

**JSC „DITTON PIEVADKĒŽU RŪPNĪCA”**

**NON-AUDITED AND NON-CONSOLIDATED**

**FINANCIAL REPORT**

**FOR 12 MONTHS OF YEAR 2009**

**(01.01.2009 – 31.12.2009)**

Prepared in accordance with Latvian statutory requirements,  
International Accounting Standards,  
and Riga Stock Exchange rules

Daugavpils

2010

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## INFORMATION ABOUT THE COMPANY

Company name	Ditton pievadkezu rupnica
Legal status	Joint Stock Company
Registrations number	40003030187
Registration in Register of Enterprises	Riga, 03.10.1991
Registration in Commercial Register Office	Riga, 29.08.2003.
Legal address	Visku Str. 17, Daugavpils, LV-5410, Latvia
Mailing address	Visku Str. 17, Daugavpils, LV-5410, Latvia
Fixed capital	7 400 000.00 LVL
Public bearer shares	7 400 000
Nominal value of one public bearer share	1.00 LVL
Chief accountant	Valentina Krivoguzova
Reporting period	01.01.2009 – 31.12.2009
Persons in charge for drawing up of the financial report:	
	Mr. Boriss Matvejevs, phone +371 65402333, e-mail: <a href="mailto:dpr@dpr.lv">dpr@dpr.lv</a>
	Ms. Natalja Redzoba, phone +371 65402333, e-mail: <a href="mailto:dpr@dpr.lv">dpr@dpr.lv</a>

## **INFORMATION ON MANAGEMENT BOARD AND COUNCIL MEMBERS**

### **THE MANAGEMENT BOARD**

#### Chairman of the Management Board

Eduards Zavadskis, elected 29.08.2003.

#### Deputy Chairman of the Management Board

Pjotrs Dorofejevs, elected 07.01.2004.

#### Member of the Management Board

Natalja Redzoba, elected 29.08.2003.

### **Information on shares owned by Members of the Management Board**

#### **Members of the Management Board**

	<b>Share ownership *</b>	
	<b>Quantity of shares</b>	<b>%</b>
Eduards Zavadskis	1 480 000	20
Pjotrs Dorofejevs	no shares	-
Natalja Redzoba	1 900	0,03

### **THE COUNCIL**

#### Chairman of the Council

Boriss Matvejevs, elected 14.08.2009

#### Deputy Chairmen of the Council

Georgijs Sorokins, elected 14.08.2009

Inga Goldberga, elected 14.08.2009

#### Members of the Council

Anzelina Titkova, elected 14.08.2009

Timo Sas, elected 16.10.2009

Jevgenijs Glinkins, till 14.08.2009

Pavels Samuilovs, till 14.08.2009

Jevgenijs Sokolovskis, till 16.10.2009

### **Information on shares owned by Members of the Council**

#### **Members of the Management Board**

	<b>Share ownership*</b>	
	<b>Quantity of shares</b>	<b>%</b>
Boriss Matvejevs	no shares	-
Georgijs Sorokins	5 768	0,08
Inga Goldberga	no shares	-
Anzelina Titkova	no shares	-
Timo Sas	no shares	-
Jevgenijs Glinkins (till 14.08.2009)	no shares	-
Pavels Samuilovs (till 14.08.2009)	700 000	9,46
Jevgenijs Sokolovskis (till 16.10.2009)	no shares	-

For more detailed information on professional background of the Management Board and Council members please refer to our website: [http://www.dpr.lv/web\\_ru/for-akcioner.htm](http://www.dpr.lv/web_ru/for-akcioner.htm)

