



AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"

CONSOLIDATE REPORT

For 3 months 2011

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INFORMATION ON THE COMPANY

<i>Name of the company</i>	DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA
<i>Legal status of the company</i>	Joint-stock company
<i>Number, place and date of registration</i>	Enterprise Register Nr.40003030219 Riga, 3 October 1991 Commercial register Riga, 8 June 2004
<i>Address</i>	Marijas street 1, Daugavpils LV-5401 Latvia
<i>Type of operations</i>	Railway rolling stock overhaul repair, maintenance and upgrade, manufacturing and repair of its spare parts
<i>Names of the major shareholders</i>	AS SKINEST RAIL – 47,97% Moisa 4, 13522 Tallinn, Estonia AS SPACECOM - 25,27% Kadaka tee 1, 10621 Tallinn, Estonia LLC LOKOMOTIIV IVESTEERINGUUD - 15,37% Tartu street 18-18, 10115 Tallinn, Estonia Other shareholders - 11,39%
<i>Names and positions of the Counsel Members</i>	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
<i>Names and positions of the Board Members</i>	Natālija Petrova – Chairman of the Board Eduards Krukovskis - Member of the Board Mihails Mamonovs - Member of the Board
<i>Auditor`s name and address</i>	Report not vise

Report of the management.

I. The key figures of the enterprise.

In 3 months 2011 year joint-stock company „Daugavpils Lokomotīvu Remonta Rūpnīca” has distributed goods for **3 951.6** thousand lats, which constitutes 90.1% compared to the appropriate period of 2010.

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 2011	3 months 2010	(+, -)
Diesel locomotive repair, section	2 312.0	890.1	+1 421.9
Electric train repair, carriage	0.0	85.6	-85.6
Wheel pair repair, pieces	63.3	145.4	-82.1
Electric machines repair, pieces	265.7	122.1	+143.6
Other production	1 310.6	3 144.3	-1 833.7
Total	3 951.6	4 387.5	-435.9

Table No.2

The structure of the distributed goods by the clients.

The client	3 months 2011		3 months 2010	
	sum	%	sum	%
Latvia	551.8	14.0	418.7	9.5
Lithuania	216.1	5.5	150.5	3.4
Estonia	461.8	11.7	2 816.7	64.2
Belarus	174.7	4.4	77.3	1.8
Uzbekistan	0.0	0.0	99.2	2.3
Russia	1 822.4	46.1	487.5	11.1
Other	724.8	18.3	337.6	7.7
Total	3 951.6	100.0	4 387.5	100.0

II. Financial figures.

The enterprise finished 3 months 2011 year at a profit 96.4 thousand Ls.

The enterprise for the means of the increase of the turnover resources, has invested 42.5 thousand lats of investments, including:

- ❖ Equipment putting into operation - 10.7 thousand Ls
- ❖ Equipment repairs - 30.6 thousand Ls
- ❖ Furniture and equipment - 1.2 thousand Ls

Chairman of the Board

Natālija Petrova

31.03.2011. balance Sheet

0.702804

ASSETS						
	31.03.2011.		31.03.2010.		01.01.2011.	
	LVL	EUR	LVL	EUR	LVL	EUR
Embedding long-term						
Embedding non material						
Other Embedding non material	16 494	23 469			17 550	24 971
Property, plant and equipment:						
Land, buildings and networks	5 105 263	7 264 135	5 237 549	7 452 361	5 147 930	7 324 845
Machinery and equipment	1 100 335	1 565 636	1 121 069	1 595 137	1 110 151	1 579 603
Other property, plant and equipment	103 869	147 792	147 862	210 389	120 080	170 858
Construction in progress	35 258	50 168	5 950	8 466	34 766	49 468
Total property, plant and equipment	6 344 725	9 027 731	6 512 430	9 266 353	6 412 927	9 124 774
Embedding long-term financial						
Total embedding long-term financial	500	711			500	711
Total embedding long-term	6 361 719	9 051 911	6 512 430	9 266 353	6 430 977	9 150 456
Current assets						
Inventory	2 425 852	3 451 676	2834725	4 033 450	2 018 420	2 871 953
Debtors:						
Trade receivables	1 425 902	2 028 876	2 648 689	3 768 745	1 431 880	2 037 382
Other current assets	330 484	470 236	196 927	280 202	296 316	421 620
Corp. income tax (overpay)	25 779	36 680	113 592	161 627	25 779	36 680
Accumulate income	2 264 787	3 222 502	1 188 142	1 690 573	2 604 906	3 706 447
Cash and cash equivalents	395 427	562 642	266 867	379 718	609 650	867 454
Total current assets	6 868 231	9 772 612	7 248 942	10 314 315	6 986 951	9 941 536
Total assets	13 229 950	18 824 523	13 761 372	19 580 668	13 417 928	19 091 992

