



AS “DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA”

CONSOLIDATE REPORT

For I quarter 2007

TABLE OF CONTENTS:

1. Information on the company	3
2. Report of the management	4 - 5
3. Balance	6 - 7
4. Profit and account	8
5. Overview of equity capital shanges	9
6. Notes	10 - 17

INFORMATION ON THE COMPANY

<i>Name of the company</i>	DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA
<i>Legal status of the company</i>	Joint-stock company
<i>Number, place and date of registration</i>	Nr.40003030219 Riga, 03.10.1991. Komercreģistrā Riga, 08.06.2004.
<i>Address</i>	Marijas street 1, Daugavpils LV-5401 Latvia
<i>Type of operations</i>	Repair and modernization of the mobile train
<i>Names, address and % of the share capital owned by company's shareholders</i>	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 IVESTEERINGSUUD, 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%)
<i>Names and positions of Board members</i>	Keskula Aivar – chairman of the board (from 25.10.2006) Šilovs Andrejs – member of the board (from 25.10.2006) Kārkliņa Jeļena – member of the board (from 25.10.2006)
<i>Names and position of Advice members</i>	Ossinovski Oleg – chairman of the advice (from 01.06.2006) Krasnoslok Juri – vice-chairman of the advice (from 01.06.2006) Ait Roman – member of the advice (from 01.06.2006) Barashkov Vasiluy – member of the advice (from 01.06.2006) Grjadunova Jelena – member of the advice (from 01.06.2006)

Report of the management.

I. The key figures of the enterprise.

In I quarter 2007 year joint-stock company „Daugavpils Lokomotīvu Remonta Rūpnīca” has distributed goods for 2985.2 thousand lats, which constitutes an increase of -43.2 % compared to the appropriate period of 2006.

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

Table No.1

The basic classification of the production.

Designation	I q. 2007	I q. 2006	(+, -) thousands.Ls
Diesel locomotive repair, section	1837.6	3577.8	-1740.2
Electric train repair, carriage	318.9	283.1	35.8
Diesel-multiple unit train repair, carriage	0	0	0
Total sum of rolling-stock unit	2156.5	3860.9	-1704.4
Wheelpair repair, pieces	383.1	502.9	-119.8
Electric machines repair, pieces	133.1	239.7	-106.6
Diesel repair, pieces	46.2	235.0	-188.8
Other	266.3	415.7	-149.4
Total	2985.2	5254.2	-2269

Table No.2

The structure of the distributed goods by the clients.

The client	I q. 2007		I q. 2006	
	sum	%	sum	%
Latvia	882.4	29.6	901.3	17.2
Lithuania	226.4	7.6	374.7	7.1
Estonia	408.2	13.7	679.7	12.9
Belarus	68.0	2.3	212.0	4.0
Uzbekistan	110.5	3.7	243.7	4.6
Russia	394.1	13.2	2 842.8	54.2
Other	895.6	29.9	-	
Total	2985.2	100.0	5 254.2	100.0

II. Financial figures.

The enterprise finished I quarter 2007 year with the balance income of 142.2 thousand lats.

The enterprise for the means of the increase of the turnover resources, has invested 107.8 thousand lats of investments, including:

- The purchase of the capital assets - 54.0 thousand lats
- Equipment - 24.2 thousand lats
- The classification of the factory - 27.5 thousand lats
- Furniture and equipment - 2.1 thousand lats

