

**JSC „DITTON PIEVADKĒŽU RŪPNĪCA”**

**NON-AUDITED AND NON-CONSOLIDATED**

**FINANCIAL REPORT**

**FOR 3 MONTHS OF YEAR 2008**

**(01.01.2008 – 31.03.2008)**

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

Daugavpils

2008

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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	Nina Moiseeva, p.c. 200250-10263
Reporting period	01.01.2008 – 31.03.2008
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.

#### Members of the Management Board

Natalja Redzoba, elected 29.08.2003.

Jurijs Kostromins, elected 07.01.2004.

Vladimirs Kovalonoks, elected 09.05.2007.

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

<b>Members of the Management Board</b>	<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
Jurijs Kostromins	no shares	-
Vladimirs Kovalonoks	no shares	-

### **THE COUNCIL**

#### Chairman of the Council

Boriss Matvejevs (05.05.2005 – 05.05.2008)

#### Deputy Chairman of the Council

Georgijs Sorokins (05.05.2005 – 05.05.2008)

#### Members of the Council

Tatjana Lapunova (05.05.2005 – 05.05.2008)

Jevgenijs Glinkins (05.05.2005 – 05.05.2008)

Vitolds Vasilenoks (05.05.2005 – 05.05.2008)

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

<b>Members of the Management Board</b>	<b>Share ownership*</b>	
	<b>Quantity of shares</b>	<b>%</b>
Boriss Matvejevs	no shares	-
Georgijs Sorokins	5 768	0,08
Tatjana Lapunova	no shares	-
Jevgenijs Glinkins	no shares	-
Vitolds Vasilenoks	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 02.04.2007

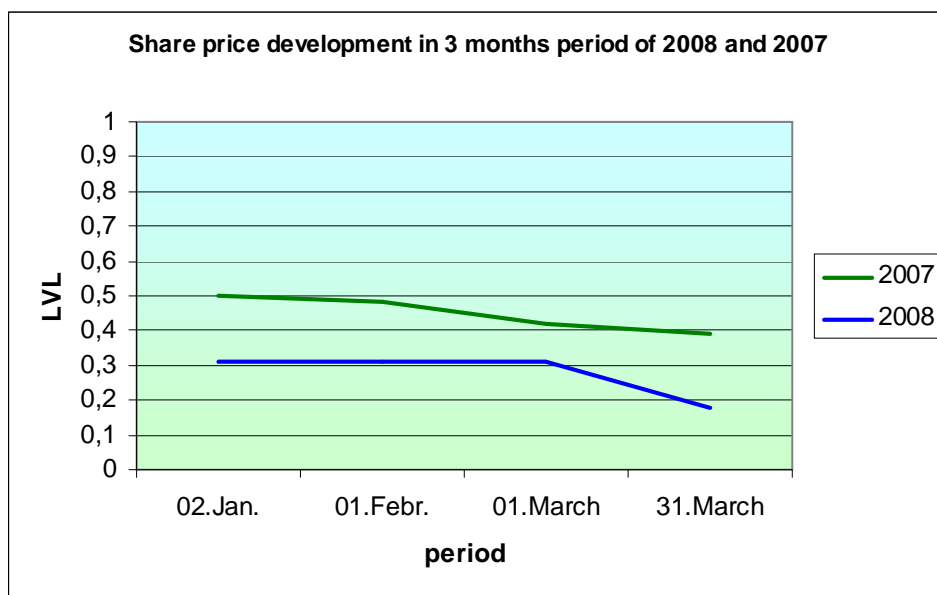
## INFORMATION ON SHAREHOLDERS AND SHARES

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

NAME	Ownership interest, %
Eduards Zavadskis	20,00 %
Vladislavs Driksne	20,00 %
Max Invest Holding SIA	13,16%
Steplux LLC	9,85%

### SHARE PRICE DEVELOPMENT

Share price development in 3 months period of 2008 and 2007



\* This data has been indicated as at 02.04.2007 in compliance with the list of shareholders of Latvian Central Depository. According to the Law on the Financial Instruments Market the Company has not received notifications from shareholders about changes in the volume of their financial instruments above 5%.

## MANAGEMENT REPORT

### Information on the results of the company in 3 months of year 2008

In 3 months of 2008 net-turnover in fact was fulfilled in the amount of 2 048 thous.LVL (2 914 thous.EUR) against the forecast 2 000 thous.LVL (2 846 thous.EUR), increase amounts to 48 thous.LVL (68 thous.EUR) or 2,4%. Compared to the level of previous year, net-turnover of the reporting period is by 395 thous.LVL (562 thous.EUR) or by 16,2% less.

