JSC “DAUGAVPILS LOKOMOTĪVJU REMONTA RŪPNĪCA”

CONSOLIDATE REPORT

For 9 months 2011

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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 – 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%
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 Mihails Mamonovs - 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 2011 year joint-stock company „Daugavpils Lokomotīvju Remonta Rūpnīca" has distributed goods for **12 422.1** thousand lats, which constitutes 120% 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	9 months 2011	9 months 2010	(+, -)
Diesel locomotive repair, section	9 117.4	5 541.9	+3575.5
Electric train repair,carrige	97.6	140.2	-42.6
Wheel pair repair, pieces	343.3	269.6	+73.7
Electric machines repair,pieces	521.5	215.1	+306.4
Diesel repair, peaces	-	42.3	-42.3
Other production	2 342.3	4 139.9	-1 797.6
Total	**12 422.1**	**10 349.0**	**+2 073.1**

Table No.2

The structure of the distributed goods by the clients.

The client	9 months 2011		9 months 2010	
	sum	%	sum	%
Latvia	2 060.0	16.6	1 160.9	11.2
Lithuania	488.3	3.9	651.1	6.3
Estonia	3 453.5	27.8	4 375.1	42.3
Belarus	577.1	4.6	246.1	2.4
Uzbekistan	97.4	0.8	216.0	2.1
Russia	4 932.5	39.7	2 000.2	19.3
Other	813.3	6.6	1 699.6	16.4
Total	**12 422.1**	**100.0**	**10 349.0**	**100.0**

II. Financial figures.

The enterprise finished 9 months 2011 year at la profit 396.0 thousand Ls.

The enterprise for the means of the increase of the turnover resources, has invested 236.8 thousand lats of investments, including:

- Equipment putting into operation - 65.6 thousand Ls
- Equipment repairs and room - 159.5 thousand Ls
- Furniture and equipment - 7.5 thousand Ls
- Computer programme - 4.2 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 September 30, 2011 and the result of its operations and cash flows for of the 9 months 2011.

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

30.09.2011

30.09.2011. balance Sheet

0.702804

ASSETS						
	30.09.2011.		30.09.2010.		01.01.2011.	
	LVL	**EUR**	**LVL**	**EUR**	**LVL**	**EUR**
Embedding long-term						
Non current assets						
Other non current embedding	18 528	26 363			17 550	24 971
Property						
Land, buildings and networks	5 079 292	7 227 181	5 163 602	7 347 144	5 147 930	7 324 845
Machinery and eguipment	1 097 778	1 561 997	1 088 675	1 549 045	1 110 151	1 579 603
Other property, plant and eguipment	86 267	122 747	130 864	186 202	120 080	170 858
Construction in progress	739 183	1 051 763	23 257	33 092	34 766	49 468
Total property, plant and eguipment	7 002 520	9 963 688	6 406 398	9 115 483	6 412 927	9 124 774
Embedding long-term financial						
Other embedding long-term financial			300	427	500	711
Total embedding long-term	7 021 048	9 990 051	6 406 698	9 115 910	6 430 977	9 150 456
Current assets						
Inventory	2 221 380	3 160 739	2 452 193	3 489 156	2 018 420	2 871 953
Debtors:						
Debts custom, customer	1 575 831	2 242 205	1 798 219	2 558 635	1 431 880	2 037 382
Other current assets	563 057	801 158	302 224	430 026	296 316	421 620
Corp. income tax (overpay)					25 779	36 680
Accumulate income	2 395 075	3 407 885	1 551 051	2 206 947	2 604 906	3 706 447
Cash and cash eguivalents	161 455	229 730	62 024	88 252	609 650	867 454
Total current assets	6 916 798	9 841 717	6 165 711	8 773 016	6 986 951	9 941 536
Total assets	13 937 846	19 831 768	12 572 409	17 888 926	13 417 928	19 091 992

30.09.2011. balance Sheet

0.702804

LIABILITIES						
	30.09.2011.		30.09.2010.		01.01.2011.	
	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	395 995	563 451	152 738	217 327	106 398	151 391
Total shareholders' eguity	6 435 790	9 157 305	6 086 135	8 659 790	6 039 795	8 593 854
Liabilities						
Long-term liabilities						
Long-term loan from credit institution	1 334 921	1 899 421	1 690 934	2 405 983	1 365 539	1 942 987
Other liability	91 303	129 912	91 303	129 912	91 303	129 912
Deffered tax liability	371 786	529 004	335 251	477 019	371 786	529 004
Total	1 798 010	2 558 337	2 117 488	3 012 914	1 828 628	2 601 903
Current liabilities						
Loan from credit institution	70 944	100 944	241 312	343 356	290 338	413 114
Other loan	830 760	1 182 065				
Trade payables	2 754 294	3 919 006	2 032 958	2 892 639	2 874 521	4 090 075
Accumulation	73 105	104 019	44 125	62 784	113 948	162 133
Corporate income tax liabilities						
Other liabilities	1 974 943	2 810 092	2 050 391	2 917 443	2 270 698	3 230 913
Total current liabilities	5 704 046	8 116 126	4 368 786	6 216 222	5 549 505	7 896 235
Total	7 502 056	10 674 463	6 486 274	9 229 136	7 378 133	10 498 138
Total liabilities	13 937 846	19 831 768	12 572 409	17 888 926	13 417 928	19 091 992