J.Kārklīņa

The managing director of the Financial – economic Department

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for I quarter 2007

01.04.2007. balance Sheet

0.702804

ASSETS						
	01.04.2007.		01.04.2006.		01.01.2007.	
	LVL	EUR	LVL	EUR	LVL	EUR
NON CURRENT ASSETS						
Property, plant and equipment:						
Land, buildings and networks	3 065 453	4 361 745	2 163 485	3 078 362	3 073 910	4 373 780
Machinery and equipment	791 838	1 126 684	543 974	774 005	805 923	1 146 725
Other property, plant and equipment	162 595	231 352	104 009	147 991	147 588	209 999
Construction in progress	390 612	555 791	115 648	164 552	331 980	472 365
Total property, plant and equipment	4 410 498	6 275 573	2 927 116	4 164 911	4 359 401	6 202 869
Total investments						
Total						
Total non current assets	4 410 498	6 275 573	2 927 116	4 164 911	4 359 401	6 202 869
CURRENT ASSETS						
Inventory	4 934 446	7 021 084	5 564 456	7 917 508	4 733 500	6 735 164
Debtors:						
Trade accounts receivable	2 848 189	4 052 608	3 127 615	4 450 195	3 310 980	4 711 100
Other accounts receivable	378 338	538 326	130 516	185 708	282 014	401 270
Short-term loans	14 761	21 003	8 192	11 656	12 948	18 423
Total debtors:	3 241 288	4 611 937	3 266 323	4 647 559	3 605 942	5 130 793
Cash and cash equivalents	25 253	35 932	207 589	295 373	33 151	47 170
Total current assets	8 200 987	11 668 953	9 038 368	12 860 439	8 372 593	11 913 127
TOTAL ASSETS	12 611 485	17 944 526	11 965 484	17 025 350	12 731 994	18 115 995

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for I quarter 2007

01.04.2007. balance Sheet

0.702804

LIABILITIES						
	01.04.2007.g.		01.04.2006.g.		01.01.2007.g.	
	LVL	EUR	LVL	EUR	LVL	EUR
SHAREHOLDER' EQUITY						
Share capital	8 294 219	11 801 610	8 294 219	11 801 610	8 294 219	11 801 610
Topheavy reserves	706 002	1 004 550	774 100	1 101 445	712 150	1 013 298
Previous year unappropriated result	-5 279 864	-7 512 570	-5 385 127	-7 662 345	-5 462 553	-7 772 513
Previous year unappropriated result	142 181	202 305	37 886	53 907	182 689	259 943
Total shareholders' equity	3 862 538	5 495 896	3 721 078	5 294 617	3 726 505	5 302 339
ACCUMULATION						
Accumulation	818 860	575 498	976 322	1 389 181	819 541	1 166 102
LONG-TERM LIABILITIES						
Long-term loan from credit institution	2 765 976	3 935 629	2 288 969	3 256 909	2 789 918	3 969 696
Total long-term liabilities	2 765 976	3 935 629	2 288 969	3 256 909	2 789 918	3 969 696
CURRENT LIABILITIES						
Creditors' equity	2 290 287	3 258 785	1 686 904	2 40 248	1 989 677	2 831 055
Advances from customers	443 878	631 581	629 881	896 240	696 686	991 295
Trade accounts payable	1 960 855	2 790 045	2 169 322	3 086 667	2 170 010	3 087 646
Coveredby taxes	204 114	290 428	272 573	387 836	258 854	368 316
Other liabilities	204 574	291 083	220 435	313 651	214 910	305 789
Deffered tax payment	43 932	62 510			43 932	62 510
Accumulated liabilities	16 471	23 436			21 961	31 248
Total current liabilities	5 164 111	7 347 868	4 979 115	7 084 642	5 396 030	7 677 859
Total	7 930 087	11 283 497	7 268 084	10 341 552	8 185 948	11 647 555
TOTAL LIABILITIES	12 611 485	17 944 526	11 965 484	17 025 350	12 731 994	18 115 995

