AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"

CONSOLIDATE REPORT

For 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 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 Eduards Krukovskis - Member of the Board (from 13.12.2010) Mihails Mamonovs - Member of the Board (from 13.12.2010) Kazimirs Steļmačenoks - Member of the Board (until 12.12.2010)
Auditor`s name and address	Report not vise

Report of the management.

I. The key figures of the enterprise.

In 2010 year joint-stock company „Daugavpils Lokomotīvju Remonta Rūpnīca" has distributed goods for **14661.0** thousand lats, which constitutes 147.2% 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	2010	2009	(+, -)
Diesel locomotive repair, section	8 378.5	4 724.8	+3 653.7
Electric train repair,carrige	140.2	18.6	+121.6
Wheel pair repair, pieces	330.3	841.7	-511.4
Electric machines repair,pieces	415.6	670.8	-255.5
Diesel repair, peaces	42.3	39.7	+2.6
Other production	5 354.1	3 665.4	+1 688.7
Total	**14 661.0**	**9 961.0**	**+4 700.0**

Table No.2

The structure of the distributed goods by the clients.

The client	2010		2009	
	sum	%	sum	%
Latvia	1 715.9	11.7	2 030.0	20.4
Lithuania	1 353.4	9.2	246.0	2.4
Estonia	4 567.8	31.2	1 843.5	18.5
Belarus	368.4	2.5	319.4	3.2
Uzbekistan	314.6	2.1	2 387.4	24.0
Russia	4 837.2	33.0	2 826.5	28.4
Other	1 503.7	10.3	308.2	3.1
Total	**14 661.0**	**100.0**	**9 961.0**	**100.0**

II. Financial figures.

The enterprise finished 2010 year at la profit 384.9 thousand Ls.

The enterprise for the means of the increase of the turnover resources, has invested 261.9 thousand lats of investments, including:

- Equipment putting into operation - 55.8 thousand Ls
- Equipment repairs - 199.2 thousand Ls
- Furniture and equipment - 0.8 thousand Ls
- Computer programme - 6.1 thousand Ls

Chairman of the Board Natālija Petrova

Statement of Director's responsibility

The Board of Directors of the Joint Stock Company "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA" (hereinafter – the Company) is responsible for the preparation of the interim financial statements of the Company. Interim financial statements of the Company are not audited.

The financial statements on pages 7 to 23 are prepared in accordance with the underlying accounting records and source documents and present fairly the financial position of the Company as of December 31, 2010 and the result of its operations and cash flows for of the year 2010.

The financial statements are prepared in accordance with International Financial Reporting Standarts on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the Board of Directors in the preparation of the financial statements.

The Board of Directors of JSC "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA" is responsible for the maintenance of proper accounting records, the safeguarding of the Company's assets and the prevention and detection of fraud and other irregularities in the Company. The Board of Directors is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

Natālija Petrova
Chairman of the Board

February 28, 2011

31.12.2010. balance Sheet

0.702804

ASSETS				
	31.12.2010.		01.01.2010.	
	LVL	EUR	LVL	EUR
Embedding long-term				
Embedding non material				
Other Embedding non material	17 550	24 971		
Property, plant and equipment:				
Land, buildings and networks	5 147 930	7 324 844	5 273 381	7 503 345
Machinery and equipment	1 110 151	1 579 603	1 133 900	1 613 394
Other property, plant and equipment	120 080	170 858	166 118	236 365
Construction in progress	34 766	49 468	19 805	28 180
Total property, plant and equipment	6 412 927	9 124 773	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	6 430 777	9 150 171	6 593 204	9 381 284
Current assets				
Inventory	2 381 446	3 388 492	2 856 179	4 063 977
Debtors:				
Trade receivables	1 786 398	2 541 815	2 279 713	3 243 739
Other current assets	342 984	488 023	761 321	1 083 262
Corp. income tax (overpay)			113 592	161 627
Accumulate income	2 155 725	3 067 320	792 494	1 127 617
Cash and cash eguivalents	610 104	868 100	111 965	159 312
Total current assets	7 276 657	10 353 750	6 915 264	9 839 534
Total assets	13 707 434	19 503 921	13 508 468	19 220 818

