

JSC DITTON PIEVADĶĒŽU RŪPNĪCA

Reg.No. 40003030187

Višķu street 17, Daugavpils, LV-5410 Latvia

FINANCIAL REPORT

FOR 3 MONTHS OF YEAR 2017

(01.01.2017. – 31.03.2017.)

(Not subject to audit by the independent sworn auditor)

Prepared in accordance with Financial Instruments Market Law and Law On the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia

Daugavpils

2017

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INFORMATION ABOUT THE COMPANY

Company name	Ditton pievadķēžu rūpnīca
Legal status	Joint Stock Company
Registrations number	40003030187
Registration in Register of Enterprises	Rīga, 03.10.1991
Registration in Commercial Register Office	Rīga, 29.08.2003
Legal address	Višķu St. 17, Daugavpils, LV-5410, Latvia
Mailing address	Višķu St. 17, Daugavpils, LV-5410, Latvia
Fixed capital	10,360,000 EUR
Number of public bearer shares	7 400 000
Nominal value of one share	1.40 EUR
Chief accountant	Valentīna Krivoguzova
Reporting period	01.01.2017 – 31.03.2017

Persons in charge for drawing up of the financial report:

Mr. Boriss Matvejevs, phone +371 65402333, email: dpr@dpr.lv

Ms. Natalja Redzoba, phone +371 65402333, email: dpr@dpr.lv

INFORMATION ON MANAGEMENT BOARD AND COUNCIL MEMBERS

THE MANAGEMENT BOARD

Chairman of the Management board

Rolands Zarāns, elected 15.01.2014

Member of the Management board

Natalja Redzoba, re-elected 10.01.2017 (elected since 29.08.2003)

Information on shares owned by Members of the Management board

Members of the Management board	Share ownership*	
	Quantity of shares	%
Rolands Zarāns	no shares	-
Natalja Redzoba	no shares	-

THE COUNCIL

Chairman of the Council

Boriss Matvejevs, re-elected 15.02.2017 (elected since 05.05.2005)

Deputy Chairman of the Council

Georgijs Sorokins, re-elected 15.02.2017 (elected since 06.11.2000)

Members of the Council

Anželina Titkova, re-elected 15.02.2017 (elected 14.08.2009)

Genādijs Zavadskis, elected 15.02.2017

Vadims Kazačonoks, elected 15.02.2017

Information on shares owned by Members of the Council

Members of the Council	Share ownership*	
	Quantity of shares	%
Boriss Matvejevs	no shares	-
Georgijs Sorokins	5 768	0,08
Anželina Titkova	no shares	-
Genādijs Zavadskis	no shares	-
Vadims Kazačonoks	no shares	-

For more detailed information on professional background of members of the Management board and of the Council, please refer to our website: www.dpr.lv.

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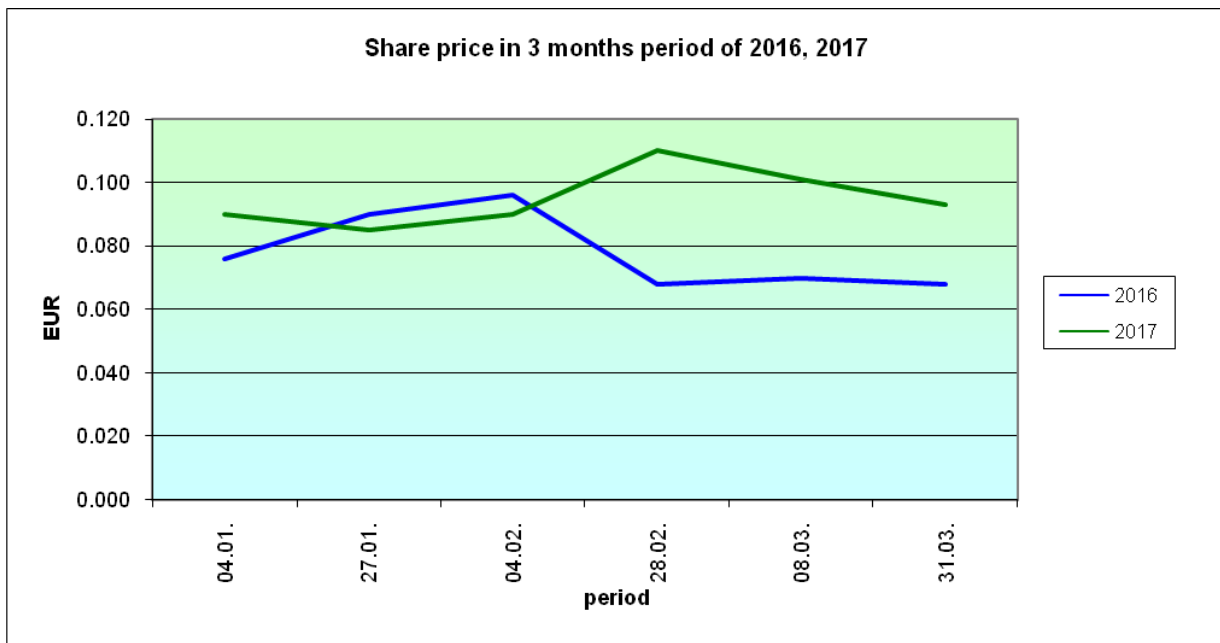
MAJOR SHAREHOLDERS (OVER 5%)*