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\* As of 31.12.2009

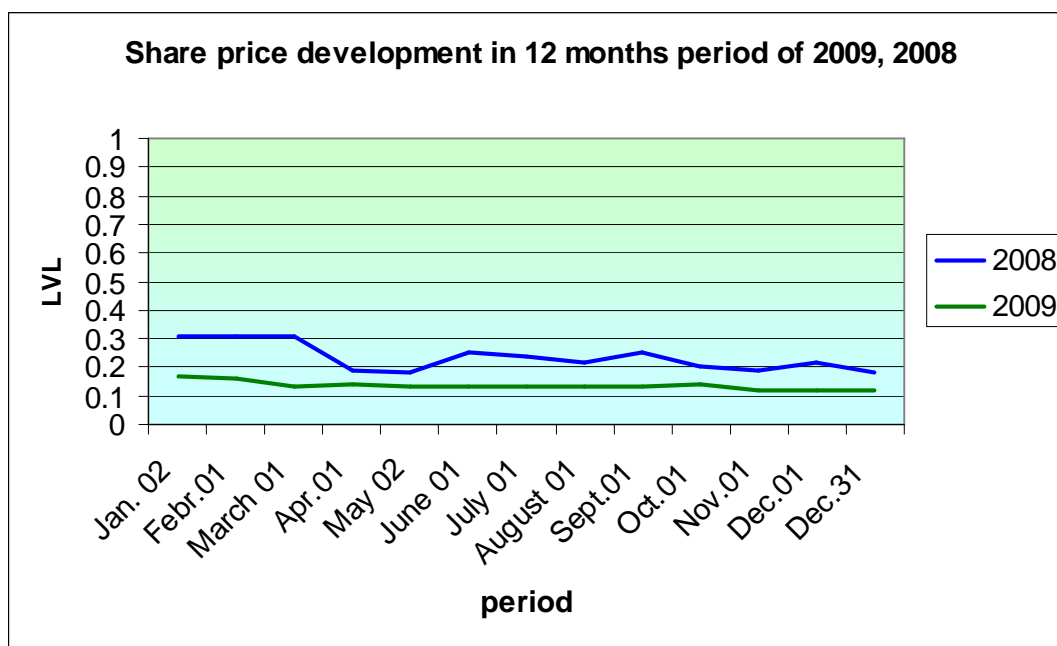
## INFORMATION ON SHAREHOLDERS AND SHARES

### COMPANY SHAREHOLDERS (OVER 5%) \*

NAME	Ownership interest, %
Vladislavs Driksne	20,39
Eduards Zavadskis	20,00
MAX Invest Holding SIA	13,16
Maleks S SIA	9,51
Pavels Samuilovs	9,46

\* Note: Information is presented on the basis of full list of shareholders of JSC „Ditton pievadķēžu rūpnīca” dated 01.06.2008., taking into account notifications on acquisition and disposal significant holding in the Issuer's equity received by the company till 31.12.2009.

### SHARE PRICE DEVELOPMENT



## MANAGEMENT REPORT

### Information on the results of the company in 12 months of year 2009

In 12 months of 2009 net-turnover in fact was fulfilled in the amount of 4 470 thous.LVL (6 360 thous.EUR) against the forecast 7 450 thous.LVL (10 600 thous.EUR), decrease amounts to 2 980 thous.LVL (4 240 thous.EUR) or 40%. Compared to the level of previous year, net-turnover of the reporting period is by 2 897 thous.LVL (4 122 thous.EUR) or by 39% less.

Loss before taxes amounted to -1 054 thous.LVL (-1 500 thous.EUR) in 12 months period of 2009, which is by 1 224 thous.LVL (1 742 thous.EUR) less than the forecast. Loss after taxes amounts to -1 043 thous.LVL (-1 484 thous.EUR).

By a substantial reduction of net-turnover in 2009 it is not possible to reduce all company's expenditures, because there are expenditures, which are not directly dependent from output volumes and are related to other factors, for example, such as energy resources (heat supply or heating, electric power, gas supply), depreciation of fixed assets, security, maintaining of buildings and structures, fixed salary and taxes related to it and similar expenditures. That was the main factor for preservation of high expenditure level and appearing of company's losses.

Commodity output is estimated in the amount of 4 313 thous.LVL (6 137 thous.EUR). The result of 12 months of 2009 is by 3 467 thous.LVL (4 933 thous.EUR) or by 56% less than the 12 months result of the previous year.

At present the company exports 98% of its products to the East and West: among them 67% eastwards and 31% westwards; 2% of products are sold on domestic market.

The average statistical number of employees of JSC "Ditton pievadķēžu rūpnīca" was 362 in 12 months of year 2009.