Profit before taxes amounted to 1 479 thous.LVL (2 104 thous.EUR) in 3 months period of 2008, which is by 1 435 thous.LVL (2 042 thous.EUR) more than the forecast owing to the sale of non-business assets – land plot owned by the company. Profit after taxes amounts to 1 442 thous.LVL (2 052 thous.EUR).

Commodity output is estimated in the amount of 2 054 thous.LVL (2 923 thous.EUR). The result of this year is by 203 thous.LVL (289 thous.EUR) or by 9,0% less than the 3 months result of the last 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 554 in 3 months of year 2008.

The average salary amounted to 301 LVL (428 EUR) in 3 months period of 2008, which is by 43 LVL (61 EUR) more than in 3 months of 2007.

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

Market tendencies and development of the company are basing on price increase on metal products and raw materials used by the company for production. For instance, in three months period of this year the prices on metal products and raw materials used in production of the company's products have risen by 25-30% against the level of December of the last year, but on some types of steel products – even by 40-50%.

According to the analysts of the raw exchange market, at present there is the situation of 2004 recurring when an iron ore price rise by 71,5% provoked price increase on steel products by 40-60%, and it happened in economic recovery conditions. In its turn, at present there can be the processes of economic recession observed. It is expected that price increase on raw materials will continue in future. As the result, the above mentioned processes will affect outlet, products' price formation and net-turnover.

The Council and the Management Board was justified in supposing that the company's activity could be essentially affected by these circumstances, and they considered the issue on partial temporary suspending of the production until stabilization of the market.

The Management Board of the JSC is justified in supposing that this circumstance will substantially affect the expected output volume of the company for years 2008-2010.

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

Eduards Zavadskis

JSC "DITON PIEVADKEZU RUPNICA"  
FINANCIAL REPORT FOR 3 MONTHS OF 2008

<b>BALANCE SHEET</b>	<b>31.03.2008.</b>	<b>31.03.2007.</b>	<b>31.03.2008.</b>	<b>31.03.2007.</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>	105 076	-78 224	149 510	-111 303
<b>Short-term investments</b>	0	0	0	0
<b>Customer receivables</b>				
Debts of buyers and customers	4 486 516	5 444 927	6 383 737	7 747 433
Accounts receivable from related companies	0	154 730	0	220 161
Allowance for uncollectible receivables	-254 334	-391 150	-361 885	-556 556
<b>Total</b>	<b>4 232 182</b>	<b>5 208 507</b>	<b>6 021 852</b>	<b>7 411 038</b>
<b>Other receivables</b>				
Other current receivables	82 839	274 499	117 869	390 577
Short-term loans given	0	0	0	0
Derivative financial instruments	0	0	0	0
<b>Total</b>	<b>82 839</b>	<b>274 499</b>	<b>117 869</b>	<b>390 577</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	245 839	294 372	349 797	418 854
Other prepaid expenses	-	377	-	536
<b>Total</b>	<b>245 839</b>	<b>294 749</b>	<b>349 797</b>	<b>419 390</b>
<b>Inventories</b>				
Raw materials	1 121 864	980 005	1 596 269	1 394 421
Work-in-progress	318 551	247 695	453 257	352 438
Finished goods	1 010 102	626 312	1 437 246	891 162
Prepayments to suppliers	1 245 717	78 308	1 772 496	111 422
<b>Total</b>	<b>3 696 234</b>	<b>1 932 320</b>	<b>5 259 268</b>	<b>2 749 443</b>
<b>TOTAL CURRENT ASSETS</b>	<b>8 362 170</b>	<b>7 631 851</b>	<b>11 898 296</b>	<b>10 859 145</b>
<b>NON-CURRENT ASSETS</b>				
<b>Long-term financial assets</b>	-	<b>339 486</b>	-	<b>483 045</b>
incl. Shares in subsidiaries	-	220 695	-	314 021
<b>Total</b>	<b>-</b>	<b>339 486</b>	<b>-</b>	<b>483 045</b>
<b>Non-current physical assets</b>				
Land plots, buildings, equipment, costs on construction in progress	14 426 667	13 732 943	20 527 298	19 540 217
Other equipment and fixtures	356 883	441 883	507 799	628 743
Accumulated depreciation	10 199 632	9 476 111	14 512 769	13 483 291
<b>Total</b>	<b>4 583 918</b>	<b>4 698 715</b>	<b>6 522 328</b>	<b>6 685 669</b>
<b>Intangible assets</b>				
Purchased licenses, trademarks etc.	264	1 408	375	2 004
Goodwill	0	0	0	0
Prepayments for intangible assets	0	0	0	0
<b>Total</b>	<b>264</b>	<b>1 408</b>	<b>375</b>	<b>2 004</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4 584 182</b>	<b>5 039 609</b>	<b>6 522 703</b>	<b>7 170 718</b>
<b>TOTAL ASSETS</b>	<b>12 946 352</b>	<b>12 671 460</b>	<b>18 420 999</b>	<b>18 029 863</b>

