

SAF Tehnika
Interim Report
for 3 months of financial year 2010/11
(July 1, 2010 – September 30, 2010)

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KEY DATA

SAF Tehnika is a telecommunications equipment company engaged in the development, production and distribution of digital microwave radio equipment. SAF Tehnika products provide wireless backhaul solutions for digital voice and data transmission. The Company offers three product lines: CFM family - low to medium capacity radio links (PDH; up to 34 Mbps), CFQ family - high capacity radio links (SDH; up to 155 Mbps), and the new CFIP product line (super PDH; 366Mbps Lumina FODU (Optical Gigabit Ethernet), 108Mbps FODU (Fast Ethernet) and 366Mbps PhoeniX Hybrid Split Mount System). The complete product range offers solutions to mobile network operators, data service providers, and government and private companies. Since its establishment in 1999, SAF Tehnika has succeeded in becoming an international player and has been able to compete with such multinational corporations as Nokia Siemens Networks, Ericsson, Alcatel and NEC.

SAF Tehnika Jsc. is a public joint stock company incorporated under the laws of the Republic of Latvia. The shares of AS SAF Tehnika are quoted on NASDAQ OMX Riga.

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Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 12.10.2010

Name	Ownership interest (%)
Didzis Liepkalns	17.05%
Maleks S, SIA	10.77%
Andrejs Grišans	10.03%
Skandinavia Enskilda Banken	9.98%
Normunds Bergs	9.74%
Juris Ziema	8.71%
Vents Lācars	6.08%
Swedbank AS Clients account	5.01%

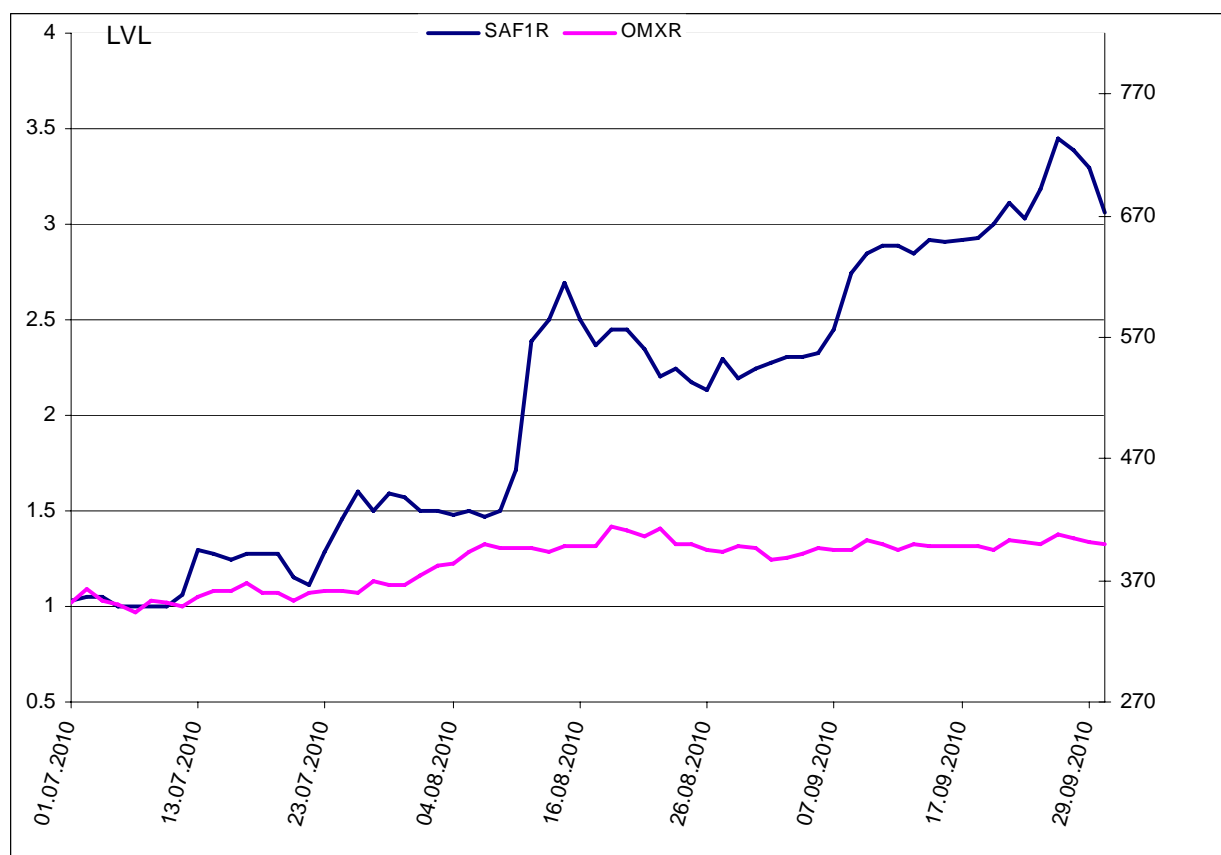
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2010 – September 30, 2010

