AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"

CONSOLIDATE REPORT

For 3 months 2010

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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	Enterprise Register Nr.40003030219 Riga, 3 October 1991 Commercial register Riga, 8 June 2004
Address	Marijas street 1, Daugavpils LV-5401 Latvia
Type of operations	Railway rolling stock overhaul repair, maintenance and upgrade, manufacturing and repair of its spare parts
Names of the major shareholders	AS SKINEST RAIL – 49,9% Moisa 4, 13522 Tallinn, Estonia AS SPACECOM - 25,27% Kadaka tee 1, 10621 Tallinn, Estonia LLC LOKOMOTIIV IVESTEERINGUUD - 13,39% Tartu street 18-18, 10115 Tallinn, Estonia Other shareholders - 11,44%
Names and positions of the Counsel members	Oleg Ossinovski - Chairman of the Council Juri Krasnošlik - Vice Chairman of the Council Vasily Barashkov - Member of the Council Maarika Piir - Member of the Council Oleg Rumjantsev - Member of the Council
Names and positions of the Board members	Natālija Petrova – Chairman of the Board Andrejs Šilovs – Member of the Board Kazimirs Steļmačenoks - Member of the Board
Auditor`s name and address	Report not vise

Report of the management.

I. The key figures of the enterprise.

In 3 months 2010 year joint-stock company „Daugavpils Lokomotīvju Remonta Rūpnīca" has distributed goods for **4 387.5** thousand lats, which constitutes 170.2% compared to the appropriate period of 2009.

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	3 months 2010	3 months 2009	(+, -)
Diesel locomotive repair, section	890.1	1 434.4	-544.3
Electric train repair,carrige	85.6	-	+85.6
Wheel pair repair, pieces	145.4	415.0	-269.6
Electric machines repair,pieces	122.1	270.5	-148.4
Diesel repair, peaces	-	-	-
Other production	3 144.0	457.3	+2 687.00
Total	**4 387.5**	**2 577.2**	**+1 810.3**

Table No.2

The structure of the distributed goods by the clients.

The client	3 months 2010		3 months 2009	
	sum	%	sum	%
Latvia	418.7	9.5	877.6	34.1
Lithuania	150.5	3.4	73.1	2.8
Estonia	2 816.7	64.2	65.1	2.5
Belarus	77.3	1.8	89.4	3.5
Uzbekistan	99.2	2.3	215.2	8.4
Russia	487.5	11.1	1 256.8	48.7
Other	337.6	7.7	-	-
Total	**4 387.5**	**100.0**	**2 577.2**	**100.0**

II. Financial figures.

The enterprise finished 3 months 2010 year at la profit 23.4 thousand Ls.

The enterprise for the means of the increase of the turnover resources, has invested 29.2 thousand lats of investments, including:

- Equipment putting into operation - 1.0 thousand Ls
- Equipment repairs - 22.9 thousand Ls
- Furniture and equipment - 0.8 thousand Ls
- Acquisition computer programme - 4.5 thousand Ls

Chairman of the Board Natālija Petrova

31.03.2010. balance Sheet

0.702804

ASSETS						
	31.03.2010.		31.03.2009.		01.01.2010.	
	LVL	**EUR**	**LVL**	**EUR**	**LVL**	**EUR**
Non current assets						
Property, plant and eguipment:						
Land, buildings and networks	5 237 549	7 452 361	5 382 514	7 658 627	5 273 381	7 503 345
Machinery and eguipment	1 121 069	1 595 137	1 234 709	1 756 833	1 133 900	1 613 394
Other property, plant and eguipment	147 862	210 389	222 206	316 171	166 118	236 365
Construction in progress	5 950	8 466	26 262	37 367	19 805	28 180
Total property, plant and eguipment	6 512 430	9 266 353	6 865 691	9 768 998	6 593 204	9 381 284
Embedding long-term financial						
Other embedding long-term financial						
Total embedding long-term financial						
Total embedding long-term	6 512 430	9 266 353	6 865 691	9 768 998	6 593 204	9 381 284
Current assets						
Inventory	2834725	4 033 450	2 497 075	3 553 017	2 856 179	4 063 977
Debtors:						
Debts custom, customer	2 648 689	3 768 745	3 026 834	4 306 797	2 279 713	3 243 739
Other current assets	196 927	280 202	442 392	629 467	761 321	1 083 262
Corp. income tax (overpay)	113 592	161 627	-	-	113 592	161 627
Accumulate income	1 188 142	1 690 574	1 821 358	2 591 559	792 494	1 127 617
Cash and cash eguivalents	266 867	379 718	30 136	42 880	111 965	159 312
Total current assets	7 284 942	10 365 539	7 817 795	11 123 720	6 915 264	9 839 534
Total assets	13 761 372	19 580 668	14 683 486	20 892 718	13 508 468	19 220 818