Profit or loss account

For 9 months 2011

0.702804

	9 months 2011		9 months 2010	
	LVL	EUR	LVL	EUR
Net sales	12 709 489	18 083 974	10 576 612	15 049 163
Cost of sales	-10 957 407	-15 590 986	-9 205 426	-13 098 141
Gross profit (loss)	1 752 082	2 492 988	1 371 186	1 951 022
Sales and distribution expenses	-94 403	-134 323	-126 912	-180 580
Administrative expense	-1 267 834	-1 803 965	-1 087 510	-1 547 388
Other operating income	+99 406	+141 442	71 480	101 707
Other expenses	-9 711	-13 817	-8 137	-11 578
Other credit income	-83 545	-118 874	-67 369	-95 856
Profit or loss before extraordinary post and taxes	395 995	563 451	152 738	217 327
Profit or losses report on period	395 995	563 451	152 738	217 327
Profit coefficient on stock	+0.048	+0.068	+0.018	+0.026

OVERWIEW OF EQUITY CAPITAL CHANGES

For 9 months 2011

0.702804

	30.09.2011.		30.09.2010.	
	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	-1 858 429	-2 644 305	-2 208 084	-3 141 820
Share capital (total)				
Post-balance residue at the beginning of year	6 039 795	8 593 854	5 933 397	8 442 493
Post-balance residue at the end of period	6 435 790	9 157 305	6 086 135	8 659 790

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:

	30.09.2011.	30.09.2010.
1 USD	0.516	0.517
1 EUR	0.702804	0.702804
1 LTL	0.204	0.204
1 RUB	0.0163	0.0170

(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 2011	9 months 2010
According to operating activities		
Products production	12 422 129	10 348 960
Other	287 360	227 652
Total	**12 709 489**	**10 576 612**
According to the location		
Income from export to Latvia	2 059 981	1 160 925
Income from export to Russia	4 932 521	2 000 200
Income from export to EU market	3 941 860	5 026 180
Income from export to Belarus	577 116	246 100
Income from export to Uzbekistan	97 385	216 000
Other	813 266	1 699 555
Total	**12 422 129**	**10 348 960**

2. Production costs

Goods delivery expenses	80 780	68 072
Raw, material and spare parts expenses	6 503 615	5 585 165
Utility expenses	777 892	648 235
Salary expenses	2 311 091	1 853 162
Social insurance	510 995	442 460
Depreciation of fixed assets	226 711	217 427
Other production costs	546 323	390 905
Total	**10 957 407**	**9 205 426**

3. Selling expenses

Transportation costs	43 936	81 801
Salary	40 750	36 378
Other selling expenses	9 717	8 733
Total	**94 403**	**126 912**

4. Administrative expenses

Salary expenses	761 121	625 639
Social insurance	181 989	149 578
Office expenses	112 935	93 955
Representation costs	2 572	1 635
Depreciation of fixed assets	58 614	76 488
Other administrative costs	150 603	140 215
Total	**1 267 834**	**1 087 510**

5. Other income

Income from fixed assets sale	-	1 240
Incomes of the basic means	66 403	37 849
Other income	33 003	32 391
Total	**99 406**	**71 480**

6. Other expenses

Expenses of collective agreement	9 396	6 579
Other expenses	315	1 558
Total	**9 711**	**8 137**

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	49 964	139 707	12 441	910 746	1 112 858
Disposals		-112 020	-894	-206 329	-319 243
Reclassification					
Revaluation					
30.09.2011.	**6 116 447**	**5 737 029**	**706 822**	**739 183**	**13 299 481**
Depreciation 01.01.2011.	**918 553**	**4 599 191**	**575 195**		**6 092 939**
Charge	118 602	152 080	46 254		316 936
Disposals		-112 020	-894		-112 914
Reclassification					
Corrections for previous year's error					
30.09.2011.	**1 037 155**	**4 639 251**	**620 555**		**6 296 961**
Net book value 01.01.2011.	**5 147 930**	**1 110 151**	**120 080**	**34 766**	**6 412 927**
Net book value 30.09.2011.	**5 079 292**	**1 097 778**	**86 267**	**739 183**	**7 002 520**

8. Inventory

Unfinished production	331 695	533 665
Materials	1 406 401	1 384 656
Finished products on stock	483 194	533 744
Canteen	90	128
Total	**2 221 380**	**2 452 193**

9. Trade receivables

Trade receivables	1 575 831	1 798 219
Total	**1 575 831**	**1 798 219**

10. Other current assets

VAT overpaid	107 502	42 016
Guarantee	8 272	45 320
Other debtors	25 629	44 265
Advance payment	402 473	166 291
Payment next periods	19 181	4 332
Total	**563 057**	**302 224**

11. Cash and bank

Cash in hand	900	104
Cash at bank	160 555	61 920
Total	**161 455**	**62 024**

12. Share capital

As at 30 September 2011 the subscribed and fully paid share capital consists of 8294219 ordinary shares with a nominal value of Ls 1 each.