31.03.2011. balance Sheet

0.702804

LIABILITIES						
	31.03.2011.		31.03.2010.		01.01.3011.	
	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
Previous year unappropriated result	-2 254 424	-3 207 756	-2 360 822	-3 359 147	-2 360 822	-3 359 147
Current years profit or loses	96 370	137122	23 449	33 365	106 398	151 391
Total shareholders' equity	6 136 165	8 730 976	5 956 846	8 475 828	6 039 795	8 593 854
Liabilities						
Long-term liabilities						
Long-term loan from credit institution	1 307 525	1 860 440	1 698 762	2 417 121	1 365 539	1 942 987
Other liability	91 303	129 913	91 303	129 912	91 303	129 912
Deffered tax liability	371 786	529 004	335 251	477 019	371 786	529 004
Total	1 770 614	2 519 357	2 125 316	3 024 052	1 828 628	2 601 903
Current liabilities						
Loan from credit institution	208 430	296 569	853 665	1 214 656	290 338	413 114
Other loan	304 390	433 108				
Trade payables	3 102 948	4 415 097	2 906 438	4 135 489	2 874 521	4 090 075
Accumulation	94 720	134 774	117 536	167 239	113 948	162 133
Corporate income tax liabilities			8 509	12 107		
Other liabilities	1 612 683	2 294 642	1 793 062	2 551 297	2 270 698	3 230 913
Total current liabilities	5 327 171	7 574 190	5 679 210	8 080 788	5 549 505	7 896 235
Total	7 093 785	10 093 547	7 804 526	11 104 840	7 378 133	10 498 138
Total liabilities	13 229 950	18 824 523	13 761 372	19 580 668	13 417 928	19 091 992

Profit or loss account

For 3 months 2011

0.702804

	3 months 2011		3 months 2010	
	LVL	EUR	LVL	EUR
Net sales	4 070 783	5 792 202	4 455 427	6 339 501
Cost of sales	3 605 396	5 130 016	-4 028 348	-5 731 822
Gross profit (loss)	465 387	662 186	427 079	607 679
Sales and distribution expenses	24 558	34 943	-38 464	-54 729
Administrative expense	424 157	603 522	-329 326	-468 589
Other operating income	20 335	28 934	37 028	52 686
Other expenses	2 312	3 290	-2 564	-3 648
Other credit expenses	27 977	39 808	-70 517	-100 337
Other credit income	89 652	127 563	213	303
Profit or loss before extraordinary post and taxes	96 370	137 122	23 449	33 365
Profit or loss before taxes	96 370	137 122	23 449	33 365
Profit or losses report on period	96 370	137 122	23 449	33 365
Profit coefficient on stock	+0.012	+0.017	+0.003	+0.004

OVERVIEW OF EQUITY CAPITAL CHANGES

For 3 months 2011

0.702804

	31.03.2011.		31.03.2010.	
	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	-2 254 424	-3 207 756	-2 360 822	-3 359 147
Post-balance residue at the end of period	-2 158 054	-3 070 634	-2 337 373	-3 325 782
Share capital (total)				
Post-balance residue at the beginning of year	6 039 795	8 593 854	5 933 397	8 442 463
Post-balance residue at the end of period	6 136 165	8 730 976	5 956 846	8 475 828

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, IAS 1, 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:

	31.03.2011.	31.03.2010.
1 USD	0.499	0.521
1 EUR	0.702804	0.702804
1 LTL	0.204	0.204
1 RUB	0.0176	0.0177

(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

	3 months 2011	3 months 2010
According to operating activities		
Products production	3 951 552	4 387 460
Other	119 231	67 967
Total	4 070 783	4 455 427
<u>According to the location</u>		
Income from export to Latvia	551 800	418 696
Income from export to Russia	1 822 400	487 520
Income from export to EU market	677 900	2 967 133
Income from export to Belarus	174 700	77 325
Income from export to Uzbekistan		99 170
Other	724 752	337 616
Total	3 951 552	4 387 460

2. Production costs

Raw, material and spare parts expenses	2 190 325	2 983 175
Utility expenses	255 935	251 179
Salary expenses	744 782	507 527
Social insurance	177 802	121 706
Depreciation of fixed assets	75 944	74 880
Other production costs	160 608	89 881
Total	3 605 396	4 028 348

3. Selling expenses

Transportation costs	9 942	27 413
Other selling expenses	14 616	11 051
Total	24 558	38 464

4. Administrative expenses

Salary expenses	246 748	181 457
Social insurance	59 015	43 460
Office expenses	52 470	43 424
Depreciation of fixed assets	19 193	25 565
Other administrative costs	46 731	35 420
Total	424 157	329 326

5. Other income

Income from fixed assets sale	0	1 240
Incomes of the basic means	11 905	13 881
Other income	8 430	21 907
Total	20 735	37 028

6. Other expenses

Expenses of collective agreement	2 308	1 537
Other expenses	4	1 027
Total	2 312	2 564

7. Fixed assets

	Land and buildings	Equipment and machinery	Other fixed assets and inventory	Fixed assets under construction	Total
Cost / Valuation					
01.01.2011.	6 066 483	5 709 342	695 275	34 766	12 505 866
Additions		40 090	734	41 316	82 140
Disposals		-40 134	-894	-40 824	-81 852
Reclassification					
Revaluation					
31.03.2011.	6 066 483	5 709 298	695 115	35 258	12 506 154
Depreciation					
01.01.2011.	918 553	4 599 191	575 195		6 092 939
Charge	42 667	49 906	16 945		109 518
Disposals		-40 134	-894		-41 028
Reclassification					
Corrections for previous year's error					
31.03.2011.	961 220	4 608 963	591 246		6 161 429
Net book value					
01.01.2011.	5 147 930	1 110 151	120 080	34 766	6 412 927
Net book value					
31.03.2011.	5 105 263	1 100 335	103 869	35 258	6 344 725