31.12.2010. balance Sheet

0.702804

LIABILITIES				
	31.12.2010.		01.01.2010.	
	LVL	EUR	LVL	EUR
Shareholder' equity				
Share capital	8 294 219	11 801 610	8 294 219	11 801 610
Previous year unappropriated result	-2 360 822	-3 359 147	-2 114 064	-3 008 042
Current years profit or loses	384 885	547 642	-246 758	-351 105
Total shareholders' eguity	6 318 282	8 990 105	5 933 397	8 442 463
Liabilities				
Long-term liabilities				
Long-term loan from credit institution	1 365 539	1 942 988	1 636 143	2 328 022
Other liability	91 303	129 912	91 303	129 912
Deffered tax liability	335 251	477 019	335 251	477 019
Total	1 792 093	2 549 919	2 062 697	2 934 953
Current liabilities				
Loan from credit institution	290 338	413 114	1 107 585	1 575 951
Trade payables	2 870 693	4 084 628	2 048 923	2 915 356
Accumulation	113 948	162 133	120 172	170 989
Corporate income tax liabilities			8 509	12 107
Other liabilities	2 322 080	3 304 022	2 227 185	3 168 999
Total current liabilities	5 597 059	7 963 897	5 512 374	7 843 402
Total	7 389 152	10 513 816	7 575 071	10 778 355
Total liabilities	13 707 434	19 503 921	13 508 468	19 220 818

Profit or loss account

For 2010

0.702804

	2010		2009	
	LVL	EUR	LVL	EUR
Net sales	14 932 337	21 246 801	10 094 082	14 362 585
Cost of sales	-12 902 702	-18 358 891	-8 733 325	-12 426 402
Gross profit (loss)	2 029 635	2 887 910	1 360 757	1 936 183
Sales and distribution expenses	-165 041	-234 832	-120 158	-170 969
Administrative expense	-1 470 291	-2 092 036	-1 312 497	-1 867 515
Other operating income	109 018	155 119	125 697	178 851
Other expenses	-14 947	-21 268	-11 626	-16 542
Financial income/loss	-103 489	-147 251	-315 256	-448 570
Profit or loss before extraordinary post and taxes	384 885	547 642	-273 083	-388 562
Profit-tax	-	-	+26 325	+37 457
Profit or losses report on period	384 885	547 642	-246 758	-351 105
Profit coefficient on stock	+0.046	+0.066	-0.03	-0.042

OVERWIEW OF EQUITY CAPITAL CHANGES

For 2010

0.702804

	31.12.2010.		31.12.2009.	
	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	-1 975 937	-2 811 505	-2 360 822	-3 359 147
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	6 318 282	8 990 105	5 933 397	8 422 463

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:

	31.12.2010.	31.12.2009.
1 USD	0.5350	0.4890
1 EUR	0.702804	0.702804
1 LTL	0.2030	0.204
1 EEK	0.0449	0.0449
1 RUB	0.0176	0.0164

(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

	2010	2009
According to operating activities		
Products production	14 661 403	9 960 998
Other	270 934	133 084
Total	**14 932 337**	**10 094 082**
According to the location		
Income from export to Latvia	1 716 303	2 029 979
Income from export to Russia	4 837 200	2 826 519
Income from export to EU market	5 956 487	2 334 900
Income from export to Belarus	368 400	319 400
Income from export to Uzbekistan	314 600	2 387 400
Other	1 468 413	62 800
Total	**14 661 403**	**9 960 998**

2. Production costs

Raw, material and spare parts expenses	7 844 185	4 841 623
Utility expenses	970 610	699 528
Salary expenses	2 673 822	2 073 182
Social insurance	637 972	490 337
Depreciation of fixed assets	292 571	335 845
Other production costs	483 542	292 810
Total	**12 902 702**	**8 733 325**

3. Selling expenses

Transportation costs	103 227	70 579
Salary expenses	49 874	40 045
Social insurance	11 940	9 534
Total	**165 041**	**120 158**

4. Administrative expenses

Salary expenses	871 606	749 700
Social insurance	208 304	177 853
Office expenses	35 105	30 438
Representation costs	2 030	2 614
Depreciation of fixed assets	85 980	98 920
Communal costs	116 402	105 815
Other administrative costs	150 864	147 157
Total	**1 470 291**	**1 312 497**

5. Other income

Income from fixed assets sale	16 140	3 886
Incomes of the basic means	68 702	58 060
Other income	24 176	63 751
Total	**109 018**	**125 697**

6. Other expenses

Expenses of collective agreement	9 102	7 291
Other expenses	5 845	4 335
Total	**14 947**	**11 626**

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	25 142	175 590	24 268	261 085	486 085
Disposals	-6 799	-59 063	-20 389	-246 124	-332 375
Reclassification					
Revaluation					
31.12.2010.	**6 066 483**	**5 709 342**	**695 275**	**34 766**	**12 505 866**
Depreciation 01.01.2010.	**774 759**	**4 458 915**	**525 278**		**5 758 952**
Charge	149 261	198 229	70 306		417 796
Disposals	-5 467	-57 953	-20 389		-83 809
Reclassification					
Corrections for previous year's error					
31.12.2010.	**918 553**	**4 599 191**	**575 195**		**6 092 939**
Net book value 01.01.2010.	**5 273 381**	**1 133 900**	**166 118**	**19 805**	**6 593 204**
Net book value 31.12.2010.	**5 147 930**	**1 110 151**	**120 080**	**34 766**	**6 412 927**

