



AS “DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA”

CONSOLIDATE REPORT

For 9 months 2007

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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 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.)
<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) Snatkin Aleksandr – member of the advice (from 07.05.2007)

Report of the management.

I. The key figures of the enterprise.

Joint-stock company „Daugavpils Lokomotīvu Remonta Rūpnīca” in 9 months 2007 year realization of basic production - for 8627.6 thousand lats, which constitutes 72.9 % 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	9 months 2007	9 months 2006	(+, -) thousands, Ls
Diesel locomotive repair, section	4 556.0	7 740.7	-3 184.7
Electric train repair, carriage	931.1	480.5	+450.6
Diesel-multiple unit train repair, carriage	0	0	-
Refrigerator train, pieces	0	28.4	-28.4
Total sum of rolling-stock unit	5 487.1	8 249.6	-2 762.5
Wheel pair repair, pieces	1 176.3	1 402.3	-226.0
Electric machines repair, pieces	567.9	828.0	-260.1
Diesel repair, pieces	519.20	318.4	+200.8
Other	877.10	1 029.2	-152.1
Total	8 627.6	11 827.50	-3 199.9

Table No.2

The structure of the distributed goods by the clients.

The client	9 months 2007		9 months 2006	
	sum	%	sum	%
Latvia	1 643.6	19.1	2 529.5	21.4
Lithuania	565.8	6.6	561.0	4.7
Estonia	1 327.6	15.4	1 054.7	8.9
Belarus	133.2	1.5	446.3	3.8
Uzbekistan	1 072.3	12.4	241.7	2.1
Russia	2 058.9	23.9	6 744.5	57.0
Mongolia	1 826.2	21.1	249.8	2.1
Total	8 627.6	100.0	11 827.5	100.0

II. Financial figures.

The enterprise finished 9 months 2007 year with the balance income of 21.5 thousand lats.

The enterprise for the means of the increase of the turnover resources, has invested 275.6 thousand lats of investments, including:

- The purchase of the capital assets - 107.0 thousand lats
- Technological equipment - 133.2 thousand lats
- The classification of the factory - 31.1 thousand lats
- Furniture and equipment - 4.3 thousand lats

Chairman of the board

Aivar Keskuela

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01.10.2007. balance Sheet

0.702804

ASSETS						
	01.10.2007.		01.10.2006.		01.01.2007.	
	LVL	EUR	LVL	EUR	LVL	EUR
NON CURRENT ASSETS						
Property, plant and equipment:						
Land, buildings and networks	3 065 361	4 361 616	2 027 598	2 885 012	3 073 910	4 373 780
Machinery and equipment	828 104	1 178 286	540 430	768 963	805 923	1 146 725
Other property, plant and equipment	146 833	208 925	136 952	194 865	147 588	209 999
Construction in progress	420 980	599 001	482 064	685 915	331 980	472 365
Total property, plant and equipment	4 461 278	6 347 827	3 187 044	4 534 755	4 359 401	6 202 869
Embedding long-term financial						
Other embedding long-term financial						
Total embedding long-term financial						
Total embedding long-term	4 461 278	6 347 827	3 187 044	4 534 755	4 359 401	6 202 869
CURRENT ASSETS						
Inventory	6 390 138	9 092 347	5 839 405	8 308 725	4 733 500	6 735 164
Debtors:						
Debts custom, customer	4 113 475	5 852 948	2 937 311	4 179 417	3 310 980	4 711 100
Other debtors	410 869	584 614	152 679	217 243	282 014	401 270
Payment next periods	8 968	12 760	10 680	15 196	12 948	18 423
Total debtors:	4 533 312	6 450 322	3 100 670	4 411 856	3 605 942	5 130 793
Cash and cash equivalents	45 807	65 177	74 064	105 384	33 151	47 170
Total current assets	10 969 257	15 607 847	9 014 139	12 825 964	8 372 593	11 913 127
TOTAL ASSETS	15 430 535	21 955 673	12 201 183	17 360 719	12 731 994	18 115 995