Currency: **LVL**

Marketplace: **NASDAQ OMX Riga**



Information on management and supervisory board members

SAF Tehnika Management Board:

Name	Position	Ownership interest (%)
Normunds Bergs	Chairman	owns 9.74% of shares
Didzis Liepkalns	Vice Chairman	owns 17.05% of shares
Jānis Ennitis	Member	owns 0.66% of shares
Aira Loite	Member	owns 0.2% of shares

SAF Tehnika Supervisory Board:

Name	Position	Ownership interest (%)
Vents Lacars	Chairman	owns 6.08% of shares
Juris Ziema	Vice-Chairman	owns 8.71% of shares
Andrejs Grisans	Member	owns 10.03% of shares
Ivars Senbergs	Member	owns 0.09 % of shares
Jānis Bergs	Member till July 11, 2010	
Juris Imaks	Member since July 12, 2010	

Statement of Board's Responsibilities

The Board of SAF Tehnika Jsc (hereinafter – the Company) is responsible for preparing the interim financial statements of the Company and its subsidiary. Interim financial statements of the Company have not been audited or otherwise checked by auditors.

The interim financial statements are prepared in accordance with the source documents and present fairly the financial position of the Company as at September 30, 2010 and the results of its operations and cash flows for the 3 month period ended September 30, 2010.

The interim financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The interim financial statements have been prepared based on the same accounting principles applied in the Financial Statements for the year ended on June 30, 2010. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the interim financial statements.

The Board of SAF Tehnika 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 is also responsible for the compliance with the laws of the countries in which the Company operates.

The interim financial statements have been prepared in Latvian Lats and Euro.

Currency Exchange rate for LVL/EUR is 0.702804



Aira Loite

CFO, Member of the Management Board

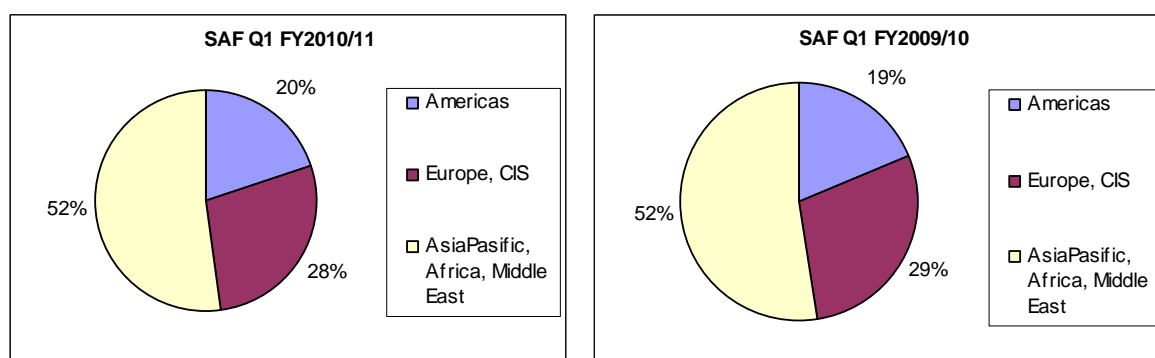
Management Report

The Company's non-audited net sales for the first quarter of financial year 2010/11 were 3 158 526 (4 494 178 EUR) representing a 91% increase compared with the first quarter of the previous financial year, but 16% less than the previous reporting quarter.

