

**JSC „DITTON PIEVADKĒŽU RŪPNĪCA”**

**NON-AUDITED AND NON-CONSOLIDATED  
FINANCIAL REPORT**

**FOR 3 MONTHS OF YEAR 2013**

**(01.01.2013 – 31.03.2013)**

Prepared in accordance with Latvian statutory requirements  
and AS “NASDAQ OMX Riga” rules

Daugavpils

2013

JSC "DITTON PIEVADKEZU RUPNICA"  
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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	01.01.2013 – 31.03.2013

Persons in charge for drawing up of the financial report:

Mr. Boriss Matvejevs, phone +371 65402333,  
e-mail: [dpr@dpr.lv](mailto:dpr@dpr.lv)

Ms. Natalja Redzoba, phone +371 65402333,  
e-mail: [dpr@dpr.lv](mailto:dpr@dpr.lv)

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

### **THE MANAGEMENT BOARD**

#### Chairman of the Management Board

Pjotrs Dorofejevs, elected 05.07.2010 (Member of the Management Board from 29.08.2003)

#### Members of the Management Board

Natalja Redzoba, elected 29.08.2003.

Jevgenijs Sokolovskis, elected 05.07.2010

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

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

	Share ownership *	
	Quantity of shares	%
Pjotrs Dorofejevs	no shares	-
Natalja Redzoba	no shares	-
Jevgenijs Sokolovskis	1 900	0,03

### **THE COUNCIL**

#### Chairman of the Council

Boriss Matvejevs, elected 05.05.2005

#### Deputy Chairmen of the Council

Georgijs Sorokins, elected 06.11.2000

Inga Goldberga, elected 14.08.2009

#### Members of the Council

Anzelina Titkova, elected 14.08.2009

Vladimir Bagaev, elected 28.05.2012

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

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

	Share ownership *	
	Quantity of shares	%
Boriss Matvejevs	no shares	-
Georgijs Sorokins	5 768	0,08
Inga Goldberga	no shares	-
Anzelina Titkova	no shares	-
Vladimir Bagaev	700 000	9,46

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 31.05.2013

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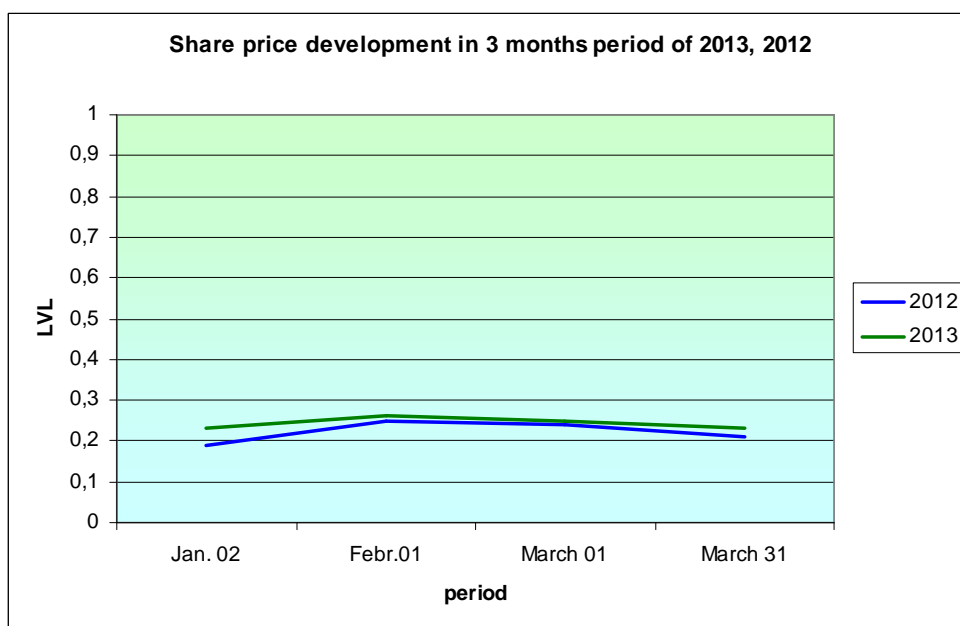
**INFORMATION ON SHAREHOLDERS AND SHARES**