31.12.2009. balance Sheet

0.702804

LIABILITIES						
	31.03.2010.		31.03.2009.		01.01.2010.	
	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	-2 360 822	-3 359 147	-2 114 064	-3 008 042	-2 114 064	-3 008 042
Previous year unappropriated result	23 449	33 365	-310 851	-442 301	-246 758	-351 105
Previous year unappropriated result	5 956 846	8 475 828	5 869 304	8 351 267	5 933 397	8 442 463
Total shareholders' eguity						
Creditors						
Long-term loan from credit institution	1 698 762	2 417 121	2 029 155	2 887 227	1 636 143	2 328 022
Other liability	91 303	129 912	105 561	150 200	91 303	129 912
Deffered tax liability	335 251	477 019	374 921	533 465	335 251	477 019
Total	2 125 316	3 024 052	2 509 637	3 570 892	2 062 697	2 934 953
Short-term creditors						
Long-term loan from credit institution	853 665	1 214 656	2 180 632	3 102 760	1 107 585	1 575 951
Debts provider and employer	2 906 438	4 135 489	1 948 890	2 773 020	2 048 923	2 915 356
Accumulation	117 536	167 239	225 248	320 499	120 172	170 989
Corporate income tax liabilities	8 509	12 107	63 994	91 055	8 509	12 107
Other liabilities	1 793 062	2 551 297	1 885 781	2 683 225	2 227 185	3 168 999
Total current liabilities	5 679 210	8 080 788	6 304 545	8 970 559	5 512 374	7 843 402
Total	7 804 526	11 104 840	8 814 182	12 541 451	7 575 071	10 778 355
Total liabilities	13 761 372	19 580 668	14 683 486	20 892 718	13 508 468	19 220 818

Profit or loss account

For 3 months 2010

0.702804

	3 months 2010		3 months 2009	
	LVL	EUR	LVL	EUR
Net sales	4 455 427	6 339 501	2 642 014	3 759 247
Cost of sales	-4 028 348	-5 731 822	2 310 495	3 287 539
Gross profit (loss)	427 079	607 679	331 519	471 708
Sales and distribution expenses	-38 464	-54 729	-42 396	-60 324
Administrative expense	-329 326	-468 589	-375 068	-533 674
Other operating income	37 028	52 686	28 828	41 019
Other expenses	-2 564	-3 648	-2 713	-3 860
Other credit expenses	-70 517	-100 337	-251 110	-357 297
Other credit income	213	303	89	127
Profit or loss before extraordinary post and taxes	23 449	33 365	-310 851	-442 301
Profit or loss before taxes			-310 851	-442 301
Profit or losses report on period	23 449	33 365	-310 851	-442 301
Profit coefficient on stock	+0.003	+0.004	-0.037	-0.053

OVERWIEW OF EQUITY CAPITAL CHANGES

For 3 months 2010

0.702804

	31.03.2010.		31.03.2009.	
	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	-2 360 822	-3 359 147	-2 114 064	-3 008 042
Post-balance residue at the end of period	-2 337 373	-3 325 782	-2 424 915	-3 450 343
Share capital (total)				
Post-balance residue at the beginning of year	5 933 397	8 442 463	6 180 155	8 793 568
Post-balance residue at the end of period	5 956 846	8 475 828	5 869 304	8 351 267

Accounting policies

(1) Basis of preparation

These financial statements have been prepared in accordance with the EU-approved International Financial Reporting standards (IFRS).

a) Standards, amendments and interpretations effective in the current year

IAS 1, Presentation of Financial Statements
The main changes in IAS 1 is the replacement of income statement by a statement of comprehensive income which includes all non-owner changes in equity, such as the revaluation of property, plant and equipment and available-for-sale financial assets. Alternatively, entities are allowed to present two statements: a separate income statement and a statement of comprehensive income. The Group has decided to present a single statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (previously - balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The revised IAS 1 had an impact on the presentation of the Group's financial statements but no impact on the recognition or measurement of specific transactions or balances.