Although sales in the Americas formed the smallest part (20%) of total sales the revenues were double the amount in the same quarter of the previous corresponding period. Sales in Europe and CIS represented 28% of quarterly sales and were 84% larger than in the 1st quarter of the previous financial year, reflecting re-commenced sales in the CIS and increased demand from European customers. Sales in the Asia Pacific, Middle East and Africa represented the largest part of the 1st quarter's turnover (52%). Sales there rose by 90% or 0.79 million LVL (1.117 million EUR) compared with the same quarter of the last financial year. The Company continues to expand its installation and commissioning services in order to meet ever increasing demand for turn-key solutions.

With the intention to promote SAF sales activities and international recognition of the SAF Tehnika brand and products worldwide and to strengthen co-operation with both existing partners and attract new potential customers, the Company continues its world wide marketing activities by participating in international exhibitions. Participation in 9 large exhibitions is being co-financed by the European Regional Development Fund. The most significant exhibitions in the reporting quarter were Comptel PLUS (Dallas, US) and NigeriaCom (Lagos, Nigeria), where a significant number of existing and potential regional clients were met and introduced to the Company's products and services.

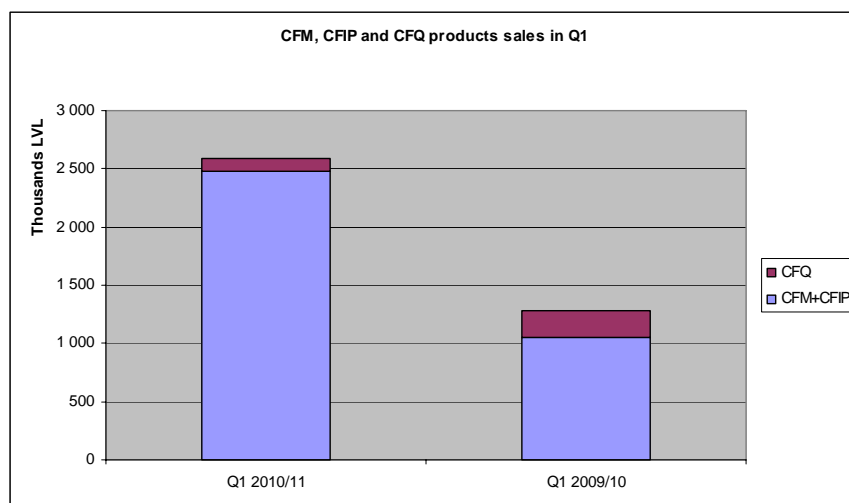
Chart 1. Quarter 1 revenue breakdown comparative charts:



The Company's products were sold in 59 countries during the reporting quarter. Revenue breakdown by sales regions in the first quarter in the current financial year kept the same proportions as in the same quarter of the previous financial year.

The CFIP and CFM products formed the largest part of total sales. The share of CFIP products continue to dominate and, as expected, are successfully replacing CFM products. That said there is still demand in some countries for this cost advantageous, reliable product. Demand for CFQ products has decreased steadily in the reporting quarter.

Chart 3. Quarter 1 product sales breakdown.



With the aim to attract EU funds for research and development within the sphere of electronics and electrical engineering, the Company, together with other members of the Latvian Electrical Engineering and electronic Industry Association (LETERA), co-founded a limited liability company “LEO kompetences centrs” (LEO) investing 500 LVL (711 EUR) in its equity capital and becoming the owner of 10% of its share capital.

The net profit of SAF Tehnika for the first quarter of financial year 2010/11 was 276 600 LVL (393 566 EUR). The result was impacted by recording an allowance for doubtful debtors amounting to 215 thousand LVL (305 thousand EUR) based on a client’s information about their liquidity problems. It is expected that the debt will be recovered by spring 2011 based on the agreed payment schedule.