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

NAME	Ownership interest, %
Eduards Zavadskis	20,00
Vladislavs Driksne	19,92
MAX Invest Holding SIA	13,63
Maleks S SIA	13,50
Vladimir Bagaev	9,46

*\* Note: Information is presented on the basis of the list of shareholders of JSC „Ditton pievadķēžu rūpnīca” dated 17.05.2013, taking into account the shareholders’ notifications on acquisition and disposal significant holding in the Issuer’s equity.*

**SHARE PRICE DEVELOPMENT**



## **MANAGEMENT REPORT**

### **Information on the results of the company in 3 months of year 2013**

In 3 months period of 2013 net-turnover was fulfilled in the amount of 1 576 thous.LVL (2 242 thous.EUR), which compared to the forecast is by 324 thous.LVL (461 thous.EUR) or 17% less. Compared to the level of previous year, net-turnover of the reporting period is by 1 228 thous.LVL (1 747 thous.EUR) or by 44% less.

Loss before taxes amounted to 315 thous.LVL (448 thous.EUR) in 3 months period of 2013. Loss after taxes amounts to 325 thous.LVL (462 thous.EUR).

Commodity output is estimated in the amount of 993 thous.LVL (1 413 thous.EUR). The result of 3 months of 2013 is by 827 thous.LVL (1 177 thous.EUR) or by 45% lower than in the relevant period of previous year.

At present the company exports 99% of its products to the East and West: among them 68% eastwards and 31% westwards; 1% of products are sold on domestic market.

The average statistical number of employees of JSC "Ditton pievadķēžu rūpnīca" was 328 employees in 3 months of year 2013.

The average salary amounted to 254 LVL (361 EUR) in 3 months period of 2013, which is by 76 LVL (109 EUR) less than in 3 months of 2012.

### **Significant events. Market tendencies and development of the company. Risks.**

The activity of the Company in the first quarter of 2013 gives the ground to consider that in the world economy trends of the so-called "second wave" of global economic crisis are intensifying which has been forecasted by financial analysts of the European Union. Despite some increase and a subsequent stabilization of the market between 2010 and 2011, the Company, for its part, also informed the shareholders and investors about its forecasts in respect of negative effects of this "second wave" of the crisis on economic activity and a potential decline in industrial production.

The general forecast of the Management Board for the drop in the Company's production due to the fact that the Company is integrated in global economy and is dependent on market activity and demand is up to date. Topical is also an evaluation of the activity in different market segments as well as information about other negative factors affecting the Company's activity.

More detailed information about intensification of crisis appearances and increase of the risk for the Company to operate at a loss is set out in the Management Report of the Annual Report for 2012. All the information set out in this report is valid.

The losses of the first quarter have been predetermined also by a traditional seasonal decline in demand for the Company's products in the market, and consequently, the decline in production volumes on the background of retention and growth of costs of "winter period" (up to 10%) for property maintenance (first of all – energy resources). According to forecasts of the Management Board the Company's performance in the coming quarters will allow to balance the overall results of the activity by covering or significantly reducing these losses, unless the current economic in the global market will significantly slowdown.

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For localization and reduction of the above adverse conditions the Company is continuing 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.

**STATEMENT ABOUT MANAGEMENT LIABILITY**

According to our information, the presented financial statements for 3 months of year 2013 ended 31 March 2013 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"