Profit and account

2007. y. for 3 months

0.702804

	for 3 months 2007		for 3 months 2006	
	LVL	EUR	LVL	EUR
NET SALES	3 382 343	4 812 641	5 493 869	7 817 071
Cost of sales	2 771 622	3 943 663	5 321 090	7 571 229
GROSS PROFIT (LOSS)	610 721	868 978	172 779	245 842
Sales and distribution expenses	14 506	20 640	23 199	33 009
Administrative expense	448 158	637 671	169 573	241 280
Other operating income	12 927	18 393	69 645	99 096
Other expenses	13 661	19 438	15 342	21 830
RESULT FROM OPERATING ACTIVITIES	4 960	7 057	-9 346	-13 298
RESULT BEFORE TAXES	142 363	202 564	43 656	62 117
Corporate income tax	0	0	0	0
Other taxes	182	259	5 770	8 210
NET RESULT	142 181	202 305	37 886	53 907
	0.017	0.024	0.005	0.006

OVERVIEW OF EQUITY CAPITAL SHANGES

for 3 months 2007.y.

0.702804

	on 01.04.2007.		on 01.04.2006.	
	LVL	EUR	LVL	EUR
Share capital				
Post-balance residue on 01. 01. 2007.	8 294 219	11 801 610	8 294 219	11 801 610
Increase	0	0	0	0
Decrease	0	0	0	0
Post-balance residue on 01. 04. 2007.	8 294 219	11 801 610	8 294 219	11 801 610
Reserve of reassessment of the basic means				
Post-balance residue on 01. 01. 2007.	712 150	1 013 298	786 913	1 119 676
Increase	0	0	0	0
Decrease	6 148	8 748	12 813	18 231
Post-balance residue on 01. 04. 2007.	706 002	1 004 550	774 100	1 101 445
Retained profit				
Post-balance residue on 01. 01. 2007.	-5 279 864	-7 512 570	-5 385 127	-7 662 345
Post-balance residue on 01. 04. 2007.	-5 137 683	-7 310 264	-5 347 241	-7 608 438
Share capital (total)				
Post-balance residue on 01. 01. 2007.	3 726 505	5 302 339	3 696 005	5 258 941
Post-balance residue on 01. 04. 2007.	3 862 538	5 495 896	3 721 078	5 294 617

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 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.

	31.03.2007.	31.03.2006.
1 USD	0.528	0.528
1 EUR	0.702804	0.702804
1 LTL	0.204	0.204
1 EEK	0.0449	0.0449

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:

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for I quarter 2007

	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.

Debtors 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 debtor 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.

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for I quarter 2007

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

	I quarter 2007.	I quarter 2006.
According to operating activities		
Products production	2 985 205	5 254 200
Spare parts sale	279 023	
Other	118 115	239 669
Total	3 382 343	5 493 869
According to the location		
Income from export to Latvia	882 413	901 300
Income from export to Russia	394 117	206 200
Income from export to Lithuania	226 419	374 700
Income from export to Estonia	408 156	679 700
Income from export to Belarus	67 985	212 000
Income from export to Uzbekistan	110 466	243 700
Other	895 649	2 636 600
Total	2 985 205	5254 200

2. Production costs

Goods delivery expenses	76 090	123 108
Row and material expenses	1 205 194	3 318 840
Purchase of diesel locomotives	275 816	
Utility expenses	345 347	287 591
Salary expenses	653 832	992 680
Social insurance	157 508	237 509
Depreciation of fixed assets	32 106	32 900
Other production costs	25 729	328 462
Total	2 771 622	5 321 090

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for I quarter 2007

3. Selling expenses

Transportation costs	10 207	23 199
Other selling expenses	4 299	0
Total	14 506	23 199

4. Administrative expenses

Salary expenses	295 055	77 395
Social insurance	70 657	18 739
Other social security expenses		
Rent expenses		
Office expenses	25 470	26 833
Advertising	410	189
Representation costs	810	888
Depreciation of fixed assets	16 091	15 073
Professional fees	1 007	117
Other administrative costs	38 658	67 034
Total	448 158	206 268

5. Other operating income

Income from fixed assets sale	1 169	8 155
Write of a reserve of the basic means	6 148	12 813
Incomes of the basic means	3 062	3 137
Other income	2 548	45 540
Total	12 927	69 645

