AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"

CONSOLIDATE REPORT

For 9 months 2010

TABLE OF CONTENTS:

INFORMATION ON THE COMPANY

Name of the company	DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA
Legal status of the company	Joint-stock company
Number, place and date of registration	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 Aivar Keskula - Vice Chairman of the Council Juri Krasnošlik – Member of the Council Natalja Kumar – Member of the Council Aleksandr Golubnitši – Member of the Council
Names and positions of the Board members	Natālija Petrova – Chairman 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 9 months 2010 year joint-stock company „Daugavpils Lokomotīvju Remonta Rūpnīca" has distributed goods for **10349.0** thousand lats, which constitutes 150.4% 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	9 months 2010	9 months 2009	(+, -)
Diesel locomotive repair, section	5 541.9	3 682.7	+1 859.2
Electric train repair,carrige	140.2	20.7	+119.5
Wheel pair repair, pieces	269.6	793.7	-524.1
Electric machines repair,pieces	215.1	607.6	-392.5
Diesel repair, peaces	42.3	44.3	-2.0
Other production	4 139.9	1 734.0	+2 405.9
Total	**10 349.0**	**6 883.0**	**+3 466.0**

Table No.2

The structure of the distributed goods by the clients.

The client	9 months 2010		9 months 2009	
	sum	%	sum	%
Latvia	1 160.9	11.2	1 702.8	24.7
Lithuania	651.1	6.3	207.5	3.0
Estonia	4 375.1	42.3	1 263.1	18.3
Belarus	246.1	2.4	220.6	3.2
Uzbekistan	216.0	2.1	577.0	8.4
Russia	2 000.2	19.3	1 518.0	22.1
Other	1 699.6	16.4	1 394.0	20.3
Total	**10 349.0**	**100.0**	**6 883.0**	**100.0**

II. Financial figures.

The enterprise finished 9 months 2010 year at la profit 152.73 thousand Ls.

The enterprise for the means of the increase of the turnover resources, has invested 141.4 thousand lats of investments, including:

- ❖ Equipment putting into operation - 27.2 thousand Ls
- ❖ Equipment repairs - 108.9 thousand Ls
- ❖ Furniture and equipment - 0.8 thousand Ls
- ❖ Computer programme - 4.5 thousand Ls

Chairman of the Board Natālija Petrova

30.09.2010. balance Sheet

0.702804

ASSETS						
	30.09.2010.		30.09.2009.		01.01.2010.	
	LVL	EUR	LVL	EUR	LVL	EUR
Non current assets						
Property, plant and eguipment:						
Land, buildings and networks	5 163 602	7 347 144	5 310 361	7 555 963	5 273 381	7 503 345
Machinery and eguipment	1 088 675	1 549 045	1 168 786	1 663 033	1 133 900	1 613 394
Other property, plant and eguipment	130 864	186 202	184 596	262 656	166 118	236 365
Construction in progress	23 257	33 092	27 911	39 714	19 805	28 180
Total property, plant and eguipment	6 406 398	9 115 483	6 691 654	9 521 366	6 593 204	9 381 284
Embedding long-term financial						
Other embedding long-term financial	300	427				
Total embedding long-term financial	300	427				
Total embedding long-term	6 406 698	9 115 910	6 691 654	9 521 366	6 593 204	9 381 284
Current assets						
Inventory	2 452 193	3 489 156	2 525 361	3 593 265	2 856 179	4 063 977
Debtors:						
Debts custom, customer	1 798 219	2 558 635	2 048 847	2 915 247	2 279 713	3 243 739
Other current assets	302 224	430 026	365 169	519 589	761 321	1 083 262
Corp. income tax (overpay)			15 238	21 682	113 592	161 627
Accumulate income	1 551 051	2 206 947	1 652 863	2 351 812	792 494	1 127 617
Cash and cash eguivalents	62 024	88 252	219 701	312 606	111 965	159 312
Total current assets	6 165 711	8 773 016	6 827 179	9 714 201	6 915 264	9 839 534
Total assets	12 572 409	17 888 926	13 518 833	19 235 567	13 508 468	19 220 818