Market overview

Growing demand for fixed and mobile data traffic is pushing data providers to extend their network capacity worldwide. As always, the pace of development differs significantly between regions. After the ITU recently established a 4G standard, we see mobile and wireless communications ranging between 2G and 4G, depending on the region and country. As a result different technologies for data transport are used. The major trend is still towards IP technology. Fixed telephony now moves towards data and content solution as does mobile telephony. The

only difference is in the data capacity available for the individual user. From a user perspective, number of mobile phones users already substantially over exceeds fixed telephony users. During the economic downturn in 2009 many broadband data access programs were commenced by governments to connect the rural population to the internet. This year and next fixed and mobile data traffic will continue to be boosted with the implementation of these programs. This continues to drive growth in the telecom market.

Guidance

SAF Tehnika continues to pursue its previous strategy of focussing on new product development based on customer demand. There will soon be some new innovative products extending the product portfolio. The main focus will be switched to the development of next generation products as well as increasing manufacturing capacities to support higher customer demand. To increase the level of customer service, the company will extend its local presence in several regions. Besides, the company is also looking for opportunities to co-operate with other market players to extend the solution portfolio. Although longer term outlook remains unpredictable certain stability is visible in the near future.

The Company's net cash flow for the 3 month period of the financial year was a positive 1 359 574 LVL (1 934 500 EUR). The company has deposited 495 324 LVL (704 783 EUR) (deposit period more than 90 days), recorded as short-term investment in the balance. A loan of 68 thousand LVL (97 thousand EUR) with a maturity of 3 years was granted to a CIS client for the purchase of SAF Tehnika products therefore fulfilling tender conditions and further encouraging SAF's product sales in this region. The Company carried a net cash balance (excluding interest bearing liabilities) of 3 765 861 LVL (5 358 337 EUR) as at September 30, 2010.

On September 30, 2010 the Company employed 148 people. (138 people on September 30, 2009).

Balance sheet
As of September 30, 2010

	Note	30.09.2010	30.09.2009	30.09.2010	30.09.2009
CURRENT ASSETS		LVL	LVL	EUR	EUR
Cash and bank		3 773 261	2 780 745	5 368 867	3 956 644
Short-term investments	1	495 324	0	704 783	0
Customer receivables	2				
Accounts receivable		2 795 981	1 956 924	3 978 323	2 784 452
Allowance for uncollectible receivables		-451 882	-431 959	-642 970	-614 622
Total		2 344 099	1 524 965	3 335 353	2 169 830
Other receivables					
Other current receivables	3	33 136	20 853	47 148	29 671
Short-term loans given		738	885	1 050	1 259
Short-term loans		22 772	0	32 402	0
Total		56 646	21 738	80 600	30 930
Prepaid expenses					
Prepaid taxes		23 815	58 059	33 886	82 611
Other prepaid expenses		82 136	60 205	116 869	85 664
Total		105 951	118 264	150 755	168 275
Inventories	4				
Raw materials		906 516	358 355	1 289 856	509 893
Work-in-progress		829 834	1 429 143	1 180 747	2 033 487
Finished goods		878 759	769 853	1 250 361	1 095 402
Prepayments to suppliers		29 031	13 863	41 307	19 725
Total		2 644 140	2 571 214	3 762 271	3 658 507
TOTAL CURRENT ASSETS		9 419 421	7 016 926	13 402 629	9 984 186
NON-CURRENT ASSETS					
Long-term financial assets					
Shares in companies	5	500	0	711	0
Long-term receivables	2	106 489	0	151 520	0
Deferred income tax		57 179	51 025	81 359	72 602
Long-term loans		41 750	590	59 405	839
Total		205 918	51 615	292 995	73 441
NON-CURRENT physical assets	6				
Plant and equipment		2 038 820	1 980 223	2 900 980	2 817 603
Other equipment and fixtures		1 152 142	1 167 885	1 639 350	1 661 751
Accumulated depreciation		-2 669 108	-2 506 595	-3 797 799	-3 566 563
Total		521 854	641 513	742 531	912 791
Intangible assets					
Purchased licenses, trademarks etc.		47 986	52 849	68 278	75 197
Total		47 986	52 849	68 278	75 197
TOTAL NON-CURRENT ASSETS		775 758	745 977	1 103 804	1 061 429
TOTAL ASSETS		10 195 179	7 762 903	14 506 433	11 045 615