1 EUR =

0.702804 LVL    0.702804 LVL

JSC "DITON PIEVADKEZU RUPNICA"  
FINANCIAL REPORT FOR 3 MONTHS OF 2008

<b>BALANCE SHEET</b>	<b>31.03.2008.</b>	<b>31.03.2007.</b>	<b>31.03.2008.</b>	<b>31.03.2007.</b>
<b>LIABILITIES &amp; OWNERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
<b>Debt obligations</b>				
Short-term loans from financial institutions	-	180 269	-	256 500
Derivative financial instruments	0	0	0	0
Short-term capital lease obligations	6 997	13 666	9 956	19 445
<b>Total</b>	<b>6 997</b>	<b>193 935</b>	<b>9 956</b>	<b>275 945</b>
<b>Customer prepayments for goods and services</b>	<b>14 382</b>	<b>13 286</b>	<b>20 464</b>	<b>18 904</b>
<b>Supplier payables</b>	<b>176 225</b>	<b>949 863</b>	<b>250 745</b>	<b>1 351 534</b>
<b>Total</b>	<b>190 607</b>	<b>963 149</b>	<b>271 209</b>	<b>1 370 438</b>
<b>Tax liabilities</b>	<b>161 200</b>	<b>286 749</b>	<b>229 367</b>	<b>408 007</b>
<b>Accrued expenses</b>				
Salary-related accrued expenses	143 665	140 679	204 417	200 168
Interest payable	29 531	31 693	42 019	45 095
<b>Total</b>	<b>173 196</b>	<b>172 372</b>	<b>246 436</b>	<b>245 263</b>
<b>Provisions</b>	<b>288 229</b>	<b>425 671</b>	<b>410 113</b>	<b>605 675</b>
<b>Total</b>	<b>288 229</b>	<b>425 671</b>	<b>410 113</b>	<b>605 675</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>820 229</b>	<b>2 041 876</b>	<b>1 167 081</b>	<b>2 905 328</b>
<b>NON-CURRENT LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Long-term liabilities</b>	<b>1 749 982</b>	<b>1 715 073</b>	<b>2 490 000</b>	<b>2 440 329</b>
Long-terms capital lease obligation	21 642	40 663	30 794	57 858
<b>Total</b>	<b>1 771 624</b>	<b>1 755 736</b>	<b>2 520 794</b>	<b>2 498 187</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2 591 853</b>	<b>3 797 612</b>	<b>3 687 875</b>	<b>5 403 515</b>
<b>TOTAL LIABILITIES</b>	<b>2 591 853</b>	<b>3 797 612</b>	<b>3 687 875</b>	<b>5 403 515</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>1 512 882</b>	<b>1 375 616</b>	<b>2 152 637</b>	<b>1 957 325</b>
<b>Net profit for the reporting period</b>	<b>1 441 617</b>	<b>98 232</b>	<b>2 051 237</b>	<b>139 772</b>
<b>Currency translation reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OWNERS' EQUITY</b>	<b>10 354 499</b>	<b>8 873 848</b>	<b>14 733 125</b>	<b>12 626 348</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>12 946 352</b>	<b>12 671 460</b>	<b>18 420 999</b>	<b>18 029 863</b>
	<b>1 EUR =</b>		<b>0.702804 LVL</b>	<b>0.702804 LVL</b>