Pjotrs Dorofejevs

JSC "DITTON PIEVADKEZU RUPNICA"  
**FINANCIAL REPORT FOR 3 MONTHS OF 2013**

**BALANCE SHEET**

*1 EUR = 0,702804 LVL*

ASSETS	31.03.2013 LVL	31.03.2013 EUR	31.03.2012 LVL	31.03.2012 EUR
<b>1. Long-term investments</b>				
<b>I. Non-material investments</b>				
Concessions, patents, licenses, trade marks and similar rights	1 271	1 808	520	740
Other non-material investments	3 072 624	4 371 950	4 189 942	5 961 750
<b>Non-material investments total</b>	<b>3 073 895</b>	<b>4 373 758</b>	<b>4 190 462</b>	<b>5 962 490</b>
<b>II. Fixed assets</b>				
Plots of land, buildings and constructions	1 080 691	1 537 685	1 612 177	2 293 921
Technological equipment and machinery	15 718	22 365	32 602	46 388
Other fixed assets and stock	18 136	25 805	26 133	37 184
Formation of fixed assets and costs of unfinished construction objects	31 222	44 425	31 222	44 425
<b>Fixed assets total</b>	<b>1 145 767</b>	<b>1 630 280</b>	<b>1 702 134</b>	<b>2 421 918</b>
<b>III. Long-term financial investments</b>				
Participation in the capital of other companies	47 200	67 160	47 200	67 160
Long-term loans	-	-	404 856	576 058
Assets of deferred tax	193 748	275 678	148 108	210 739
<b>Long-term financial investments total</b>	<b>240 948</b>	<b>342 838</b>	<b>600 164</b>	<b>853 957</b>
<b>1. Long-term investments total</b>	<b>4 460 610</b>	<b>6 346 876</b>	<b>6 492 760</b>	<b>9 238 365</b>
<b>2. Current assets</b>				
<b>I. Reserves</b>				
Raw materials, basic materials and subsidiary materials	656 595	934 251	743 246	1 057 544
Unfinished products	231 709	329 692	322 865	459 396
Finished products and goods for sale	184 712	262 821	314 103	446 928
Advance payments for goods	33 678	47 919	111 504	158 656
<b>Reserves total</b>	<b>1 106 694</b>	<b>1 574 683</b>	<b>1 491 718</b>	<b>2 122 524</b>
<b>II. Debtors</b>				
Debts of buyers and customers	5 531 324	7 870 365	3 445 412	4 902 380
Other debtors	280 798	399 540	227 040	323 048
<b>Debtors total</b>	<b>5 812 122</b>	<b>8 269 905</b>	<b>3 672 452</b>	<b>5 225 428</b>
<b>IV. Cash and cash equivalents</b>	<b>106 202</b>	<b>151 112</b>	<b>150 871</b>	<b>214 670</b>
<b>2. Current assets total</b>	<b>7 025 018</b>	<b>9 995 700</b>	<b>5 315 041</b>	<b>7 562 622</b>
<b><u>TOTAL ASSETS</u></b>	<b><u>11 485 628</u></b>	<b><u>16 342 576</u></b>	<b><u>11 807 801</u></b>	<b><u>16 800 987</u></b>



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**BALANCE SHEET**

*1 EUR = 0,702804 LVL*

<b>LIABILITIES</b>	<b>31.03.2013</b>	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>31.03.2012</b>
	<b>LVL</b>	<b>EUR</b>	<b>LVL</b>	<b>EUR</b>
<b>1. Equity capital</b>				
Fixed capital	7 400 000	10 529 251	7 400 000	10 529 251
Retained earnings:				
a) retained earnings of previous years	1 081 964	1 539 496	1 090 469	1 551 598
b) profit / (loss) of reporting period	-325 220	-462 746	83 557	118 891
<b>1. Equity capital total</b>	<b>8 156 744</b>	<b>11 606 001</b>	<b>8 574 026</b>	<b>12 199 740</b>
<b>2. Long-term creditors:</b>				
Loans from credit institutions	1 242 447	1 767 843	1 269 113	1 805 785
<b>2. Long-term creditors total</b>	<b>1 242 447</b>	<b>1 767 843</b>	<b>1 269 113</b>	<b>1 805 785</b>
<b>3. Short-term creditors:</b>				
Loans from credit institutions	478 610	681 001	541 914	771 074
Other loans	116 733	166 096	136 062	193 599
Advance payments received from customers	8 697	12 375	30 033	42 733
Debts to suppliers and contractors	1 126 793	1 603 282	983 764	1 399 770
Taxes and compulsory social security contributions	181 735	258 586	78 808	112 134
Other creditors	107 882	153 502	135 390	192 642
Accumulated liabilities	65 987	93 890	58 691	83 510
<b>3. Short-term creditors total</b>	<b>2 086 437</b>	<b>2 968 732</b>	<b>1 964 662</b>	<b>2 795 462</b>
<b>Creditors total</b>	<b>3 328 884</b>	<b>4 736 575</b>	<b>3 233 775</b>	<b>4 601 247</b>
<b><u>LIABILITIES TOTAL</u></b>	<b><u>11 485 628</u></b>	<b><u>16 342 576</u></b>	<b><u>11 807 801</u></b>	<b><u>16 800 987</u></b>