	Note	30.09.2010	30.09.2009	30.09.2010	30.09.2009
LIABILITIES AND OWNERS' EQUITY					
CURRENT LIABILITIES		LVL	LVL	EUR	EUR
Debt obligations					
Short-term loans from financial institutions		7 400	2 061	10 530	2 933
Customer prepayments for goods and services		519 552	277 590	739 256	394 975
Accounts payable	7	1 389 736	743 269	1 977 416	1 057 576
Tax liabilities		173 360	59 874	246 669	85 193
Salary-related accrued expenses	8	347 454	152 651	494 383	217 203
Provisions for guarantees		20 250	17 793	28 813	25 317
Prepaid revenue		5 662	42 467	8 057	60 425
TOTAL CURRENT LIABILITIES		2 463 414	1 295 705	3 505 125	1 843 622
OWNERS' EQUITY					
Share capital		2 970 180	2 970 180	4 226 185	4 226 185
Paid in capital over par		2 004 204	2 004 204	2 851 725	2 851 725
Retained earnings		2 480 781	1 676 448	3 529 833	2 385 371
Net profit for the financial year		276 600	-183 634	393 566	-261 288
TOTAL OWNERS' EQUITY		7 731 765	6 467 198	11 001 309	9 201 993
TOTAL LIABILITIES AND OWNERS' EQUITY		10 195 179	7 762 903	14 506 433	11 045 615

Income Statement for 3 month of the financial year 2010/11

	Note	30.09.2010	30.09.2009	30.09.2010	30.09.2009
		LVL	LVL	EUR	EUR
Net sales	9	3 158 526	1 650 466	4 494 178	2 348 402
Other operating income		2 587	18 010	3 681	25 626
Total income		3 161 113	1 668 476	4 497 859	2 374 028
Direct cost of goods sold or services rendered		-1 525 104	-1 086 410	-2 170 027	-1 545 822
Marketing, advertising and public relations expenses		-61 931	-91 065	-88 120	-129 574
Bad receivables	10	-248 549	-29 841	-353 653	-42 460
Operating expenses		-172 702	-126 496	-245 733	-179 988
Salaries, bonuses and social expenses	11	-597 190	-401 784	-849 725	-571 687
Depreciation expense		-51 247	-92 207	-72 918	-131 199
Other expenses		-6 749	-11 693	-9 603	-16 638
Operating expenses		-2 663 472	-1 839 496	-3 789 779	-2 617 368
EBIT		497 641	-171 020	708 080	-243 340
Financial income (except ForEx rate difference)		9 254	13 940	13 167	19 835
Financial costs (except ForEx rate difference)		0	-629	0	-895
Foreign exchange +gain/(loss)		-136 630	-25 925	-194 408	-36 888
Financial items		-127 376	-12 614	-181 241	-17 948
EBT		370 265	-183 634	526 839	-261 288
Corporate income tax		-93 665	0	-133 273	0
Net profit		276 600	-183 634	393 566	-261 288

Earnings per share

EPS 30.09.2010. = 0.09 LVL (0.13 EUR)

EPS 30.09.2009. = -0.06 LVL (-0.09 EUR)