JSC "DITON PIEVADKEZU RUPNICA"  
FINANCIAL REPORT FOR 3 MONTHS OF 2008

INCOME STATEMENT	31.03.2008. LVL	31.03.2007. LVL	31.03.2008. EUR	31.03.2007. EUR
Net sales	2 047 554	2 443 431	2 913 407	3 476 689
Other operating income	1 231 426	98 119	1 752 161	139 611
<b>Total income</b>	<b>3 278 980</b>	<b>2 541 550</b>	<b>4 665 568</b>	<b>3 616 300</b>
Direct cost of goods sold or services rendered	-515 279	-877 363	-733 176	-1 248 375
Marketing, advertising and public relations expenses	-2 521	0	-3 587	0
Bad receivables	0	0	0	0
Operating expenses	-15 493	-24 454	-22 045	-34 795
Salaries, bonuses and social expenses	-618 980	-587 966	-880 729	-836 600
Depreciation expense	-223 976	-240 311	-318 689	-341 932
Other expenses	-385 709	-637 990	-548 814	-907 778
<b>Operating expenses</b>	<b>-1 761 958</b>	<b>-2 368 084</b>	<b>-2 507 040</b>	<b>-3 369 480</b>
<b>EBIT</b>	<b>1 517 022</b>	<b>173 466</b>	<b>2 158 528</b>	<b>246 820</b>
Percents paid	-29 532	-31 693	-42 020	-45 095
<b>Financial items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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	-8 335	-1 976	-11 860	-2 812
<b>Financial items</b>	<b>-37 867</b>	<b>-33 669</b>	<b>-53 880</b>	<b>-47 907</b>
<b>Profit before extraordinary items and taxes</b>	<b>1 479 155</b>	<b>139 797</b>	<b>2 104 648</b>	<b>198 913</b>
<b>EBT</b>	<b>1 479 155</b>	<b>139 797</b>	<b>2 104 648</b>	<b>198 913</b>
Provisions for taxes	-37 538	-41 565	-53 411	-59 142
<b>Profit after taxes</b>	<b>1 441 617</b>	<b>98 232</b>	<b>2 051 237</b>	<b>139 771</b>
<b>Net profit</b>	<b>1 441 617</b>	<b>98 232</b>	<b>2 051 237</b>	<b>139 771</b>
<b>Index EPS</b>	<b>0.195</b>	<b>0.013</b>	<b>0.277</b>	<b>0.018</b>
	<b>1 EUR =</b>		<b>0.702804 LVL</b>	<b>0.702804 LVL</b>

JSC "DITON PIEVADKEZU RUPNICA"  
FINANCIAL REPORT FOR 3 MONTHS OF 2008

CASH FLOW STATEMENT	31.03.2008. LVL	31.03.2007. LVL	31.03.2008. EUR	31.03.2007. EUR
<b>CASH GENERATED FROM OPERATIONS</b>	<b>-1 556 505</b>	<b>+157 023</b>	<b>-2 214 707</b>	<b>+223 424</b>
Cash received from customers	-3 259 637	-1 219 893	-4 638 046	-1 735 751
Cash received from ML Group	0	0	0	0
Cash paid to suppliers and employees	+1 703 132	+1 376 916	+2 423 339	+1 959 175
Cash paid to suppliers and employees ML Group	0	0	0	0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>+2 845</b>	<b>-524 869</b>	<b>+4 048</b>	<b>-746 821</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	+2 845	-524 869	+4 048	-746 821
Cash paid for purchasing non-current physical assets ML Group	0	0	0	0
Cash received from the sale of non-current physical assets	0	0	0	0
Loans given	0	0	0	0
Interest received	0	0	0	0
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>+1 477 794</b>	<b>-64 537</b>	<b>+2 102 711</b>	<b>-91 828</b>
Long-term loans received	+1 507 982	-	+2 145 665	-
Short-term loans received	0	0	0	0
Repayment of short-term loans	-	-32 844	-	-46 733
Cash paid as capital lease payments	-656	-2 256	-934	-3 210
Paid interest	-29 532	-29 437	-42 020	-41 885
Paid interest ML Group	0	0	0	0
<b>TOTAL CASH FLOW</b>	<b>-75 866</b>	<b>-432 383</b>	<b>-107 948</b>	<b>-615 225</b>
Cash and cash equivalents as at the beginning of period	-180 942	-354 159	-257 457	-503 923
Cash and cash equivalents as at the end of period	+105 076	-78 224	+149 507	-111 302
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-75 866</b>	<b>-432 383</b>	<b>-107 948</b>	<b>-615 225</b>
	<b>1 EUR =</b>		<b>0.702804 LVL</b>	<b>0.702804 LVL</b>

JSC "DITON PIEVADKEZU RUPNICA"  
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<b>Statement of changes in equity for the period from 01.01.2008 till 31.03.2008 (LVL)</b>							
	Share capital	Share premium	Other reserves	Currency translation reserves	Accumulated profit	Current period's profit	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
<b>As at 1st January, 2008</b>	<b>7 400 000</b>	-	-	-	<b>1 512 882</b>	-	<b>8 912 882</b>
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2007	-	-	-	-	-	-	-
Allocation of profit of 2007 to dividends	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for 3 months of 2008	-	-	-	-	-	1 441 617	1 441 617
<b>As at 31 March, 2008</b>	<b>7 400 000</b>	-	-	-	<b>1 512 882</b>	<b>1 441 617</b>	<b>10 354 499</b>
<b>As at 1st January, 2007</b>	<b>7 400 000</b>	-	-	-	<b>1 375 616</b>	-	<b>8 775 616</b>
Dividend relating to 2006	-	-	-	-	-	-	-
Allocation of profit of 2006 to dividends	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for 3 months of 2007	-	-	-	-	-	98 232	98 232
<b>As at 31 March, 2007</b>	<b>7 400 000</b>	-	-	-	<b>1 375 616</b>	<b>98 232</b>	<b>8 873 848</b>