6. Other operating expenses

Residual cost of the written off basic means	-	2 043
Losses of course exchange	-	
Expenses of collective agreement	7 141	7 932
Net loss from sale of fixed assets	4 570	3 775
Pretax applied to expenses		
Creation of accumulation on debtors		
Other expenses	1 950	1 592
Total	13 661	15 342

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for I quarter 2007

According to the tax declarations as at 31 December 2005 the Company had tax losses of Ls 255 391, 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
Tax losses of 2002		2007
Tax losses of 2003		2008
Tax losses of 2004	255 391	2009
Tax losses of 2005		2010
Tax losses of 2006		2011
Total	255 391	

7. Other taxes

Real estate tax for land	182	429
Real estate tax for buildings		5 341
Kopā	182	5 770

8. Fixed assets

	Land and buildings	Equipment and machinery	Other fixed assets and inventory	Fixed assets under construction	Total
Cost / Valuation					
01.01.2007.	4 563 740	5 095 244	512 977	331 980	10 503 941
Additions	3 894	18 876	24 292	58 632	105 694
Disposals		3 675	6 242		9 917
Reclassification					
Revaluation					
01.04.2007.	4 567 634	5 110 445	531 027	390 612	10 599 718
Depreciation					
01.01.2007.	1 489 830	4 289 321	365 389		6 144 540
Charge	12 351	32 961	9 285		54 597
Disposals		3 675	6 242		9 917
Reclassification					
Corrections for previous year's error					
01.04.2007.	1 502 181	4 318 607	368 432	0	6 189 220
Net book value					
31.12.2006.	3 073 910	805 923	79 153	331 980	4 359 401
Net book value					
01.04.2007.	3 065 453	791 838	162 595	390 612	4 410 498

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for I quarter 2007

9. Incomplete products

Incomplete products	2 432 250	2 348 744
---------------------	-----------	-----------

10. Finished good and goods for sale

Finished products on stock	653 648	485 771
Canteen	330	724
Total	653 978	486 495

11. Trade receivables

Registered price of trade debtors	2 848 189	3 127 615
Total	2 848 189	3 127 615

12. Other receivables

Debts of the linked enterprises	-	12 005
VAT overpaid	119 745	51 332
Corporate income tax overpaid	135 894	
VAT accepted	63 906	35 784
Housing and Communal Service	2 466	6 094
Payments to personnel	-	7 649
Other debtors	56 327	17 652
Total	378 338	130 516

13. Deferred expenses

Payment for insurance	2 762	2 599
Other expenses	11 999	5 593
Total	14 761	8 192

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for I quarter 2007

14. Cash and bank

Cash in hand	514	532
Cash at bank	24 739	207 057
Total	25 253	207 589

15. Share capital

As at 31 March 2006 the subscribed and fully paid share capital consists of 8294219 ordinary shares with a nominal value of Ls 1 each.

16. Loans from credit institutions

Long-term part	2 765 976	2 288 969
Short-term part	2 290 287	1 686 904

17. Advances received from consumers

Latvia	25 375	88 650
Russia	192 806	35 356
Estonia	19 306	188 913
Other	206 391	316 962
Total	443 878	629 881

18. Trade payables

Long-term part	0	0
Short-term part	1 960 855	2 169 322

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for I quarter 2007

19. Taxes and social insurance

	01.01. 2007.	Calculated	(Paid)/ repaid	31.03.2007.
VAT	87 212	180 879	387 838	(-119 747)
Payroll tax	60 780	170 020	134 673	96 127
Social insurance	109 384	334 433	337 507	106 310
Corporate income tax	(-109 422)		26 472	(-135 894)
Real estate tax (land)		182	182	0
Real estate tax (buildings)	346		346	0
Natural resource tax	746	861	746	861
The state tax for company's bussines	386	1 123	1 140	369
Penalty		2 436	1 989	947
Total	1 494 321	689 934	890 893	(-51 527)