Cash flow statement for 3 months of the financial year 2010/11

	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	LVL	LVL	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	193 530	393 064	275 368	559 280
Cash received from customers	2 806 009	1 933 131	3 992 592	2 750 598
Cash paid to suppliers and employees	-2 613 929	-1 577 484	-3 719 286	-2 244 558
Received tax	1 450	37 417	2 063	53 240
NET CASH USED IN INVESTING ACTIVITIES (of which)	1 187 073	22 002	1 689 053	31 306
Cash paid for other long-term investments (e.g. purchase of <50% shares)	-500	0	-711	0
Cash paid for short-term investments	1 164 565	0	1 657 027	0
Cash paid for purchasing non-current physical assets	-14 839	-1 345	-21 114	-1 914
Interest received	37 847	23 347	53 851	33 220
NET CASH USED IN FINANCING ACTIVITIES (of which)	-21 029	18 861	-29 922	26 837
Repayment of short-term loans	1 219	165	1 734	235
Repayment of long-term loans	3 796	0	5 401	0
Cash paid of long-term loans	-68 317	0	-97 206	0
Paid interest	0	-629	0	-895
Cash received from EU funds	42 273	19 325	60 149	27 497
TOTAL CASH FLOW:	1 359 574	433 927	1 934 500	617 422
Cash and cash equivalents as at the beginning of period	2 413 687	2 346 818	3 434 367	3 339 221
Cash and cash equivalents as at the end of period	3 773 261	2 780 745	5 368 867	3 956 644
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	1 359 574	433 927	1 934 500	617 422

Statement of changes in consolidated equity for the 3 months period ended September 30 2010

	Share capital	Share premium	Currency translation reserve	Retained earnings	Total
	LVL	LVL	LVL	LVL	LVL
As at 30 June 2008	2 970 180	2 004 204	-	1 676 448	6 650 832
Dividend relating to 2008/2009	-	-	-	-683 141	-683 141
Profit for the year	-	-	-	1 487 474	1 487 474
As at 30 June 2009	2 970 180	2 004 204	-	2 480 781	7 455 165
Profit for the period	-	-	-	276 600	276 600
As at 30 September 2010	2 970 180	2 004 204	-	2 757 381	7 731 765

Statement of changes in consolidated equity for the 3 months period ended September 30 2010

	Share capital	Share premium	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
As at 30 June 2008	4 226 185	2 851 725	-	2 385 371	9 463 281
Dividend relating to 2008/2009	-	-	-	-972 022	-972 022
Profit for the year	-	-	-	2 116 484	2 116 484
As at 30 June 2009	4 226 185	2 851 725	-	3 529 832	10 607 743
Profit for the period	-	-	-	393 566	393 566
As at 30 September 2010	4 226 185	2 851 725	-	3 923 398	11 001 309

Notes for interim report

Note 1 Short-term investments

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Short-term investments	495 324	-	704 783	-

Short-term investments consists of deposits with a maturity period of more than 90 days commencing from 30/09/2010.

Note 2 Customer receivables

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Long-term receivables	106 489	-	151 520	-
Accounts receivable	2 795 981	1 956 924	3 978 323	2 784 452
Provisions for bad and doubtful accounts receivable	(451 882)	(431 959)	(642 970)	(614 622)
Total accounts receivable	2 344 099	1 524 965	3 335 353	2 169 830
Total receivables	2 450 588	1 524 965	3 486 873	2 169 830

Accounts receivable were 43% larger compared with the previous year reflecting increasing sales. Provisions for bad and doubtful debts were at the same level on a year-on-year basis although new accruals for doubtful debtors were recorded amounting to 215 thousand LVL (305 thousand EUR) in the reporting period based on a client's information about their liquidity problems. Long term receivables include those whose due date is more than 360 days from the balance date. This particular debt is secured by a State export guarantee.

Note 3 Other current receivables

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Other current receivables	33 136	20 853	47 148	29 671

The main items included in the Other current receivables are accrued interest for deposits and EU funding amounting to 23 thousand LVL assigned for participation in foreign exhibitions.

Note 4 Inventories

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Raw materials	1 093 583	547 600	1 556 028	779 165
Allowance for slow-moving items	(187 067)	(189 245)	(266 172)	(269 271)
Work-in- progress	829 834	1 429 143	1 180 747	2 033 487
Finished goods	878 759	769 853	1 250 361	1 095 402
Prepayments to suppliers	29 031	13 863	41 307	19 725
	2 644 140	2 571 214	3 762 271	3 658 507

Inventories in comparison with September 30 of the previous financial year 2009/10 increased by 3%. More raw materials were purchased in order to ensure present production volumes and delivery terms.