JSC "DITON PIEVADKEZU RUPNICA"  
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1 EUR = 0,702804 LVL

<b>Statement of changes in equity for the period from 01.01.2008 till 31.03.2008 (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, 2008</b> <b>(0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>2 152 637</b>	-	<b>12 681 888</b>
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2007	-	-	-	-	-	-	-
Allocation of profit of 2007 to dividends	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for the current period <b>(0.702804)</b>	-	-	-	-	-	2 051 236	<b>2 051 236</b>
<b>As at 31 March, 2008</b> <b>(0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>2 152 637</b>	<b>2 051 236</b>	<b>14 733 124</b>
<b>1st January, 2007</b> <b>(0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>1 957 325</b>	-	<b>12 486 576</b>
Dividend relating to 2006	-	-	-	-	-	-	-
Allocation of profit of 2006 to dividends	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for the current period <b>(0.702804)</b>	-	-	-	-	-	139 771	<b>139 771</b>
<b>As at 31 March, 2007</b> <b>(0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>1 957 325</b>	<b>139 771</b>	<b>12 626 347</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 March 31, 2008 and the results of its operation and cash flows for the 3 months period ended 31 March 2008.

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 3 months of 2008 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 3 months of year 2008**

thous.LVL

Name of index	Forecast for 2008	3 months of year 2008		Deviation (+ / -)
		forecast	in fact	
Production of commodity products	8 450	2 045	2 054	+9
Production of main products	8 416	2 037	2 042	+5
Driving chains	8 311	1 988	1 989	+1
incl. automotive	3 466	830	914	+84
industrial	4 845	1 158	1 075	-83
Sales volume	8 700	2 000	2 048	+48
Sales of main products	8 660	1 990	2 040	+50
Profit after taxes	40	10	1 442	+1 432

thous.EUR

1 EUR = 0.702804 LVL

Name of index	Forecast for 2008	3 months of year 2008		Deviation (+ / -)
		forecast	in fact	
Production of commodity products	12 023	2 910	2 923	+13
Production of main products	11 975	2 898	2 906	+8
Driving chains	11 826	2 829	2 830	+1
incl. automotive	4 932	1 181	1 300	+119
industrial	6 894	1 648	1 530	-118
Sales volume	12 379	2 846	2 914	+68
Sales of main products	12 322	2 832	2 903	+71
Profit after taxes	57	14	2 052	+2 038

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

#### Production of commodity products in the period of 3 months of year 2008 (thous.LVL/thous.EUR)

Output of commodity products is estimated in the amount 2 054 thous.LVL (2923 thous.EUR). The result of reporting period is by 203 thous.LVL (289 thous.EUR) or 9,0% less than the result of relevant period of 2007.

#### Production of driving chains in 3 months of 2008 (thous.meters)

Production of driving chains in natural units is by 64 thous.meters less than the forecast.

#### Production of driving chains in 3 months of year 2008 (thous.LVL/thous.EUR)

Production of driving chains in money terms exceeded the forecast by 1 thous.LVL (1,4 thous.EUR), and it was by 189 thous.LVL (269 thous.EUR) less than in the relevant period of previous year.

#### Sales (net-turnover) in 3 months of 2008 (thous. LVL/thous.EUR)

Net-turnover has been forecasted to amount to 2 000 thous.LVL (2 846 thous.EUR) in 3 months of year 2008, in fact it has been fulfilled in the amount of 2 048 thous.LVL (2 914 thous.EUR), increase amounts to 48 thous.LVL (68 thous.EUR). The index of this reporting period is by 395 thous. LVL (562 thous.EUR) or 16,2% lower than the index of the same period of previous year.

#### Sales of main products in 3 months of 2008 (thous. LVL/ thous.EUR)

Sales of main products in the reporting period was by 50 thous.LVL (71 thous.EUR) more than the forecast, but it is by 394 thous.LVL (561 thous.EUR) or 16,2% less than the result of the relevant period of prior year.

Proceeds from other activities exceeded the result of the relevant period of last year by 1 135 thous.LVL (1 615 thous.EUR), and they amounted to 1 243 thous.LVL (1 769 thous.EUR).