The average salary amounted to 251 LVL (357 EUR) in 12 months period of 2009, which is by 73 LVL (104 EUR) less than in 12 months of 2008.

### Market tendencies and development of the company. Risks.

In 2009 the activity of the company proceeded in worsening crisis circumstances. The Management Board already informed the shareholders on increase of crisis appearances, their reasons and possible consequences in the quarterly reports of 2009. No features of crisis appearances termination in the spheres in which the partners of the company work, as well as beginning of recovery can be observed. In these circumstances a certain stabilization of the market only can be estimated as a positive factor.

Unfortunately, the Management Board notices that decrease in demand for the company's production, which first of all is applied in mechanical engineering, exceeded substantially the forecasted indices.

At the same time the Management Board is not alone in its too optimistic forecast about the potential level of drop in production: at the moment the developing economic crisis is unusual in its volumes, factors, levels and consequences, is not (and can not be) studied in a historical retrospection and has no full scientific-economical ground either in respect of terms and intensity, or factors.

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While being included into a global and European economics the company was not able to survive like in an oasis of "prosperity" and it faces all factors of global crisis to the same degree, reflecting the level of the general decrease. The Management Board has noticed this circumstance already before, and it is valid to the full extent. Therefore, in the analysis of the company's development tendencies and risks, it is constrained to repeat the same aspects which are mentioned in the quarterly reports of year 2009.

In the abovementioned circumstances the company is forced to work in economy regime by using internal resources and reorganizing production processes according to the existing volumes of demand, production and costs, including optimization of staff in accordance with production volumes and its actual employment.

In previous reports the Management Board noted that it is necessary to restrict negative prognoses of the company's development to the crises period, which according to analysts shall be most critical in 2009 and 2010.

At the same time despite the ongoing economic crisis, absence of visible signs of global economic improvement as a whole and growth of consumer's demand, but taking into account a certain stabilization of the company's market, the Management Board considers possible to change the company's development prognosis to "cautiously favorable"

The Management Board considers it as its main task to continue working upon minimizing global crisis risks, maintaining the company with its brand, technologies, personnel, traditional partners and market with future development upon overcoming the crisis together with the whole global and Latvian economics with simultaneous using of all favorable conditions appearing for development of the company's chances and its market growth.

## **STATEMENT ABOUT MANAGEMENT LIABILITY**

According to our information, the presented financial statements for 12 months of year 2009 ended December 31, 2009 have been prepared in accordance with the existing legislative requirements and give a true and fair view of the assets, liabilities, financial position and profits of the joint-stock company "Ditton pievadķēžu rūpnīca". Management report contains truthful information.

Chairman of the Management Board of  
JSC "Ditton pievadkezu rupnica"