Note 5 Shares in Companies

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Shares in companies	500	-	711	-

With the aim to attract EU funds for research and development within the sphere of electronics and electrical engineering, the Company, together with other members of the Latvian Electrical Engineering and electronic Industry Association (LETERA), co-founded a limited liability company “LEO kompetences centrs” (LEO) investing 500 LVL (711 EUR) in its equity capital and becoming the owner of 10% of its share capital.

Note 6 Non-current physical assets

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Plant and equipment	2 038 820	1 980 223	2 900 980	2 817 603
Other equipment and fixtures	1 152 142	1 167 885	1 639 350	1 661 751
Accumulated depreciation	(2 669 108)	(2 506 595)	(3 797 799)	(3 566 563)
	521 854	641 513	742 531	912 791

Decrease of the net book value of non current physical assets, in comparison with the year before is mainly due to accumulated depreciation. The company has started replacement of its current IT infrastructure and made investments in order to create new working places for production and testing purposes.

Note 7 Accounts payable

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Accounts payable	1 389 736	743 269	1 977 416	1 057 576

Accounts payable have risen due to increased purchases for new products, higher production volumes and larger local marketing services rendered.

Note 8 Salary-related accrued expenses

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Salary-related accrued expenses	347 454	152 651	494 383	217 203

Salary-related accrued expenses increased mainly because of bonuses accrued due to good financial results and increased headcount.

Note 9 Segment information

a) The Company's operations may be divided into two major structural units by product lines – CFM (Hybrid/ PDH radio) and CF IP (Hybrid/ super PDH system) as the first structural unit and CFQ (SDH) as the second unit. These structural units are used as a basis for providing information about the primary segments of the Company, i.e. business segments. Production, as well as research and development are organised and managed for each structural units (CFM, CFIP and CFQ) separately.

CFM microwave radio product line has been the main type of radio SAF has been supplying to the market over many years, yet it is still demanded and popular as ever. Such medium capacity, simple yet extremely reliable and feature rich radio forms the basis of many new deployments in the areas of rapid development of telecom networks.

CFIP - a new and growing product line is represented by 3 notable models,

- a split mount Phoenix hybrid radio system with Gigabit Ethernet + 20 E1 interfaces;
- Lumina high capacity Full Outdoor all-in-one radio with Gigabit Ethernet traffic interface;
- CFIP-108 entry level radio - perfect for upgrade of E1 networks into packet data networks.

All CFIP radios are offered in most widely used frequency bands from 6 to 38 GHz, thus enabling the use of CFIP radios all across the globe,

Phoenix radio represents the type of microwave radio which is taking the commanding role on the market at present,

Full Outdoor units of Lumina and 108 modifications are of growing and developing radio type 'all-in-one' which has biggest potential as part of future data/packet networks.

SAF Tehnika was one of the first companies offering Full Outdoor radios from 2003, thus is well positioned to use the past experience for development of next generation product.

Even though mentioned CFIP products are set to carry SAF Tehnika's fortunes into the future, SAF is still offering a popular CFQ radio, still widely used due to an ability to reconfigure the terminal to provide widest range of interfaces in any SAF system.

This note provides information about division of the Group's turnover and balance items by structural units by product type for 3 month of the financial year 2010/11 and financial year 2009/10.

	CFQ		CFM; CFIP		Other		Total	
	2010/11 LVL	2009/10 LVL	2010/11 LVL	2009/10 LVL	2010/11 LVL	2009/10 LVL	2010/11 LVL	2009/10 LVL
Segment assets	927 067	1 198 365	3 966 623	3 183 176	840 053	415 350	5 733 743	4 796 891
Undivided assets							4 461 436	2 966 012
Total assets							10 195 179	7 762 903
Segment liabilities	121 888	203 565	1 512 930	795 394	415 743	161 111	2 050 561	1 160 070
Undivided liabilities							412 853	135 635
Total liabilities							2 463 414	1 295 705
Net sales	159 265	299 370	2 463 279	1 074 551	535 982	276 545	3 158 526	1 650 466
Segment results	69 020	64 510	1 227 056	50 571	198 563	93 835	1 494 639	208 916
Undivided expenses							-999 594	-397 940
Profit from operations							495 045	-189 024
Other income							2 593	18 118
Financial expenses, net							-127 373	-12 728
Profit before taxes							370 265	-183 634
Corporate income tax							-93 665	0
Net profit							276 600	-183 634
Other information								
Intangible assets	0	0	11 801	1 084	83	0	11 884	1 084
Undivided additions							2 950	263
Total additions of property plant and equipment and intangible assets							14 834	1 347
Depreciation and amortization	2 785	4 618	24 010	56 423	0	10	26 795	61 051
Undivided depreciation							24 452	31 156
Total depreciation and amortization							51 247	92 207