13. Loans from credit institutions

Long-term part	1 334 921	1 690 934
Short-term part	70 944	241 312
Total	**1 405 865**	**1 932 246**

14. Other liabilities

Accumulation for unused vacations	150 727	124 971
Advances from customers	1 096 259	924 936
Salary	255 987	191 583
Social insurance	234 723	475 466
Personnel income tax	146 966	305 419
Other taxes	19 611	1 398
Other	70 670	26 610
Total	**1 974 943**	**2 050 391**

15. Trade payables

Short-term part	2 754 294	2 032 958

16. Taxes and social insurance

	01.01. 2011.	*Calculated*	*Budget restore/ move*	*(Paid)/ repaid*	*Transferred and corporate income tax (advances payment)*	*30.09.2011.*
VAT	-42 412	-412 045		15 929	+362 884	-107 502
Personnel income tax	178 226	547 583		472 894	-105 949	146 966
Social insurance	250 893	1 094 461		828 107	-282 524	234 723
Corporate income tax	-25 779	95		433	+25 589/528	-
Real estate tax (land)		3 877		3 877		-
Real estate tax (buildings)		37 515		19 502		18 013
Natural resource tax	1 438	3 655		3 754		1 339
The state tax for company's business	257	2 318		2 316		259
Total	**362 623**	**1 277 459**		**1 346 812**	**/+528**	**293 798**

Hereof:		
Liabilities/	430 814	401 300
(Overpaid)	68 191	107 502

17. Average number of employees

Average number of employees	994	895

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 months 2011

Activities	30.09.2011. LVL		30.09.2011. EUR		30.09.2010. LVL		30.09.2010. EUR	
	income	expences	income	expences	income	expences	income	expences
Profit before taxes	395 995		563 451		152 738		217 327	
Adjustments: a) depreciation	320 175		455 567		323 561		460 386	
b) provision		40 843		58 114		76 047		108 205
c) profit or loss from fluctuacions of currency exchange		9 699		13 800	69 630		99 074	
Provision decrease								
Income from sale of fixed assets								
Interest exspenses					1 518		2 160	
Adjustments: a) Trade		1 75 082		249 119	296 670		422 123	
b) Net cash flow from operating activities		202 960		288 787	403 986		574 820	
c) Cash flow before extraordinary items		415 982		591 889		201 268		286 379
Gross cash flow operating activities		844 566		1 201 709	1 248 103	277 315	1 775 890	394 584
Corporate income tax paid								
Cash flow before extraordinary items	716 170	844 566	1 019 018	1 201 709	1 248 103	277 315	1 775 890	394 584
Net cash flow from operating activities		128 396		182 691	970 788		1 381 306	

II. Cash flows from investing activities

Activities	30.09.2011. LVL		30.09.2011. EUR		30.09.2010. LVL		30.09.2010. EUR	
	income	expences	income	expences	income	expences	income	expences
Acguisition of fixed assets and intangible assets		910 746		1 295 874		140 557		199 994
Income from sale of fixed assets and intangible assets					1 240		1 764	
Parficipation in other companies	500		711			300		427
Net cash flow from investing activities		910 246		1 295 163		139 617		198 657

III. Cash flows from financing activities

Activities	30.09.2011. LVL		30.09.2011. EUR		30.09.2010. LVL		30.09.2010. EUR	
	income	expences	income	expences	income	expences	income	expences
Loans from credit institution	798 490		1 136 149					
Borrowing repaid		208 043		296 019		881 112		1 253 709
Net cash flows from financing activities	590 447		840 130			881 112		1 253 709

IV. Total cash flow

Activities	30.09.2011. LVL		30.09.2011. EUR		30.09.2010. LVL		30.09.2010. EUR	
	income	expences	income	expences	income	expences	income	expences
Cash flow from operating activities		128 396		182 691	970 788		1 381 306	
Cash flows from investing activities		910 246		1 295 163		139 617		198 657
Cash flows from financing activities	590 447		840 130			881 112		1 253 709
Net cash flow of the current period		448 195		637 724		49 941		71 060
Cash and cash eguivalents at the beginning of the reporting period	609 650		867 454		111 965		159 312	
Cash and cash eguivalents at the end of the reporting period	161 455		229 730		62 024		88 252	

Chairman of the Board N.Petrova Date 24.11.2011