Eduards Zavadskis

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<b>BALANCE SHEET</b>	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
<b>Cash and bank</b>	153 420	83 453	218 297	118 743
<b>Short-term investments</b>	0	0	0	0
<b>Customer receivables</b>				
Debts of buyers and customers	5 105 378	4 854 595	7 264 298	6 907 466
Accounts receivable from related companies	0	0	0	0
Allowance for uncollectible receivables	-617 312	-1 312 072	-878 355	-1 866 910
<b>Total</b>	<b>4 488 066</b>	<b>3 542 523</b>	<b>6 385 943</b>	<b>5 040 556</b>
<b>Other receivables</b>				
Other current receivables	686 534	129 097	976 850	183 688
Short-term loans given	0	0	0	0
Derrivative financial instruments	0	0	0	0
<b>Total</b>	<b>686 534</b>	<b>129 097</b>	<b>976 850</b>	<b>183 688</b>
<b>Accrued income</b>				
Other accrued income	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Prepaid expenses</b>				
Prepaid taxes	76 587	35 350	108 974	50 299
Other prepaid expanses	367	0	522	0
<b>Total</b>	<b>76 954</b>	<b>35 350</b>	<b>109 496</b>	<b>50 299</b>
<b>Inventories</b>				
Raw materials	951 407	1 348 030	1 353 730	1 918 074
Work-in-progress	276 308	305 395	393 151	434 538
Finished goods	846 137	1 054 405	1 203 944	1 500 283
Prepayments to suppliers	70 345	1 204 116	100 092	1 713 303
<b>Total</b>	<b>2 144 197</b>	<b>3 911 946</b>	<b>3 050 917</b>	<b>5 566 198</b>
<b>TOTAL CURRENT ASSETS</b>	<b>7 549 171</b>	<b>7 702 369</b>	<b>10 741 503</b>	<b>10 959 484</b>
<b>NON-CURRENT ASSETS</b>				
<b>Long-term financial assets</b>				
Deferred tax assets	28 867	0	41 074	0
incl. shares in other companies	47 200	0	67 159	0
<b>Total</b>	<b>76 067</b>	<b>0</b>	<b>108 233</b>	<b>0</b>
<b>Non-current physical assets</b>				
Land plots, buildings, equipment, costs on construction in progress	14 009 339	14 216 559	19 933 494	20 228 341
Other equipment and fixtures	397 048	321 442	564 948	457 371
Accumulated depreciation	-11 281 935	-10 636 220	-16 052 747	-15 133 978
<b>Total</b>	<b>3 124 452</b>	<b>3 901 781</b>	<b>4 445 695</b>	<b>5 551 734</b>
<b>Intangible assets</b>				
Purchased licenses, trademarks etc.	95	192	135	273
Goodwill	0	0	0	0
Prepayments for intangible assets	0	0	0	0
<b>Total</b>	<b>95</b>	<b>192</b>	<b>135</b>	<b>273</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 200 614</b>	<b>3 901 973</b>	<b>4 554 063</b>	<b>5 552 007</b>
<b>TOTAL ASSETS</b>	<b>10 749 785</b>	<b>11 604 342</b>	<b>15 295 566</b>	<b>16 511 491</b>
	<b>1 EUR =</b>		<b>0.702804 LVL</b>	<b>0.702804LVL</b>



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<b>BALANCE SHEET</b>				
<b>LIABILITIES &amp; OWNERS' EQUITY</b>	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
<b>SHORT-TERM LIABILITIES</b>	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
<b>Debt obligations</b>				
Short-term loans from credit institutions	1 706 474	63 692	2 428 094	90 626
Derivative financial instruments	0	0	0	0
Short-term capital lease obligations	0	4 415	0	6 282
<b>Total</b>	<b>1 706 474</b>	<b>68 107</b>	<b>2 428 094</b>	<b>96 908</b>
<b>Customer prepayments for goods and services</b>	<b>81 048</b>	<b>5 590</b>	<b>115 321</b>	<b>7 954</b>
<b>Creditors</b>	<b>314 542</b>	<b>233 561</b>	<b>447 553</b>	<b>332 327</b>
<b>Total</b>	<b>395 590</b>	<b>239 151</b>	<b>562 874</b>	<b>340 281</b>
<b>Tax payments</b>	<b>331 291</b>	<b>442 423</b>	<b>471 385</b>	<b>629 511</b>
<b>Accrued expenses</b>				
Salary-related accrued expenses	83 757	72 150	119 175	102 660
Interest payable	0	0	0	0
<b>Total</b>	<b>415 048</b>	<b>514 573</b>	<b>590 560</b>	<b>732 171</b>
<b>Provisions</b>	<b>68 522</b>	<b>33 325</b>	<b>97 498</b>	<b>47 417</b>
<b>Total</b>	<b>68 522</b>	<b>33 325</b>	<b>97 498</b>	<b>47 417</b>
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>2 585 634</b>	<b>855 156</b>	<b>3 679 025</b>	<b>1 216 777</b>
<b>LONG-TERM LIABILITIES</b>				
<b>Long-term creditors</b>	-	1 713 537	-	2 438 143
Other loans	175 000	3 367	249 002	4 791
<b>Total</b>	<b>175 000</b>	<b>1 716 904</b>	<b>249 002</b>	<b>2 442 934</b>
<b>LONG-TERM LIABILITIES TOTAL</b>	<b>175 000</b>	<b>1 716 904</b>	<b>249 002</b>	<b>2 442 934</b>
<b>CREDITORS TOTAL</b>	<b>2 760 634</b>	<b>2 572 060</b>	<b>3 928 028</b>	<b>3 659 712</b>
<b>OWNERS' EQUITY</b>	<b>7 400 000</b>	<b>7 400 000</b>	<b>10 529 251</b>	<b>10 529 251</b>
<b>Share capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Paid in capital over par</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other reserves	0	0	0	0
<b>Total</b>	<b>7 400 000</b>	<b>7 400 000</b>	<b>10 529 251</b>	<b>10 529 251</b>
<b>Retained earnings</b>	<b>1 632 282</b>	<b>1 498 082</b>	<b>2 322 528</b>	<b>2 131 579</b>
<b>Net profit for the reporting period</b>	<b>-1 043 131</b>	<b>134 200</b>	<b>-1 484 241</b>	<b>190 949</b>
<b>Currency translation reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL OWNERS' EQUITY</b>	<b>7 989 151</b>	<b>9 032 282</b>	<b>11 367 538</b>	<b>12 851 779</b>
<b>TOTAL LIABILITIES</b>	<b>10 749 785</b>	<b>11 604 342</b>	<b>15 295 566</b>	<b>16 511 491</b>
	<b>1 EUR =</b>		<b>0.702804 LVL</b>	<b>0.702804 LVL</b>