	CFQ		CFM; CFIP		Other		Total	
	2010/11 EUR	2009/10 EUR	2010/11 EUR	2009/10 EUR	2010/11 EUR	2009/10 EUR	2010/11 EUR	2009/10 EUR
Segment assets	1 319 098	1 705 120	5 643 996	4 529 251	1 195 287	590 990	8 158 379	6 825 361
Undivided assets							6 348 054	4 220 255
Total assets							14 506 433	11 045 616
Segment liabilities	173 431	289 647	2 152 705	1 131 744	591 549	229 240	2 917 685	1 650 631
Undivided liabilities							587 436	192 991
Total liabilities							3 505 121	1 843 622
Net sales	226 614	425 965	3 504 930	1 528 948	762 634	393 488	4 494 178	2 348 402
Segment results	98 207	91 789	1 745 943	71 956	282 530	133 516	2 126 680	297 261
Undivided expenses							-1 422 293	-566 218
Profit from operations							704 386	-268 957
Other income							3 690	25 780
Financial expenses, net							-181 235	-18 110
Profit before taxes							526 840	-261 288
Corporate income tax							-133 273	0
Net profit							393 566	-261 288
Other information								
Additions of property plant and equipment and intangible assets	0	0	16 791	1 542	118	0	16 909	1 542
Undivided additions							4 197	374
Total additions of property plant and equipment and intangible assets							21 106	1 916
Depreciation and amortization	3 963	6 571	34 163	80 283	0	14	38 126	86 868
Undivided depreciation							34 791	44 330
Total depreciation and amortization							72 917	131 198

b) This note provides information about division of the Company's turnover and assets by geographical regions (customer location) for 3 month of the financial year 2010/11 and financial year 2009/10.

	Net sales		Assets		Net sales		Assets	
	2010/11 LVL	2009/10 LVL	30.09.2010 LVL	30.09.2009 LVL	2010/11 EUR	2009/10 EUR	30.09.2010 EUR	30.09.2009 EUR
America	633 015	308 635	289 102	307 128	900 699	439 148	411 355	437 004
Europe, CIS	871 819	473 318	736 136	529 973	1 240 487	673 471	1 047 427	754 084
Asia, Africa, Middle East	1 653 692	868 513	1 425 350	687 864	2 352 992	1 235 783	2 028 090	978 742
	3 158 526	1 650 466	2 450 588	1 524 965	4 494 178	2 348 402	3 486 872	2 169 830
Unallocated assets	-	-	7 744 703	6 237 938	-	-	11 019 720	8 875 785
	3 158 526	1 650 466	10 195 291	7 762 903	4 494 178	2 348 402	14 506 592	11 045 615

Note 10 Bad receivables

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Bad receivables	(248 549)	(29 841)	(353 653)	(42 460)

The Company records accruals based on its accrual policy for bad and doubtful debtors. As information about a client's liquidity problems were received, the company has posted additional accruals for doubtful debts amounting to 215 thousand LVL (305 thousand EUR). It is expected that the debt can be recovered before spring 2011 based on an agreed payment schedule.

Note 11 Salaries, bonuses and social expenses

	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Salaries, bonuses and social expenses	(597 190)	(401 784)	(849 725)	(571 687)

Salaries, bonuses and social expenses, in comparison with the 3 month period of the previous financial year increased by 49% due to increased headcount and bonuses accrued based on good financial performance.