The Company capitalizes its fixed assets valued over Ls 100 with useful life exceeding 1 year. Depreciation for improvements and other low costs items valued less than 50 Ls is recalculated as 100% of purchase amount after putting into operation.

Repair and maintenance costs of fixed assets are expensed when incurred. If sufficient evidence is acquired that by repair and maintenance future economic benefit associated with it will flow to the Company, which exceeds the previously set return, costs are capitalized as additional costs to the fixed asset. Capitalizing the cost of mounted spare parts, the carrying value of the part replaced is expensed.

Net profit or loss from disposal of fixed assets is calculated, as the difference between the carrying amount of the fixed asset and the income from sale, and expensed when disposal are incurred.

If any circumstances or events exist, by which it could the concluded, that the carrying amount of a fixed asset could be higher of its recoverable value, the value of a fixed or intangible asset is written down to its recoverable amount. Recoverable value is the higher of the fair value less costs to sell and the value in use of the related fixed asset.

Inventory

Inventory is recorded at the lower of purchase or production costs and net realizable value. Purchase costs consists of purchase value and overheads, which have been acquired, by delivering inventory at their current position and value. The costs of used materials and other expenses that are directly connected with the production of the appropriate item. Cost is stated on the FIFO method. When the net realizable value of inventories is lower than their cost, provisions are created to reduce the value of inventories.

Impairment of tangible assets

All material assets of the Company have their estimated useful lives and they are amortized or depreciated. Assets that are subject to amortization and depreciation are revaluated every time when events or circumstances evidence of probable non-recoverability of their carrying amount. Loss from value decrease is recognized at difference between book value of the asset and its recoverable value. Recoverable value is the higher of an asset's fair value less costs to sell and its value in use. In order to determine decrease of the value, assets are classified based on the lower level of identifiable cash flows (cash-bearing units). Assets, which value has been decreased, are assessed at the end of every reporting year to identify the probable value decrease reservation.

Account receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset' s carrying amount and the present value of estimated future cash flows, discounted at the original effective rate. Changes in inventories are shown in the income statement.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the remaining cash, balance of current bank accounts and current deposits with maturities up to 90 days.

Share capital and dividends

Ordinary shares are classified as equity. Dividends to be paid to shareholders of the Company are represented as liabilities during the financial period of the Company, within which shareholders of the Company approve the dividends.

Provisions

Provisions are recognized, when there is a present obligation as a result of current or previous years events, it is probable that an outflow or resources will be required, and the amount has been reliably estimated.

Loans

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.
Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Accruals for unused annual leave

Accruals for unused annual leave are based on actual number of outstanding days of paid leave as at the end of the reporting period multiplied by the average daily salary over the last six months of each employee.

Corporate income tax

Corporate income tax is calculated in accordance with tax laws of the Republic of Latvia. Effective laws provide for 15 % tax rate.

Disability pension

Company has obligation to make long term payments to existing and previous employees if some of them now are disabled person because of injury of work.

Amount of this pension depends from the form of disability, total income of employee and overall indexation of pensions. Liability about further disability pensions is appreciated as amortized costs of future payments of pensions at balance sheet's date. In calculation is supposed that that effective interest rate is equal with indexation percentage of pensions.

Earnings per share

Earnings per share are determined dividing the net gains or losses attributable to shareholders of the Company by the average weighted quantity of the shares in the reporting year.

1. Net sales

	2008	2007
According to operating activities		
Products production	18 119 001	11 909 656
Spare parts sale	0	2 286 874
Other	421 928	1 528 727
Total	**18 540 929**	**15 725 257**
According to the location		
Income from export to Latvia	3 295 228	2 904 900
Income from export to Russia	5 622 500	2 252 300
Income from export to EU market	3 136 300	2 192 900
Income from export to Mongolia	232 000	2 139 200
Income from export to Belarus	142 700	693 200
Income from export to Uzbekistan	1 661 000	1 168 300
Other	4 451 201	4 374 457
Total	**18 540 929**	**15 725 257**

2. Production costs

Goods delivery expenses	148 237	220 793
Raw and material expenses	7 773 895	6 114 299
Purchase of diesel locomotives	0	2 217 192
Utility expenses	761 709	580 874
Salary expenses	3 866 028	3 176 957
Social insurance	914 299	746 391
Depreciation of fixed assets	300 626	239 648
Other production costs	620 736	1 230 359
Total	**14 385 530**	**14 526 513**