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INCOME STATEMENT	31.12.2009 LVL	31.12.2008 LVL	31.12.2009 EUR	31.12.2008 EUR
Net turnover	4 469 608	7 366 603	6 359 679	10 481 732
Other operating income	495 868	1 764 787	705 557	2 511 065
<b>Total income</b>	<b>4 965 476</b>	<b>9 131 390</b>	<b>7 065 236</b>	<b>12 992 797</b>
Direct cost of goods sold or services rendered	-3 217 634	-3 033 374	-4 578 281	-4 316 102
Marketing, advertising and public relations expenses	0	0	0	0
Bad receivables	0	0	0	0
Other operating expenses	-76 313	-1 197 673	-108 583	-1 704 135
Salaries, bonuses and social expenses	-1 350 395	-2 497 684	-1 921 439	-3 553 884
Depreciation expense	-763 984	-838 739	-1 087 051	-1 193 418
Other expenses	-523 990	-863 237	-745 571	-1 228 276
<b>Operating expenses</b>	<b>-5 932 316</b>	<b>-8 430 707</b>	<b>-8 440 925</b>	<b>-11 995 815</b>
<b>EBIT</b>	<b>-966 840</b>	<b>700 683</b>	<b>-1 375 689</b>	<b>996 982</b>
Percents paid	-85 200	-119 328	-121 229	-169 789
<b>Financial items</b>				
Financial income (except Foreign Exchange rate difference)	0	0	0	0
Financial costs (except Foreign Exchange rate difference)	0	0	0	0
Exchange rate +gain / -loss	-2 462	-15 712	-3 503	-22 356
<b>Financial items</b>	<b>-87 662</b>	<b>-135 040</b>	<b>-124 732</b>	<b>-192 145</b>
<b>Profit before extraordinary items and taxes</b>	<b>-1 054 502</b>	<b>565 643</b>	<b>-1 500 421</b>	<b>804 837</b>
<b>EBT</b>	<b>-1 054 502</b>	<b>565 643</b>	<b>-1 500 421</b>	<b>804 837</b>
Provisions for taxes	11 371	431 443	16 179	613 888
<b>Profit after taxes</b>	<b>-1 043 131</b>	<b>134 200</b>	<b>-1 484 242</b>	<b>190 949</b>
<b>Net profit</b>	<b>-1 043 131</b>	<b>134 200</b>	<b>-1 484 242</b>	<b>190 949</b>
<b>Index EPS</b>	<b>-0.14</b>	<b>0.018</b>	<b>-0.20</b>	<b>0.026</b>
	<b>1 EUR =</b>		<b>0.702804 LVL</b>	<b>0.702804 LVL</b>