IAS 23, Borrowing Costs
The amendment to IAS 23 removes the option of immediately recognising as an expense the borrowing costs and requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. As the Group has not previously used that option the amendments do not impact the measurement of assets.

IFRS 8, Operating Segments
IFRS 8 replaced IAS 14 Segment Reporting. The Group concluded that the operation segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are disclosed in Note 2 *Segment Information* , including the related revised comparative information.

IFRS 7, Financial Instruments: Disclosure
The amendment to IFRS 7 requires additional disclosure on the fair value measurements and liquidity risks. The Group is required to disclose analysis of financial instruments by using three-level hierarchy for fair value measurements. The enhanced disclosures are included in these financial statements.

b) Standards, amendments and interpretations that are effective from 1 January 2009, but not relevant for operations of the Group

IFRS 1, First-time Adoption of IFRS - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)

IFRS 2, Share-based Payment - Vesting Conditions and Cancellations (Amendments)

IAS 27, Consolidated and Separate Financial Statements - Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)

IAS 32, Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendment)

Annual Improvements to IFRS, issued in May 2008.

IFRIC 13, Customer Loyalty Programmes

IFRIC 14 IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

c) Standards, amendments and interpretations, which are not yet effective and not yet adopted by the Group

Improvements to IFRS issued in April 2009
Amendments to IFRS 2, IAS 38, IFRIC 16 are effective for annual periods beginning on or after 1 July 2009, amendments to IFRS 5, IFRS 8, IAS1, IAS 36, and IAS 39 are effective for annual periods beginning on or after 1 January 2010, not yet adopted by the EU). Improvements consist of a mixture of substantive changes and clarifications in the different areas. The Company does not expect the amendments to have any material effect on its financial statements.

IFRS 3, Business Combinations and IAS 27, Consolidated and Separate Financial Statements - Amendments (effective for financial years beginning on or after 1 July 2009).

Revised IFRS 3 (IFRS 3R) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27A requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The Group is currently considering the effect of amendments on the financial statements. The Group intends to apply the amendment to IAS 1, starting with the reporting period on 1 January 2010.

IAS 24, Related Party Disclosures - Amendments (effective for annual periods beginning on or after 1 January 2011, not yet adopted by the EU).
The amended standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group is currently assessing the impact of the amendments on disclosure in its financial statements.

IFRS 9, Financial Instruments Part 1: Classification and Measurements, issued in November 2009 (effective for annual periods beginning on or after 1 January 2013, not yet adopted by the EU).
The IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption.

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

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items - Amendments (effective for financial years beginning on or after 1 July 2009).

IFRIC 9 and IAS 39 Embedded Derivatives - Amendment issued in March 2009 (effective for annual periods beginning on or after 30 June 2009, amendments to IFRIC 9 and IAS 39 as adopted by the EU is effective fro annual periods beginning after 31 December 2009).

IAS 32 Classification of Rights Issues - Amendment issued in October 2009 (effective for annual periods beginning on or after 1 February 2010).

IFRS 1 First-time Adoption of IFRS - Revised in December 2008 (effective for annual periods beginning on or after 1 July 2009, restructured IFRS 1 as adopted by the EU is effective fro annual periods beginning after 31 December 2009).

IFRS 1 First-time Adoption of IFRS - Additional Exemptions for First-time Adopters - Amendments (effective for annual periods beginning on or after 1 January 2010, not yet adopted by the EU).

IFRS 2 Group settled Share-based Payment Transactions - Amendments (effective for annual periods beginning on or after 1 January 2010, not yet adopted by EU).

IFRS 7 Limited exemption from comparative disclosures for first-time adopters - Amendments (effective for annual periods beginning on or after 1 January 2011, not yet adopted by the EU)

IFRIC 12 Service Concession Arrangements (IFRIC as adopted by the EU is effective for annual periods beginning on or after 30 March 2009)

IFRIC 14, Prepayments of a Minimum Funding Requirements - Amendment (effective for annual periods beginning on or after 1 January 2011, not yet adopted by EU).

IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2008, IFRIC 15 as adopted by the EU is effective fro annual periods beginning after 31 December 2009).

IFRIC 16, Hedges of a net investment in a foreign operation (effective for annual periods beginning on or after 1 October 2008, IFRIC 16 as adopted by the EU is effective fro annual periods beginning after 31 June 2009).

IFRIC 17, Distribution of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009, IFRIC 17 as adopted by the EU is effective fro annual periods beginning after 31 October 2009).

IFRIC 18, Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009, IFRIC 18 as adopted by the EU is effective fro annual periods beginning after 31 October 2009).

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010, not yet adopted by EU).

(2) Methods of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial year and accounting principles of the Company and subsidiary companies are the same. Financial statements of subsidiaries are included in the consolidated financial statements of the Group based on the full consolidation method. Taking into consideration that all subsidiaries of the Company were established by the Company, no goodwill of acquisition has appeared. Subsidiary companies are consolidated from the time of its incorporation.

(3) Foreign currencies

(a) Functional and presentation currency
Items are shown in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates the functional currency). Financial statements are presented in Latvian lat (Ls), which is the Group'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 recognised in the income statement for the period.

Exchange rates used at the balance sheet date are as follows:

	31.03.2010.	31.03.2009.
1 USD	0.521	0.532
1 EUR	0.702804	0.702804
1 LTL	0.204	0.204
1 EEK	0.0449	0.0449
1 RUB	0.0177	0.0157

(4) Segment disclosure

An operation segment is a component of the Group which qualifies for the following criteria: (i) engages in business activities from which it may earn revenues and incur expenses; (ii) whose operation results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and (iii) for which discrete financial information is available.

Operation segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker being the Board.

(5) Income recognition

Net sales represent the total of goods and services sold during the year net of discounts, value added tax and excise tax. Main operation of the Group is repair and modernization of railway rolling stock. Taking into account the type of repair and modernization work and complicity of the order the period of provisioning the services could exceed 3-6 months.

Contract costs related to repair and modernization services are recognised on the basis of completion. Expenses connected with repair service agreement are recognized in the moment when occurred. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group apply the stage of completion method to determine the appropriate amount of revenues to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to balance sheet date as a percentage of total estimated costs for each contract or carrying out surveys of work performed to date, which of them are more reliable. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories or other assets, depending on their nature.

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 provision of other services is recognized by reference to the stage of completion of 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.

(7) Property, plant and equipment (tangible assets)

Property, plant and equipment (tangible assets) are initially accounted at the purchase cost. Purchase cost includes costs, which are directly related to the purchase of tangible assets. In financial statements tangible assets are recognised at purchase cost less depreciation and any impairment losses. See Note 12 for modification of these policies in the first adoption of IFRS.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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	1,11-20
Plant and equipment	4-20
Other fixtures and fittings, motor vehicles	20

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. The decrease in the value of assets is recognised as the expenses.

Costs of borrowing to finance assets under construction and other direct charges related to the particular asset under construction are capitalised during the time that is required to complete and prepare the asset for its intended use as part of the cost of the asset. Capitalisation of the borrowing costs is suspended during extended periods in which active developments are interrupted.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within the income statement for the relevant period.

(8) Impairment of tangible and intangible assets

All tangible and intangible assets of the Group have their estimated useful lives and they are amortised or depreciated. Assets that are subject to amortisation and depreciation are revaluated every time when events or circumstances evidence of probable non-recoverability of their carrying amount. Loss from value decrease is recognised 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.

(9) Lease without redemption rights (operating lease)

In cases, when the material part of the risks and rewards of ownership of the leased assets are remained to the lesser, the transaction is classified as operating lease. Lease payments and prepayment for lease are included in income statement on a straight-line basis over the lease period.

(10) Inventories

The inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of Group's business, less the costs of completion and selling expenses. When the net realisable value of inventories is lower than their cost, provisions are created to reduce the value of inventories to their net realisable value.

(11) Loans and trade receivables

Loans and trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment is established when there is objective evidence that the Group 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 reorganisation, 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.

(12) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash, the balances of the current bank account and other current liquid financial assets with maturities up to 90 days.