8. Incomplete products

Unfinished production	248 560	437 221
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9. Finished good and goods for sale

Finished products on stock	514 837	612 180
Canteen	90	128
Total	514 927	612 308

10. Trade receivables

Trade receivables	1 425 902	2 648 689
Total	1 425 902	2 648 689

11. Other current assets

VAT overpaid	44 678	10 092
Guarantee	48 981	36 846
Other debtors	30 250	20 279
Advance payment	200 728	123 552
Payment next periods	5 847	6 158
Total	330 484	196 927

12. Cash and bank

Cash in hand	1 187	440
Cash at bank	394 240	266 427
Total	395 427	266 867

13. Share capital

As at 31 March 2011 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	1 307 525	1 698 762
Short-term part	208 430	853 665
Total	1 515 955	2 552 427

15. Advances received from consumers

Latvia	2 195	3 840
Russia	118 989	225 256
EU market	515 729	268 157
Other	231 429	243 090
Total	868 342	740 343

16. Trade payables

Short-term part 3 102 948 2 906 438

17. Taxes and social insurance

	01.01. 2011.	Calculated	Budget restore/ move	(Paid)/ repaid	Transferred and corporate income tax (advances payment)	31.03.2011.
VAT	-42 412	-131 033			+128 767	-44 678
Personnel income tax	178 226	174 706		189 486	-36 933	126 513
Social insurance	250 893	351 861		318 904	-91 834	192 016
Corporate income tax	-25 779					-25 779
Real estate tax (land)		347		347		
Real estate tax (buildings)		12 466		2		12 464
Natural resource tax	1 438	1 545		1 454		1 529
The state tax for company's business	257	770		775		252
Total	362 623	410 662		510 968		262 317

Hereof:

Liabilities/	430 814	332 774
(Overpaid)	68 191	70 457

18. Average number of employees

Average number of employees 998 855

Natālija Petrova
Chairman of the Board

AS "Daugavpils Lokomotīvu 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 months 2011

Activities	31.03.2011. LVL		31.03.2011. EUR		31.03.2010. LVL		31.03.2010. EUR	
	income	expences	income	expences	income	expences	income	expences
Profit before taxes	96 370		137 122		23 449		33 365	
Adjustments: a) depreciation	110 574		157 333		109 357		155 601	
b) provision		19 228		27 359		2 636		3 751
c) profit or loss from fluctuacions of currency exchange		75 942		108 056		73 094		104 004
Provision decrease								
Income from sale of fixed assets								
Interest expences								
Adjustments: a) Trade		407 432		579 724		200 230		284 901
b) Net cash flow from operating activities	311 929		443 835		21 454		30 526	
c) Cash flow before extraordinary items		429 588		611 248		423 392		602 432
Gross cash flow operating activities	518 873	932190	738 290	1 326 387	650 746	202 866	925 928	288 652
Corporate income tax paid								
Cash flow before extraordinary items	518 873	932 190	738 290	1 326 387	650 746	202 866	925 928	288 652
Net cash flow from operating activities		413 317		588 097		447 880		637 276

II. Cash flows from investing activities

Activities	31.03.2011. LVL		31.03.2011. EUR		31.03.2010. LVL		31.03.2010. EUR	
	income	expences	income	expences	income	expences	income	expences
Acquisition of fixed assets and intangible assets		41 316		58 787		28 583		40 670
Income from sale of fixed assets and intangible assets								
Participation in other companies								
Net cash flow from investing activities		41 316		58 787		28 583		40 670

III. Cash flows from financing activities

Activities	31.03.2011. LVL		31.03.2011. EUR		31.03.2010. LVL		31.03.2010. EUR	
	income	expences	income	expences	income	expences	income	expences
Loans from credit institution	310 490		441 787					
Borrowing repaid		70 080		99 715		264 395		376 200
Net cash flows from financing activities	240 410		342 072			264 395		376 200

IV. Total cash flow

Activities	31.03.2011. LVL		31.03.2011. EUR		31.03.2010. LVL		31.03.2010. EUR	
	income	expences	income	expences	income	expences	income	expences
Cash flow from operating activities		413 317		588 097		447 880		637 276
Cash flows from investing activities		41 316		58 787		28 583		40 670
Cash flows from financing activities	240 410		342 072			264 395		376 200
Net cash flow of the current period	214 223		304 812			154 902		224 146

AS "DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA"
Report for 3 months 2011

Cash and cash equivalents at the beginning of the reporting period	609 650		867 454		111 965		159 312	
Cash and cash equivalents at the end of the reporting period	395 427		562 642		266 867		379 718	

Chairman of the Board N.Petrova
Date 26.05.2011.