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**INCOME STATEMENT**

	31.03.2013	31.03.2013	31.03.2012	31.03.2012
	LVL	EUR	LVL	EUR
			<i>1 EUR = 0,702804 LVL</i>	
Net turnover	1 576 306	2 242 881	2 804 368	3 990 256
Production cost of sold products	-1 468 303	-2 089 207	-2 254 805	-3 208 298
<b>Gross profit</b>	<b>108 003</b>	<b>153 674</b>	<b>549 563</b>	<b>781 958</b>
Selling costs	-279 330	-397 451	-279 329	-397 449
Administration costs	-134 290	-191 077	-144 221	-205 210
Other operating income	28 794	40 970	8 004	11 389
Other operating expenses	-18 244	-25 959	-14 193	-20 195
Interest payment and similar expenses	-19 482	-27 720	-25 227	-35 895
<b>Profit / (loss) before taxes</b>	<b>-314 549</b>	<b>-447 563</b>	<b>94 597</b>	<b>134 598</b>
Other taxes	-10 671	-15 183	-11 040	-15 708
<b>Profit / (loss) of reporting period</b>	<b><u>-325 220</u></b>	<b><u>-462 746</u></b>	<b><u>83 557</u></b>	<b><u>118 890</u></b>
<b>Index EPS</b>	<b>-0.044</b>	<b>-0.063</b>	<b>0.011</b>	<b>0.016</b>

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**STATEMENT OF CASH FLOW**

*1 EUR = 0,702804 LVL*

	31.03.2013 LVL	31.03.2013 EUR	31.03.2012 LVL	31.03.2012 EUR
<b>I. Cash flow of basic activity</b>				
1. Profit / (loss) before taxes	-314 549	-447 563	94 597	134 599
<i>Corrections:</i>				
Depreciation of fixed assets	138 118	196 525	154 222	219 439
Amortization of non-material investments	75	107	29	41
Interest expense	19 482	27 720	25 227	35 895
Amortization share of other non-material investments	279 329	397 449	279 329	397 449
Income from sale of fixed assets	-	-	-351	-499
2. Profit / (loss) from economic activity in reporting period	122 455	174 238	553 053	786 924
<i>Corrections in current assets and short-term creditors:</i>				
In Debtors	-287 038	-408 418	-1 104 138	-1 571 047
In Reserves	189 893	270 193	-18 241	-25 955
In Creditors	28 902	41 124	436 312	620 816
3. Cash flow of basic activity	54 212	77 137	-133 014	-189 262
4. Expenses on tax payments (corporate income tax and tax on immovable property)	-10 671	-15 183	-11 040	-15 708
<b>Cash flow of basic activity</b>	<b><u>43 541</u></b>	<b><u>61 954</u></b>	<b><u>-144 054</u></b>	<b><u>-204 970</u></b>
<b>II. Cash flow of investing activity</b>				
Loans issued	-	-	214 334	304 970
Purchase of fixed assets	-	-	-15 923	-22 656
Income from sale of fixed assets	-	-	351	499
<b>Cash flow of investing activity</b>	<b>=</b>	<b>=</b>	<b><u>198 762</u></b>	<b><u>282 813</u></b>
<b>III. Cash flow of financing activity</b>				
Loans (repaid) / received, net	-21 644	-30 797	-42 977	-61 151
Interest paid	-19 482	-27 720	-25 227	-35 895
<b>Cash flow of financing activity</b>	<b><u>-41 126</u></b>	<b><u>-58 517</u></b>	<b><u>-68 204</u></b>	<b><u>-97 046</u></b>

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**CONSOLIDATED DATA ON CASH INCOME AND EXPENSES**

*1 EUR = 0,702804 LVL*

	31.03.2013 LVL	31.03.2013 EUR	31.03.2012 LVL	31.03.2012 EUR
Cash flow of basic activity, net	43 541	61 954	-144 054	-204 970
Cash flow of investing activity, net	-	-	198 762	282 813
Cash flow of financing activity, net	-41 126	-58 517	-68 204	-97 046
Growth of cash and cash equivalents	2 415	3 437	-13 496	-19 203
Balance of cash and cash equivalents at the beginning of reporting period	<u>103 787</u>	<u>147 675</u>	<u>164 367</u>	<u>233 873</u>
Balance of cash and cash equivalents at the end of reporting period	<u>106 202</u>	<u>151 112</u>	<u>150 871</u>	<u>214 670</u>