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Report for 9 months 2007

01.10.2007. balance Sheet

0.702804

LIABILITIES						
	01.10.2007.g.		01.10.2006.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	689 832	981 543	737 289	1 049 068	712 150	1 013 298
Previous year unappropriated result	-5 279 864	-7 512 612	-5 385 127	-7 662 345	-5 462 553	-7 772 513
Previous year unappropriated result	21 524	30 626	113 354	161 288	182 689	259 943
Total shareholders' equity	3 725 711	5 301 209	3 759 735	5 349 621	3 726 505	5 302 339
PROVISIONS	808 795	1 150 812	876 693	1 247 422	819 541	1 166 102
Other provisions	808 795	1 150 812	876 693	1 247 422	819 541	1 166 102
CREDITORS						
Long-term creditors						
Long-term loan from credit institution	2 673 199	3 803 620	2 217 506	3 155 227	2 789 918	3 969 696
Total long-term creditors	2 673 199	3 803 620	2 217 506	3 155 227	2 789 918	3 969 696
Short-term creditors						
Long-term loan from credit institution	2 176 776	3 097 273	1 669 612	2 375 644	1 989 677	2 831 055
Advances from customers	1 375 189	1 956 718	1 094 356	1 557 128	696 686	991 295
Debts provider and employer	4 064 516	5 783 285	2 140 884	3 046 203	2 170 010	3 087 646
Taxes and social guaranteeing payment	311 416	443 105	237 042	337 280	258 854	368 316
Other creditors	245 511	349 331	205 355	292 194	214 910	305 789
Deffered tax payment	43 932	62 510			43 932	62 510
Accumulated liabilities	5 490	7 812			21 961	31 248
Total current liabilities	8 222 830	11 700 033	5 347 249	7 608 450	5 396 030	7 677 859
Total	10 896 029	15 503 653	7 564 755	10 763 677	8 185 948	11 647 555
TOTAL LIABILITIES	15 430 535	21 955 673	12 201 183	17 360 719	12 731 994	18 115 995

Profit or loss account

2007. y. for 9 months 2007

0.702804

	for 9 months 2007		for 9 months 2006	
	LVL	EUR	LVL	EUR
NET SALES	11 028 028	15 691 470	13 491 258	19 196 331
Cost of sales	9 449 875	13 445 961	12 979 768	18 468 546
GROSS PROFIT (LOSS)	1 578 153	2 245 509	511 490	727 785
Sales and distribution expenses	162 281	230 905	52 654	74 920
Administrative expense	1 362 844	1 939 152	613 920	873 529
Other operating income	69 998	99 598	432 952	616 035
Other expenses	39 448	56 129	190 702	271 345
Other credit expenses	2 574	3 662		
Other credit income			115 499	164 340
Profit or loss before extraordinary post and taxes	81 004	115 258	202 665	288 366
Profit or loss before taxes	81 004	115 258	202 665	288 366
Corporate income tax of account period	0	0	60 378	85 910
Other taxes	59 480	84 632	28 933	41 168
Profit or losses report on period after taxes	21 524	30 626	113 354	161 288
Profit coefficient on stock	0.003	0.004	0.01	0.02

AS "Daugavpils Lokomotīvu Remonta Rūpnīca"

Unified registration Nr. 40003030219

Address Daugavpils, Marijas iela 1

rate 0.702804

Cash flow statement for 9 month 2007

1. Cash flow from operating activities

	30.09.2007 LVL		30.09.2007 EUR		30.09.2006 LVL		30.09.2006 EUR	
	income	expences	income	expences	income	expences	income	expences
Profit before taxes	81 004		115 258	0	202 665	0	288 366	0
Adjustments: depreciation	169 398	0	241 032	0	146 219	0	208 051	0
Provision	0	10 746	0	15 290		137 135	0	195 126
profit or loss from fluctuacions of currency exchange		236 642	0	336 711		224 748	0	319 788
Provision decrease		22 318	0	31 756		49 624		70 609
Income from sale of fixed assets	0		0	0			0	0
Interest exspences						996	0	1 417
Adjustments: a) Trade receivables (increase)/decrease		927 370	0	1 319 529	7 183		10 220	
Stock (increase)/decrease		1 656 638	0	2 357 184		71 914	0	102 324
Trade payables increase/(decrease)	2 639 701		3 755 956	0		6 579 299	0	9 361 499
Gross cash flow operating activities	2 890 103	2 853 714	4 112 246	4 060 469	356 067	7 063 716	506 638	10 050 762
Corporate income and property tax paid	0	59 480	0	84 632		89 311	0	127 078
Cash flow before extraordinary items	2 890 103	2 913 194	4 112 246	4 145 102	356 067	7 153 027	506 638	10 177 840
Net cash flow from operating activities	0	23 091	0	32 856		6 796 960	0	9 671 203