8. Incomplete products

Unfinished production	589 684	493 131

9. Finished good and goods for sale

Finished products on stock	450 669	519 072
Canteen	90	128
Total	**450 759**	**519 200**

10. Trade receivables

Trade receivables	1 786 398	2 279 713
Total	**1 786 398**	**2 279 713**

11. Other current assets

VAT overpaid	41 769	101 459
Guarantee	45 320	15 488
Other debtors	45 698	25 808
Advance payment	204 920	612 891
Payment next periods	5 277	5 675
Total	**342 984**	**761 321**

12. Cash and bank

Cash in hand	842	946
Cash at bank	609 262	111 019
Total	**610 104**	**111 965**

13. Share capital

As at 31 December 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	1 365 539	1 636 143
Short-term part	290 338	1 107 585
Total	**1 655 877**	**2 743 728**

15. Advances received from consumers

Latvia	77 924	1 674
Russia	73 392	276 319
EU market	396 598	663 168
Other	518 444	153 790
Total	**1 066 358**	**1 094 951**

16. Trade payables

Short-term part	2 870 693	2 048 923

17. Taxes and social insurance

	01.01. 2010.	Calculated	Budget restore/ move	(Paid)/ repaid	Transferred and corporate income tax (advances payment)	31.12.2010.
VAT	-32 535	-323 074	96 400	122 942	+340 382	-41 769
Personnel income tax	217 014	703 500		484 249	-158 033	278 232
Social insurance	439 008	1 212 655		941 866	-287 055	422 742
Corporate income tax	-105 083			8 509	+104 706 / 8 886	
Real estate tax (land)	-172	4 381		4 209		
Real estate tax (buildings)		39 785		39 785		
Natural resource tax	1 001	4 739		4 302		1 438
The state tax for company's business	218	2 674		2 572		320
Total	**519 451**	**1 644 660**	**96 400**	**1 608 434**	**/+8 886**	**660 963**

Hereof:

Liabilities/	751 745	702 732
(Overpaid)	232 294	41 769

18. Average number of employees

Average number of employees	922	940

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 2010

Activities	31.12.2010. LVL		31.12.2010. EUR		31.12.2009. LVL		31.12.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Profit before taxes	384 885		547 642			273 083		388 562
Adjustments: a) depreciation	417 796		594 470		435 875		620 194	
b) provision		6 224		8 856		118 808		169 049
c) profit or loss from fluctuacions of currency exchange	105 410		149 985			10 878		15 478
Provision decrease								
Income from sale of fixed assets								
Interest exspenses		2 084		2 965				
Adjustments: a) Trade		346 026		492 351	1 484 655		2 112 474	
b) Net cash flow from operating activities	474 733		675 484			171 968		244 688
c) Cash flow before extraordinary items	908 156		1 292 190		472 623		672 482	
Gross cash flow operating activities	2 290 980	354 334	3 259 771	504 172	2 393 153	574 737	3 405 150	817 777
Corporate income tax paid					26 325	53 928	37 457	76 733
Cash flow before extraordinary items	2 290 980	354 334	3 259 771	504 172	2 419 478	628 665	3 442 607	894 510
Net cash flow from operating activities	1 936 646		2 755 599		1 790 813		2 548 097	
II. Cash flows from investing activities								
Activities	31.12.2010. LVL		31.12.2010. EUR		31.12.2009. LVL		31.12.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Acguisition of fixed assets and intangible assets		261 085		371 490		91 272		129 868
Income from sale of fixed assets and intangible assets	16 139		22 963					
Parficipation in other companies		300		427				
Net cash flow from investing activities		245 246		348 954		91 272		129 868
III. Cash flows from financing activities								
Activities	31.12.2010. LVL		31.12.2010. EUR		31.12.2009. LVL		31.12.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Loans from credit institution								
Borrowing repaid		1 193 261		1 697 857		1 620 157		2 305 276
Net cash flows from financing activities		1 193 261		1 697 857		1 620 157		2 305 276
IV. Total cash flow								
Activities	31.12.2010. LVL		31.12.2010. EUR		31.12.2009. LVL		31.12.2009. EUR	
	income	expences	income	expences	income	expences	income	expences
Cash flow from operating activities	1 936 646		2 755 599		1 790 813		2 548 097	
Cash flows from investing activities		245 246		348 954		91 272		129 868
Cash flows from financing activities		1 193 261		1 697 857		1 620 157		2 305 276
Net cash flow of the current period	498 139		708 788		79 384		112 953	
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	610 104		868 100		111 965		159 312	

Chairman of the Board N.Petrova
Date 28.02.2011