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CASH FLOW STATEMENT	31.12.2009 LVL	31.12.2008 LVL	31.12.2009 EUR	31.12.2008 EUR
<b>CASH GENERATED FROM OPERATIONS</b>	<b>-117 751</b>	<b>-1 656 185</b>	<b>-167 545</b>	<b>-2 356 539</b>
Cash received from customers	-2 146 244	-3 542 510	-3 053 830	-5 040 538
Cash received from ML Group	0	0	0	0
Cash paid to suppliers and employees	2 028 493	1 886 325	2 886 285	2 683 999
Cash paid to suppliers and employees ML Group	0	0	0	0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>60 641</b>	<b>71 184</b>	<b>86 284</b>	<b>101 286</b>
Cash paid for purchasing shares in subsidiary ML Group	0	0	0	0
Business acquisition	0	0	0	0
Cash paid for purchasing non-current physical assets	-1 138	-173 025	-1 619	-246 192
Cash paid for purchasing non-current physical assets ML Group	0	0	0	0
Cash received from the sale of non-current physical assets	14 579	244 209	20 744	347 478
Participation in other enterprises	47 200	0	67 159	0
Interest received	0	0	0	0
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>127 077</b>	<b>1 487 512</b>	<b>180 814</b>	<b>2 116 539</b>
Short-term loans received	212 525	1 608 632	302 395	2 288 877
Repayment of short-term loans	0	0	0	0
Cash paid as capital lease payments	-248	-1 792	-352	-2 550
Paid interest	-85 200	-119 328	-121 229	-169 788
Paid interest ML Group	0	0	0	0
<b>TOTAL CASH FLOW</b>	<b>69 967</b>	<b>-97 489</b>	<b>99 554</b>	<b>-138 714</b>
Cash and cash equivalents as at the beginning of period	83 453	180 942	118 743	257 457
Cash and cash equivalents as at the end of period	153 420	83 453	218 297	118 743
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>69 967</b>	<b>-97 489</b>	<b>99 554</b>	<b>-138 714</b>
	<b>1 EUR =</b>		<b>0.702804 LVL</b>	<b>0.702804 LVL</b>

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<b>Statement of changes in equity for the period from 01.01.2009 till 31.12.2009 (LVL)</b>							
	Share capital  LVL	Share premium  LVL	Other reserves  LVL	Currency translation reserves  LVL	Accumulat ed profit  LVL	Current period's profit  LVL	Total  LVL
<b>As at 1st January, 2009</b>	<b>7 400 000</b>	-	-	-	<b>1 632 282</b>	-	<b>9 032 282</b>
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2008	-	-	-	-	-	-	-
Allocation of profit of 2008 to dividends	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for 12 months of 2009	-	-	-	-	-	-1 043 131	-1 043 131
<b>As at 31 December, 2009</b>	<b>7 400 000</b>	-	-	-	<b>1 632 282</b>	<b>-1 043 131</b>	<b>7 989 151</b>
<b>As at 1st January, 2008</b>	<b>7 400 000</b>	-	-	-	<b>1 512 882</b>	-	<b>8 912 882</b>
Dividend relating to 2007	-	-	-	-	-	-	-
Allocation of profit of 2007 to dividends	-	-	-	-	-14 800	-	-14 800
Currency translation difference	-	-	-	-	-	-	-
Profit for 12 months of 2008	-	-	-	-	-	134 200	134 200
<b>As at 31 December, 2008</b>	<b>7 400 000</b>	-	-	-	<b>1 498 082</b>	<b>134 200</b>	<b>9 032 282</b>

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1 EUR = 0,702804 LVL

<b>Statement of changes in equity for the period from 01.01.2009 till 31.12.2009 (EUR)</b>							
	Share capital	Share premium	Other reserves	Currency translation reserves	Accumulated profit	Current period's profit	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at 1st January, 2009</b> <b>(0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>2 322 528</b>	-	<b>12 851 779</b>
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2008	-	-	-	-	-	-	-
Allocation of profit of 2008 to dividends	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for 12 months period 2009 <b>(0.702804)</b>	-	-	-	-	-	-1 484 242	<b>-1 484 242</b>
<b>As at 31 December, 2009 (0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>2 322 528</b>	<b>-1 484 242</b>	<b>11 367 537</b>
<b>1st January, 2008</b> <b>(0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>2 152 639</b>	-	<b>12 681 890</b>
Dividend relating to 2007	-	-	-	-	-	-	-
Allocation of profit of 2007 to dividends	-	-	-	-	-21 060	-	<b>-21 060</b>
Currency translation difference	-	-	-	-	-	-	-
Profit for 12 months period 2008 <b>(0.702804)</b>	-	-	-	-	-	190 949	<b>190 949</b>
<b>As at 31 December, 2008 (0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>2 131 579</b>	<b>190 949</b>	<b>12 851 779</b>

## Appendix

### **Explanatory notes**

Accounting policies and methods applied in present interim financial statement are consistent with those applied in last Annual Report.