II. Cash flows from investing activities

	30.09.2007 LVL		30.09.2007 EUR		30.09.2006 LVL		30.09.2006 EUR	
	income	expences	income	expences	income	expences	income	expences
Acquisition of fixed assets and intangible assets	0	271 276	0	385 991	0	601 551	0	855 930
Income from sale of fixed assets and intangible assets		0	0	0	143 290	0	203 883	0
Participation in other companies	0		0	0	0	0	0	0
Net cash flow from investing activities	0	271 276	0	385 991	0	458 261	0	652 047

III. Cash flows from financing activities

	30.09.2007 LVL		30.09.2007 EUR		30.09.2006 LVL		30.09.2006 EUR	
	income	expences	income	expences	income	expences	income	expences
Loans from credit institution	732322	0	1 042 000	0	1 770 222	0	2 518 799	0
Borrowing repaid	0	425 299	0	605 146		218 595	0	311 033
Net cash flows from financing activities	307 023	0	436 854	0	1 551 627		2 207 766	

	30.09.2007 LVL		30.09.2007 EUR		30.09.2006 LVL		30.09.2006 EUR	
	income	expences	income	expences	income	expences	income	expences
Cash flow from operating activities	0	23 091	0	32 856		6 796 960	0	9 671 203
Cash flows from investing activities	0	271 276	0	385 991	0	458 261	0	652 047
Cash flows from financing activities	307 023	0	436 854	0	1 551 627		2 207 766	0
Net cash flow of the current period	12 656		18 008	0	5 703 594		8 115 483	0
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	45 807	0	65 177	0	74 064	0	105 384	0

OVERVIEW OF EQUITY CAPITAL SHANGES

for 9 months 2007

0.702804

	on 30.09.2007.		on 30.09.2006.	
	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 30.09.2007.	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	22 318	31 756	49 624	70 609
Post-balance residue on 30.09.2007.	689 832	981 543	737 289	1 049 068
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 30.09.2007.	-5 258 340	-7 481 944	-5 271 773	-7 501 057
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 30.09.2007.	3 725 711	5 301 209	3 759 735	5 349 621

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.

	30.09.2007.	30.09.2006.
1 USD	0.497	0.552
1 EUR	0.702804	0.702804
1 LTL	0.204	0.203
1 EEK	0.0449	0.0449
1 RUB	0.0199	0.0206

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

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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 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 realizable 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 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.

9. Cash and cash equivalents

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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

	9 months 2007	9months 2006
According to operating activities		
Products production	8 627 631	11 827 500
Spare parts sale	2 121 434	1 115 947
Other	278 963	547 811
Total	11 028 028	13 491 258
According to the location		
Income from export to Latvia	1 643 600	2 529 500
Income from export to Russia	2 058 900	6 744 500
Income from export to Lithuania	565 800	561 000
Income from export to Estonia	1 327 600	1 054 700
Income from export to Belarus	133 200	446 300
Income from export to Uzbekistan	1 072 300	241 700
Other	1 826 200	249 800
Total	8 627 600	11 827 500

2. Production costs

Goods delivery expenses	157 044	309 435
Row and material expenses	3 362 716	6 593 697
Purchase of diesel locomotives	2 055 556	1 090 875
Utility expenses	444 045	502 201
Salary expenses	2 504 283	2 765 998
Social insurance	599 704	654 590
Depreciation of fixed assets	153 617	146 219
Other production costs	172 910	916 753
Total	9 449 875	12 979 768

3. Selling expenses

Transportation costs	55 712	52 654
Other selling expenses	106 569	0
Total	162 281	52 654