(13) Share capital and dividends

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

(14) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(15) 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. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

(16) Pension obligations

The Group pays social security contributions for state pension insurance and to the state funded pension scheme in accordance with Latvian laws. State funded pension scheme is a defined contribution plan under which the Group pays fixed contributions determined by the law and they will have no legal or constructive obligations to pay further contributions if the state pension insurance system or state funded pension scheme are not able to settle their liabilities to employees . The social security contributions are recognised as an expense on an accrual basis and are shown in the staff costs.

(17) Accrued liabilities for unused annual leave

Amount of accumulated unused annual leave is determined by multiplying the average day rate of employees for the last six months of the financial year by the amount of accrued but unused annual leave at the end of the reporting year.

(18) Income tax

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

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the deferred income tax is settled.

The principal temporary differences, in general, arise from different tangible assets depreciation rates as well as provisions for slow-circulating goods, accruals for unused annual leave and accruals for bonuses. Where an overall deferred income tax arises it is only recognised to the extent it is probable which the temporary differences can be utilised.

However, where the deferred income tax arise from recognition of the assets and obligations resulted from transactions, which are not the business dilution, and at the moment of transaction do not affect profit or loss neither in the financial statements nor for the taxation purposes, the deferred income tax is not recognised.

(19) 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.

(20) Related parties

Related parties are defined as major shareholders of the Company, Board and Council members, their close family members and Companies, in which the previously mentioned persons have significant influence or control. Related parties are considered also the companies, that are being under the ultimate control or significant influence of related parties.

1. Net sales

	3 months 2010	3 months 2009
According to operating activities		
Products production	4 387 460	2 577 224
Other	67 967	64 790
Total	**4 455 427**	**2 642 014**
According to the location		
Income from export to Latvia	418 696	877 624
Income from export to Russia	487 520	1 256 800
Income from export to EU market	2 967 133	73 100
Income from export to Belarus	77 325	89 400
Income from export to Uzbekistan	99 170	215 200
Other	337 616	-
Total	**4 387 460**	**2 577 224**

2. Production costs

Goods delivery expenses	15 576	20 987
Raw, material and spare parts expenses	2 967 599	1 156 645
Utility expenses	251 179	205 936
Salary expenses	507 527	623 587
Social insurance	121 706	146 115
Depreciation of fixed assets	74 880	74 283
Other production costs	89 881	82 942
Total	**4 028 348**	**2 310 495**

3. Selling expenses

Transportation costs	27 413	28 292
Other selling expenses	11 051	14 104
Total	**38 464**	**42 396**

4. Administrative expenses

Salary expenses	181 457	211 572
Social insurance	43 460	48 033
Office expenses	43 424	43 659
Depreciation of fixed assets	25 565	25 309
Other administrative costs	35 420	46 495
Total	**329 326**	**375 068**

5. Other income

Income from fixed assets sale	1 240	900
Incomes of the basic means	13 881	13 591
Other income	21 907	14 337
Total	**37 028**	**28 828**

6. Other expenses

Expenses of collective agreement	1 537	1 620
Other expenses	1 027	1 093
Total	**2 564**	**2 713**

7. Fixed assets

	Land and buildings	Equipment and machinery	Other fixed assets and inventory	Fixed assets under construction	**Total**
Cost / Valuation 01.01.2010.	**6 048 140**	**5 592 815**	**691 396**	**19 805**	**12 352 156**
Additions		42 438		28 583	71 021
Disposals		1 409	8 459	42 438	52 306
Reclassification					
Revaluation					
31.03.2010.	**6 048 140**	**5 633 844**	**682 937**	**5 950**	**12 370 871**
Depreciation 01.01.2010.	**774 759**	**4 458 915**	**525 278**		**5 758 952**
Charge	35 832	55 269	18 256		109 357
Disposals		1 409	8 459		9 868
Reclassification					
Corrections for previous year's error					
31.03.2010.	**810 591**	**4 512 775**	**535 075**		**5 858 441**
Net book value 01.01.2010.	**5 273 381**	**1 133 900**	**166 118**	**19 805**	**6 593 204**
Net book value 31.03.2010.	**5 237 549**	**1 121 069**	**147 862**	**5 950**	**6 512 430**

7. Incomplete products

Unfinished production	437 221	139 261

8. Finished good and goods for sale

Finished products on stock	612 180	460 389
Canteen	128	199
Total	**612 308**	**409 588**

10. Trade receivables

Trade receivables	2 649 858	3 026 834
Total	**2 649 858**	**3 026 834**

11. Other current assets

VAT overpaid	10 092	22 689
Guarantee	36 846	13 354
Other debtors	20 279	29 415
Advance payment	123 552	69 309
Payment next periods	6 158	9 185
Total	**196 927**	**164 083**

12. Cash and bank

Cash in hand	440	818
Cash at bank	266 427	29 318
Total	**266 867**	**30 136**

13. Share capital

As at 31 March 2010 the subscribed and fully paid share capital consists of 8294219 ordinary shares with a nominal value of Ls 1 each.