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<b>Statement of changes in equity for the period from 01.01.2013 till 31.03.2013 (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, 2013</b>	<b>7 400 000</b>	-	-	-	<b>1 081 964</b>	-	<b>8 481 964</b>
Profit for 3 months of 2013	-	-	-	-	-	-325 220	<b>-325 220</b>
<b>As at 31 March, 2013</b>	<b>7 400 000</b>	-	-	-	<b>1 081 964</b>	<b>-325 220</b>	<b>8 156 744</b>
<b>As at 1st January, 2012</b>	<b>7 400 000</b>	-	-	-	<b>1 090 469</b>	-	<b>8 490 469</b>
Profit for 3 months of 2012	-	-	-	-	-	83 557	<b>83 557</b>
<b>As at 31 March, 2012</b>	<b>7 400 000</b>	-	-	-	<b>1 090 469</b>	<b>83 557</b>	<b>8 574 026</b>

*1 EUR = 0,702804 LVL*

<b>Statement of changes in equity for the period from 01.01.2013 till 31.03.2013 (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, 2013</b> <i>(0.702804)</i>	<b>10 529 251</b>	-	-	-	<b>1 539 496</b>	-	<b>12 068 747</b>
Profit for 3 months period 2013 <i>(0.702804)</i>	-	-	-	-	-	-462 746	<b>-462 746</b>
<b>As at 31 March, 2013</b> <i>(0.702804)</i>	<b>10 529 251</b>	-	-	-	<b>1 539 496</b>	<b>-462 746</b>	<b>11 606 001</b>
<b>1st January, 2012</b> <i>(0.702804)</i>	<b>10 529 251</b>	-	-	-	<b>1 551 598</b>	-	<b>12 080 849</b>
Profit for 3 months period 2012 <i>(0.702804)</i>	-	-	-	-	-	118 891	<b>118 891</b>
<b>As at 31 March, 2012</b> <i>(0.702804)</i>	<b>10 529 251</b>	-	-	-	<b>1 551 598</b>	<b>118 891</b>	<b>12 199 740</b>

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Appendix

**Explanatory notes**

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

This financial statement of JSC "Ditton pievadkezu rupnica" has been prepared in accordance with the source documents and presents fairly the financial position of the JSC as of 31 March 2013 and the results of its operation and cash flows for the 3 months period ended 31 March 2013.

This financial report has been prepared in compliance with statutory regulations of the Republic of Latvia on a going concern basis. Appropriate accounting policies have been applied on a consistent base.

The interim financial report for 3 months of 2013 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.

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

#### Production of commodity products in the period of 3 months of year 2013 (thous.LVL/thous.EUR)

Output of commodity products is estimated in the amount 993 thous.LVL (1 413 thous.EUR). The result of reporting period is by 827 thous.LVL (1 177 thous.EUR) or 45% less than in 3 months period of previous year.

#### Production of driving chains in 3 months of 2013 (thous.meters)

Production of driving chains in natural units is by 509 thous.meters less than in 3 months period of previous year.

#### Production of driving chains in 3 months of year 2013 (thous.LVL/thous.EUR)

In 3 months of this year there have been driving chains produced in money terms in the amount of 970 thous.LVL (1 380 thous.EUR). The actual performance of reporting period is by 827 thous.LVL (1 177 thous.EUR) lower than in the relevant period of previous year.

#### Sales (net-turnover) in 3 months of 2013 (thous. LVL/thous.EUR)

Net-turnover has been in fact fulfilled in the amount of 1 576 thous.LVL (2 242 thous.EUR). The actual performance of the reporting period is by 1 228 thous.LVL (1 747 thous.EUR) or 44% less than the index of the same period of previous year.

#### Sales of main products in 3 months of 2013 (thous. LVL/ thous.EUR)

Sales of main products in the reporting period amounted to 1 369 thous.LVL (1 948 thous.EUR), and it is by 910 thous.LVL (1 295 thous.EUR) or 60% less than the result of the relevant period of prior year.