30.09.2010. balance Sheet

0.702804

LIABILITIES						
	30.09.2010.		30.09.2009.		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	152 738	217 327	-314 997	-448 200	-246 758	-351 105
Previous year unappropriated result	6 086 135	8 659 790	5 865 158	8 345 368	5 933 397	8 442 463
Total shareholders' eguity						
Creditors						
Long-term loan from credit institution	1 690 934	2 405 983	1 909 442	2 716 891	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	2 117 488	3 012 914	2 389 924	3 400 556	2 062 697	2 934 953
Short-term creditors						
Long-term loan from credit institution	241 312	343 356	1 213 765	1 727 032	1 107 585	1 575 951
Debts provider and employer	2 032 958	2 892 639	2 076 757	2 954 959	2 048 923	2 915 356
Accumulation	44 125	62 784	220 706	314 036	120 172	170 989
Corporate income tax liabilities			32 322	45 990	8 509	12 107
Other liabilities	2 050 391	2 917 443	1 720 201	2 447 626	2 227 185	3 168 999
Total current liabilities	4 368 786	6 216 222	5 263 751	7 489 643	5 512 374	7 843 402
Total	6 486 274	9 229 136	7 653 675	10 890 199	7 575 071	10 778 355
Total liabilities	12 572 409	17 888 926	13 518 833	19 235 567	13 508 468	19 220 818

Profit or loss account

For 9 months 2010

0.702804

	9 months 2010		9 months 2009	
	LVL	EUR	LVL	EUR
Net sales	10 576 612	15 049 163	7 014 264	9 980 399
Cost of sales	-9 205 426	-13 098 141	-6 061 352	-8 624 527
Gross profit (loss)	1 371 186	1 951 022	952 912	1 355 872
Sales and distribution expenses	-126 912	-180 580	-100 245	-142 636
Administrative expense	-1 087 510	-1 547 388	-998 858	-1 421 247
Other operating income	71 480	101 707	82 490	117 373
Other expenses	-8 137	-11 578	-8 870	-12 621
Financial incomings/loss	-67 369	-95 856	-242 426	-344 941
Profit or loss before extraordinary post and taxes	152 738	217 327	-314 997	-448 200
Profit or losses report on period	152 738	217 327	-314 997	-448 200
Profit coefficient on stock	+0.018	+0.026	-0.038	-0.054

OVERWIEW OF EQUITY CAPITAL CHANGES

For 9 months 2010

0.702804

	30.09.2010.		30.09.2009.	
	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	-2 208 084	-3 141 820	-2 429 061	-3 456 242
Share capital (total)				
Post-balance residue at the beginning of year	5 933 397	8 442 493	6 180 155	8 793 568
Post-balance residue at the end of period	6 086 135	8 659 790	5 865 158	8 345 368

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:

	30.09.2010.	30.09.2009.
1 USD	0.517	0.48
1 EUR	0.702804	0.702804
1 LTL	0.204	0.204
1 EEK	0.0449	0.0449
1 RUB	0.0170	0.0159

(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.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) 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.

(17) 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.

(18) 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.

(19) 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

	9 months 2010	9 months 2009
According to operating activities		
Products production	10 348 960	6 883 043
Other	227 652	131 221
Total	**10 576 612**	**7 014 264**
According to the location		
Income from export to Latvia	1 160 925	1 702 843
Income from export to Russia	2 000 200	1 518 000
Income from export to EU market	5 026 180	1 470 600
Income from export to Belarus	246 100	220 600
Income from export to Uzbekistan	216 000	577 000
Other	1 699 555	1 394 000
Total	**10 348 960**	**6 883 043**

2. Production costs

Goods delivery expenses	68 072	57 264
Raw, material and spare parts expenses	5 585 165	2 951 182
Utility expenses	648 235	560 732
Salary expenses	1 853 162	1 603 556
Social insurance	442 460	377 987
Depreciation of fixed assets	217 427	244 168
Other production costs	390 905	266 463
Total	**9 205 426**	**6 061 352**

3. Selling expenses

Transportation costs	81 801	62 433
Salary	36 378	30 562
Social insurance	8 733	7 250
Total	**126 912**	**100 245**

4. Administrative expenses

Salary expenses	625 639	569 494
Social insurance	149 578	132 374
Office expenses	93 955	95 198
Representation costs	1 635	1 908
Depreciation of fixed assets	76 488	78 039
Other administrative costs	140 215	121 845
Total	**1 087 510**	**998 858**

5. Other income

Income from fixed assets sale	1 240	3 887
Incomes of the basic means	37 849	39 753
Other income	32 391	38 850
Total	**71 480**	**82 490**

6. Other expenses

Expenses of collective agreement	6 579	5 844
Other expenses	1 558	3 026
Total	**8 137**	**8 870**

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		117 209	17 612	140 557	275 378
Disposals	794	34 079	11 848	137 105	183 826
Reclassification					
Revaluation					
30.09.2010.	**6 047 346**	**5 675 945**	**697 160**	**23 257**	**12 443 708**
Depreciation 01.01.2010.	**774 759**	**4 458 915**	**525 278**		**5 758 952**
Charge	109 371	161 324	52 866		323 561
Disposals	386	32 969	11 848		45 203
Reclassification					
Corrections for previous year's error					
30.09.2010.	**883 744**	**4 587 270**	**566 296**		**6 037 310**
Net book value 01.01.2010.	**5 273 381**	**1 133 900**	**166 118**	**19 805**	**6 593 204**
Net book value 30.09.2010.	**5 163 602**	**1 088 675**	**130 864**	**23 257**	**6 406 398**