14. Loans from credit institutions

Long-term part	1 698 762	2 029 155
Short-term part	853 665	2 180 632
Total	**2 552 427**	**4 209 787**

15. Advances received from consumers

Latvia	3 840	3 467
Russia	225 256	161 531
Estonia	268 157	43 953
Other	243 090	343 465
Total	**740 343**	**552 416**

16. Trade payables

Short-term part	2 906 438	1 948 890

17. Taxes and social insurance

	01.01. 2010.	Calculated	Budget restore/ move	(Paid)/ repaid	Transferred and corporate income tax (advances payment)	31.03.2010.
VAT	-32 535	-55 971	96 400	70 155	+52 169	-10 092
Personnel income tax	217 014	133 680		60 683	-18 669	271 342
Social insurance	439 008	242 046		180 904	-33 500	466 650
Corporate income tax	-105 083					-105 083
Real estate tax (land)	-172	180		8		
Real estate tax (buildings)						
Natural resource tax	1 001	1 209		1 017		1 193
The state tax for company's business	218	656		656		218
Total	**519 451**	**321 800**	**96 400**	**313 423**		**624 228**

Hereof:

Liabilities/	751 745	747 912
(Overpaid)	232 294	123 684

18. Average number of employees

Average number of employees	855	1 078

Natālija Petrova
Chairman of the Board

AS “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 3 month 2010

Activities	31.03.2010. LVL		31.03.2010. EUR		31.03.2009. LVL		31.03.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Profit before taxes	23 449		33 365			310 851		442 301
Adjustments: a) depreciation	109 357		155 601		108 999		155 092	
b) provision		2 636		3 751		13 732		19 539
c) profit or loss from fluctuacions of currency exchange	73 094		104 004		98 129		139 625	
Provision decrease								
Income from sale of fixed assets								
Interest exspenses								
Adjustments: a) Trade		200 230		284 901	141 191		200 896	
b) Net cash flow from operating activities	21 454		30 526		187 136		266 271	
c) Cash flow before extraordinary items	423 392		602 432		86 671		123 322	
Gross cash flow operating activities	650 746	202 866	925 928	288 652	622 126	324 583	885 206	461 840
Corporate income tax paid								
Cash flow before extraordinary items	650 746	202 866	925 928	288 652	622 126	324 583	885 206	461 840
Net cash flow from operating activities	447 880		637 276		297 543		423 366	

II. Cash flows from investing activities

Activities	31.03.2010. LVL		31.03.2010. EUR		31.03.2009. LVL		31.03.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Acguisition of fixed assets and intangible assets		28 583		40 670		36 883		52 480
Income from sale of fixed assets and intangible assets								
Parficipation in other companies								
Net cash flow from investing activities		28 583		40 670		36 883		52 480

III. Cash flows from financing activities

Activities	31.03.2010. LVL		31.03.2010. EUR		31.03.2009. LVL		31.03.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Loans from credit institution								
Borrowing repaid		264 395		376 200		263 105		374 365
Net cash flows from financing activities		264 395		376 200		263 105		374 365

IV. Total cash flow

Activities	31.03.2010. LVL		31.03.2010. EUR		31.03.2009. LVL		31.03.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Cash flow from operating activities	447 880		637 276		297 543		423 366	
Cash flows from investing activities		28 583		40 670		36 883		52 480
Cash flows from financing activities		264 395		376 200		263 105		374 365
Net cash flow of the current period		154 902		220 406	2 445		3 479	
Cash and cash eguivalents at the beginning of the reporting period	111 965		159 312		32 581		46 359	
Cash and cash eguivalents at the end of the reporting period	266 867		379 718		30 136		42 880	

Chairman of the Board N.Petrova
Date 26.05.2010