Hereof:

Liabilities/	258 854	204 114
(Overpaid)	109 422	255 641

20. Average number of employees

Average number of employees 1 457 1 739

Aivar Keskuela
Chairman of the board

AS " Daugavpils Lokomotīvu Remonta Rūpnīca"Nodokļu maksātāja reģ, Nr, **40003030219**Adrese **Daugavpils, Marijas iela 1**

rate 0.702804

Cash flow statement for 3 month 2007**1. Cash flow from operating activities**

	01.03.2007 LVL		01.03.2007 EUR		01.03.2006 LVL		01.03.2006 EUR	
	income	expenes	income	expenes	income	expenes	income	expenes
Profit before taxation	142 363		202 564	0	43 656	0	62 117	0
Adjustments: a) depreciation	54 597		77 685	0	46 020	0	65 481	0
Provision	0	681	0	969		37 506	0	53 366
c) profit or loss from the currency exchange fluctuacions	0	52 015	0	74 011		57 526	0	81 852
Provision decrease	0	6 148	0	8 748	0	12 813	0	18 231
Income from sale of fixed assets	0		0	0	406		578	
Interest expenses paid							0	
Adjustments: a) Trade receivables (increase)/decrease)	364 654		518 856	0	0	158 469	0	225 481
b) Stock (increase)/decrease		200 946	0	285 920	203 035		288 893	0
c) Trade payables increase/(decrease)	0	532 529	0	757 721		6 980 475	0	9 932 321
Gross cash flow operating activities	561 614	792 319	799 105	1 127 368	293 117	7 246 789	417 068	10 311 252
Corporate income and property tax paid	0	182	0	259	0	5 770	0	8 210
Cash flow before extraordinary items	561 614	792 501	799 105	1 127 627	293 117	7 252 559	417 068	10 319 462
Net cash from operating activities	0	230 887	0	328 523	6 959 442	0	9 902 394	0

II. Cash flows from investing activities

	uz 01.03.2007 LVL		uz 01.03.2007 EUR		uz 01.03.2006 LVL		uz 01.03.2006 EUR	
	income	expenes	income	expenes	income	expenes	income	expenes
Acquisition of fixed assets and intangible assets	0	105 694	0	150 389	0	91 791	0	130 607
Income from sale of fixed assets and intangible assets		0	0	0	8 004	0	11 389	0
Participation in offer companies	0		0	0	0	0	0	0
Net cash from investing activities	0	105 694	0	150 389	0	83 787	0	119 218

III. Cash flows from financing activities

	uz 01.03.2007 LVL		uz 01.03.2007EUR		uz 01.03.2006 LVL		uz 01.03.2006 EUR	
	income	expenes	income	expenes	income	expenes	income	expenes
Loans from credit institution	423 987	0	603 279	0	1 547 724		2 202 213	0
Repayments of loans	0	95 304	0	135 605	0	74 564	0	106 095
Net cash flows from financing activities	328 683	0	467 674	0	1 473 160	0	2 096 118	0

	uz 01.03.2007 LVL		uz 01.03.2007 EUR		uz 01.03.2006 LVL		uz 01.03.2006 EUR	
	income	expenes	income	expenes	income	expenes	income	expenes
Cash flow from operating activities	0	230 887	0	328 523		6 959 442	0	9 902 394
Cash flows from investing activities	0	105 694	0	150 389	0	83 787	0	119 218
Cash flows from financing activities	328 683	0	467 674	0	1 473 160		2 096 118	0
Net cash flow of the current period	0	7 898	0	11 238	0	5 570 069	0	7 925 494
Cash and cash equivalents at the beginning of the reporting period	33 151	0	47 170	0	5 777 658	0	8 220 867	0
Cash and cash equivalents at the end of the reporting period	25 253	0	35 932	0	207 589	0	295 373	0

President

A.Keskula

Date

31.05.2007.g.