3. Selling expenses

Transportation costs	116 412	195 177
Other selling expenses	96 254	113 589
Total	**212 666**	**308 766**

4. Administrative expenses

Salary expenses	1 348 745	1 221 244
Social insurance	319 532	287 330
Office expenses	46 434	42 086
Depreciation of fixed assets	110 718	96 268
Other administrative costs	342 251	283 640
Total	**2 167 680**	**1 930 568**

5. Other operating income

Income from fixed assets sale	29 026	16 981
Incomes of the basic means	18 347	16 556
Other income	89 346	43 672
Total	**136 719**	**77 209**

6. Other operating expenses

Expenses of collective agreement	25 111	16 281
Other expenses	29 516	18 007
Total	**54 627**	**34 288**

7. Fixed assets

	Land and buildings	Equipment and machinery	Other fixed assets and inventory	Fixed assets under construction	**Total**
Cost / Valuation 01.01.2008.	**6 007 311**	**5 469 348**	**676 852**	**61 991**	**12 215 502**
Additions	58 703	256 251	30 051	317 055	662 060
Disposals	17 300	146 545	8 168	345 386	517 399
Reclassification					
Revaluation					
30.12.2008.	6 048 714	5 579 054	698 735	33 660	12 360 163
Depreciation 01.01.2008.	**480 664**	**4 299 434**	**386 757**		**5 166 855**
Charge	148 564	183 448	76 030		408 041
Disposals	3 342	144 579	5 916		153 837
Reclassification					
Corrections for previous year's error					
30.12.2008	625 886	4 338 303	456 871		5 421 060
Net book value 01.01.2008.	**5 526 647**	**1 169 914**	**290 095**	**61 991**	**7 048 647**
Net book value 30.12.2008.	**5 422 828**	**1 240 751**	**241 864**	**33 660**	**6 939 103**

7. Incomplete products

Unfinished production	118 894	122 727

8. Finished good and goods for sale

Finished products on stock	460 869	543 340
Canteen	199	325
Total	**461 068**	**543 665**

10. Trade receivables

Trade receivables	2 769 455	2 927 361
Total	**2 769 455**	**2 927 361**

11. Other receivables

VAT overpaid	0	166 095
Income tax overpaid (advance payment)	224 028	0
Guarantee	13 354	68 978
Calculation for raw materials	27 865	61 650
Other debtors	4 689	23 620
Total	**269 936**	**320 343**

12. Deferred expenses

Payment for insurance	4 014	4 039
Other expenses	4 997	7 064
Total	**9 011**	**11 103**

13. Cash and bank

Cash in hand	867	297
Cash at bank	31 910	120 363
Total	**32 777**	**120 660**

14. Share capital

As at 31 December 2008 the subscribed and fully paid share capital consists of 8294219 ordinary shares with a nominal value of Ls 1 each.

15. Loans from credit institutions

Long-term part	1 943 975	2 281 364
Short-term part	2 430 788	3 455 468
Total	**4 374 763**	**5 736 832**

16. Advances received from consumers

Latvia	20 551	1 559
Russia	46 786	250 584
Estonia	40 411	0
Other	423 565	131 573
Total	**541 313**	**383 716**

17. Trade payables

Short-term part	2 396 079	4 064 516

18. Taxes and social insurance

	01.01. 2008.	Calculated	Budget restore	(Paid)/ repaid	Transferred	30.12.2008.
VAT	-117 733	-314 879	749 253	974 924	+700 821	42 538
Personnel income tax	147 792	878 955		718 827	-132 414	175 506
Social insurance	238 813	1 738 243		1 409 335	-270 644	297 077
Corporate income tax	150 990	2 764		80 019	-297 763	-224 028
Real estate tax (land)		6 057		6 057		
Real estate tax (buildings)		46 088		46 088		
Natural resource tax	913	4 169		3 490		1 592
The state tax for company's business	329	3 954		3 968		315
Total	**421 104**	**2 365 351**	**749 253**	**3 242 708**	**0**	**293 000**

Hereof:

Liabilities/	587 199	517 028
(Overpaid)	166 095	224 028

19. Average number of employees

Average number of employees	1 274	1 346

Aivar Keskuela

Chairman of the board