This financial statement of JSC "Ditton pievakezu rupnica" has been prepared in accordance with the source documents and presents fairly the financial position of the JSC as of 31 December 2009 and the results of its operation and cash flows for the 12 months period ended 31 December 2009.

This financial report has been prepared in compliance with International Financial Reporting Standards on a going concern basis. Appropriate accounting policies have been applied on a consistent base.

The interim financial report for 12 months of 2009 has not been audited by jury auditor.

The interim report has been prepared in Latvian Lats and Euro.

Currency exchange rate: 1 EUR = 0,702804 LVL.

**Summary of financial results  
for 12 months of year 2009**

thous.LVL

Name of index	12 months of year 2009		Deviation ( + / - )
	forecast	in fact	
Production of commodity products	7 200	4 313	-2 887
Production of main products	7 182	4 264	-2 918
Production of driving chains	7 131	4 220	-2 911
incl. automotive	2 821	1 591	-1 230
industrial	4 310	2 629	-1 681
Sales volume	7 450	4 470	-2 980
Sales of main products	7 400	4 454	-2 946
Profit after taxes	35	-1 043	-1 078

thous.EUR

1 EUR = 0,702804 LVL

Name of index	12 months of year 2009		Deviation ( + / - )
	forecast	in fact	
Production of commodity products	10 245	6 137	-4 108
Production of main products	10 219	6 067	-4 152
Production of driving chains	10 147	6 005	-4 142
incl. automotive	4 014	2 264	-1 750
industrial	6 133	3 741	-2 392
Sales volume	10 600	6 360	-4 240
Sales of main products	10 529	6 337	-4 192
Profit after taxes	50	-1 484	-1 534

### **Explanations and analyses on separate items of financial reports**

#### Production of commodity products in the period of 12 months of year 2009 (thous.LVL/thous.EUR)

Output of commodity products is estimated in the amount 4 313 thous.LVL (6 137 thous.EUR). The result of reporting period is by 3 467 thous.LVL (4 933 thous.EUR) or 55% less than in 12 months period of previous year.

#### Production of driving chains in 12 months of 2009 (thous.meters)

Production of driving chains in natural units is by 2 221 thous.meters less than the forecast.

#### Production of driving chains in 12 months of year 2009 (thous.LVL/thous.EUR)

Production of driving chains in money terms is by 2 911 thous.LVL (4 142 thous.EUR) less than the forecast. The actual performance of reporting period is by 3 355 thous.LVL (4 774 thous.EUR) less than in the relevant period of previous year.

#### Sales (net-turnover) in 12 months of 2009 (thous. LVL/thous.EUR)

Net-turnover has been forecasted to amount to 7 450 thous.LVL (10 600 thous.EUR) in 12 months of year 2009, in fact it has been fulfilled in the amount of 4 470 thous.LVL (6 360 thous.EUR), decrease amounts to 2 980 thous.LVL (4 240 thous.EUR). The actual performance of the reporting period is by 2 897 thous. LVL (4 122 thous.EUR) or 39% less than the index of the same period of previous year.

#### Sales of main products in 12 months of 2009 (thous. LVL/ thous.EUR)

Sales of main products in the reporting period was by 2 946 thous.LVL (4 192 thous.EUR) less than the forecast, and it is by 2 878 thous.LVL (4 095 thous.EUR) or 39% less than the result of the relevant period of prior year.

Proceeds from other activities are by 1 291 thous.LVL (1 837 thous.EUR) less than the result of the relevant period of last year and they amounted to 460 thous.LVL (655 thous.EUR).