8. Incomplete products

Unfinished production	533 665	124 091

9. Finished good and goods for sale

Finished products on stock	533 744	479 864
Canteen	128	986
Total	**533 872**	**480 850**

10. Trade receivables

Trade receivables	1 798 219	2 048 847
Total	**1 798 219**	**2 048 847**

11. Other current assets

VAT overpaid	42 016	137 166
Guarantee	45 320	13 776
Other debtors	44 265	112 921
Advance payment	166 291	94 985
Payment next periods	4 332	6 321
Total	**302 224**	**365 169**

12. Cash and bank

Cash in hand	104	515
Cash at bank	61 920	219 186
Total	**62 024**	**219 701**

13. Share capital

As at 30 September 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	1 690 934	1 909 442
Short-term part	241 312	1 213 765
Total	**1 932 246**	**3 123 207**

15. Advances received from consumers

Latvia	56 241	2 223
Russia	288 329	223 693
EU market	289 346	7 472
Other	291 020	292 412
Total	**924 936**	**525 800**

16. Trade payables

Short-term part	2 032 958	2 076 757

17. Taxes and social insurance

	01.01. 2010.	Calculated	Budget restore/ move	(Paid)/ repaid	Transferred and corporate income tax (advances payment)	30.09.2010.
VAT	-32 535	-198 378	16 400	84 647	+177 144	-42 016
Personnel income tax	217 014	485 395		301 350	-95 640	305.419
Social insurance	439 008	849 094		626 426	-186 210	475 466
Corporate income tax	-105 083			8 509	+104 706/8 886	
Real estate tax (land)	-172	4 239		4 067		
Real estate tax (buildings)		36 257		36 257		
Natural resource tax	1 001	3 286		3 149		1 138
The state tax for company's business	218	1 763		1 721		260
Total	**519 451**	**1 181 656**	**96 400**	**1 066 126**	**/+8 886**	**740 267**

Hereof:

Liabilities/ 751 745 782 283

(Overpaid) 232 294 42 016

18. Average number of employees

Average number of employees	895	969

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 9 month 2010

Activities	30.09.2010. LVL		30.09.2010. EUR		30.09.2009. LVL		30.09.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Profit before taxes	152 738		217 327			314 997		448 200
Adjustments: a) depreciation	323 561		460 386		323 040		459 645	
b) provision		76 047		108 205		18 274		26 002
c) profit or loss from fluctuacions of currency exchange	69 630		99 074			31 482		44 795
Provision decrease								
Income from sale of fixed assets								
Interest exspenses	1 518		2 160					
Adjustments: a) Trade	296 670		422 123		1 349 658		1 920 389	
b) Net cash flow from operating activities	403 986		574 820		158 850		226 023	
c) Cash flow before extraordinary items		201 268		286 379	17 286		24 596	
Gross cash flow operating activities	1 248 103	277 315	1 775 890	394 584	1 848 834	364 753	2 630 653	518 997
Corporate income tax paid								
Cash flow before extraordinary items	1 248 103	277 315	1 775 890	394 584	1 848 834	364 753	2 630 653	518 997
Net cash flow from operating activities	970 788		1 381 306		1 484 081		2 111 656	
II. Cash flows from investing activities								
Activities	30.09.2010. LVL		30.09.2010. EUR		30.09.2009. LVL		30.09.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Acguisition of fixed assets and intangible assets		140 557		199 994		76 887		109 400
Income from sale of fixed assets and intangible assets	1 240		1 764					
Parficipation in other companies		300		427				
Net cash flow from investing activities		139 617		198 657		76 887		109 400
III. Cash flows from financing activities								
Activities	30.09.2010. LVL		30.09.2010. EUR		30.09.2009. LVL		30.09.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Loans from credit institution								
Borrowing repaid		881 112		1 253 709		1 220 074		1 736 009
Net cash flows from financing activities		881 112		1 253 709		1 220 074		1 736 009
IV. Total cash flow								
Activities	30.09.2010. LVL		30.09.2010. EUR		30.09.2009. LVL		30.09.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Cash flow from operating activities	970 788		1 381 306		1 484 081		2 111 656	
Cash flows from investing activities		139 617		198 657		76 887		109 400
Cash flows from financing activities		881 112		1 253 709		1 220 074		1 736 009
Net cash flow of the current period		49 941		71 060	187 120		266 247	
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	62 024		88 252		219 701		312 606	

Chairman of the Board N.Petrova
Date 24.11.2010