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4. Administrative expenses

Salary expenses	903 766	243 855
Social insurance	213 806	59 049
Office expenses	61 397	70 905
Advertising	434	881
Representation costs	3 083	2 784
Depreciation of fixed assets	51 143	46 274
Other administrative costs	129 215	190 172
Total	1 362 844	613 920

5. Other operating income

Income from fixed assets sale	1 519	311 118
Write of a reserve of the basic means	22 318	49 683
Incomes of the basic means	10 446	7 497
Other income	35 715	64 654
Total	69 998	432 952

6. Other operating expenses

Residual cost of the written off basic means	130	143 907
Losses of course exchange		
Expenses of collective agreement	16 874	29 175
Net loss from sale of fixed assets	7 061	1 541
Pretax applied to expenses		12 005
Creation of accumulation on debtors		
Other expenses	15 383	4 074
Total	39 448	190 702

7. Other taxes

Real estate tax for land	4 802	7 568
Real estate tax for buildings	54 678	21 365
Kopā	59 480	28 933

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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	5 095 224	512 977	331 980	10 503 941
Additions	28 531	124 197	29 677	271 405	453 810
Disposals		23 136	15 089	182 405	220 630
Reclassification					
Revaluation					
30.06.2007.	4 592 271	5 196 305	527 565	420 980	10 737 121
Depreciation					
01.01.2007.	1 489 830	4 289 321	365 389		6 144 540
Charge	37 080	101 886	30 432		169 398
Disposals		23 006	15 089		38 095
Reclassification					
Corrections for previous year's error					
01.10.2007.	1 526 910	4 368 201	380 732	0	6 275 843
Net book value					
01.01.2007.	3 073 910	805 923	147 588	331 980	4 359 401
Net book value					
30.09.2007.	3 065 361	828 104	146 833	420 980	4 461 278

9. Incomplete products

Unfinished production	3 068 697	3 173 834
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10. Finished good and goods for sale

Finished products on stock	675 216	626 457
Goods canteen	330	589
Total	675 546	627 046

11. Trade receivables

Registered price of trade debtors	4 113 475	2 937 311
Total	4 113 475	2 937 311

12. Other receivables

VAT overpaid	247 113	60 247
Corporate income tax overpaid	35 295	-
VAT accepted	71 018	67 890
Housing and Communal Service	-	2 798
Payments to personnel	-	10 247
Other debtors	57 443	11 497
Total	410 869	152 679

13. Deferred expenses

Payment for insurance	1 351	3 426
Other expenses	7 617	7 254
Total	8 968	10 680

14. Cash and bank

Cash in hand	1 771	1 264
Cash at bank	44 036	72 800
Total	45 807	74 064

15. Share capital

As at 30 September 2007 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	2 673 199	2 217 506
Short-term part	2 176 776	1 669 612
Total	4 849 975	3 887 118

17. Advances received from consumers

Latvia	2 201	333 340
Russia	757 593	169 521
Estonia	15 950	179 918
Other	599 445	411 577
Total	1 375 189	1 094 356

18. Trade payables

Long-term part	0	0
Short-term part	4 064 516	2 140 884

19. Taxes and social insurance

	01.01. 2007.	Calculated	(Paid)/ repaid		30.09.2007.
VAT	87 212	346 065	798 421	+118 031	-247 113
Payroll tax	60 780	529 505	397 844	-64 264	128 177
Social insurance	109 384	1 004 122	768 156	-163 189	182 161
Corporate income tax	-109 422	-	35 295	+109 422	-35 295
Real estate tax (land)	-	4 802	4 802		0
Real estate tax (buildings)	346	54 677	55 023		-
Natural resource tax	746	1 797	1 795		748
The state tax for company's business	386	3 178	3 234		330
Penalty	-	3 660	3 660		-
Total	149 432	1 947 806	2 068 230		29 008
Hereof: Liabilities	258 854				311 416
Overpaid	109 422				282 408

20. Average number of employees

	9 months 2007	9months 2006
Average number of employees	1 370	1 685

Aivar Keskuela

Chairman of the board