NAME	Ownership interest %
Vladislavs Driksne	19,92
MAX Invest Holding Ltd.	13,63
Maleks S Ltd.	13,30
DVINSK MNG Ltd.	9,46

** Note: 1) The Company does not keep any Shareholder Register. Information presented is provided and updated in accordance with the lists of shareholders of the JSC Ditton pievadķēžu rūpnīca as at 15.02.2017., which is prepared by JSC Latvian Central Depository for shareholders` meeting due to the Commercial Law and the Financial Instruments Market Law of the Republic of Latvia, taking into account the shareholders` notifications of the acquisition and disposal major holding in the Issuer`s equity in accordance with the section 61 of the Financial Instruments Market Law.*

2) As at 31.03.2017, there was no distribution of stocks (20%) among heirs of the former shareholder E. Zavadskis. Inheritance rights to these shares are not defined.

SHARE PRICE DEVELOPMENT



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STATEMENT ABOUT MANAGEMENT LIABILITY

The Management declares that the interim report for 3 months of the year 2017 has been prepared in compliance with the existing legislative requirements of the Republic of Latvia and of the European Union, incl. internal procedures and regulations.

According to the information at our disposal, it gives a true and fair view of the assets, liabilities, financial standing and profits of the Company, incl. changes in equity.

The Management board assures that this financial report for 3 months of 2017 contains truthful information and that revenue recognition principle and assessment methods applied by its preparation are consistent with those applied in the last Annual Report.

The Management states herewith that the information set out in the Management statement to the financial statements for the year 2016 has no significant changes and is up to date.

Chairman of the Management board
of JSC Ditton pievadķēžu rūpnīca

Rolands Zarāns

JSC DITON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 3 MONTHS OF 2017

BALANCE SHEET

ASSETS	31.03.2017	31.03.2016
	EUR	EUR
Long-term investments		
Intangible investments		
Concessions, patents, licenses, trademarks and similar rights	19 911	522
Total intangible investments	19 911	522
Fixed assets		
Land, buildings and engineering structures	4 446 799	4 589 243
Technological equipment and devices	722 693	24 681
Other fixed assets and inventory	23 305	34 825
Costs of the establishment of fixed assets and unfinished building objects	12 649	12 649
Total fixed assets	5 205 446	4 661 398
Long-term financial investments		
Other securities and investments	67 160	67 160
Total long-term financial investments	67 160	67 160
Total long-term investments	5 292 517	4 729 080
Current assets		
Inventories		
Raw materials, consumables and supplies	518 116	486 466
Work in progress	182 801	200 875
Finished products and goods for sale	217 648	310 261
Advance payments for inventories	1 575 652	1 582 813
Total inventories	2 494 217	2 580 415
Debtors		
Trade receivables	1 436 720	672 597
Other debtors	23 017	84 778
Total debtors	1 459 737	757 375
Cash	4 942	74 640
Total current assets	3 958 896	3 412 430
<u>TOTAL ASSETS</u>	<u>9 251 413</u>	<u>8 141 510</u>

JSC DITTON PIEVADĶĒŽU RŪPNĪCA
FINANCIAL REPORT FOR 3 MONTHS OF 2017
BALANCE SHEET

LIABILITIES	31.03.2017	31.03.2016
	EUR	EUR
1. Equity		
Stock or share capital (equity capital)	10 360 000	10 360 000
Reserves:		
Other reserves	169 251	169 251
Retained profits or uncovered losses brought forward from the previous years	(9 889 370)	(9 907 291)
Profit or loss of the reporting year	286 412	(522 525)
Total equity	926 293	99 435
 Long-term creditors		
Loans from credit institutions	1 858 390	-
Next period income	1 038 793	1 099 313
Total long-term creditors	2 897 183	1 099 313
 Short-term creditors:		
Loans from credit institutions	126 244	2 054 223
Other loans	281 613	328 607
Prepayments received from purchasers	38 900	36 460
Accounts payable to suppliers and contractors	4 032 915	3 626 687
Taxes and State mandatory social insurance payments	443 980	221 901
Other creditors	377 655	578 054
Next period income	45 390	45 390
Accrued obligations	81 240	51 440
Total short-term creditors	5 427 937	6 942 762
Total creditors	8 325 120	8 042 075
 <u>TOTAL LIABILITIES</u>	 <u>9 251 413</u>	 <u>8 141 510</u>

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INCOME STATEMENT

	31.03.2017	31.03.2016
	EUR	EUR
Net turnover	1 697 664	1 368 741
Production costs of goods sold, purchase costs of goods sold or services rendered	(1 240 598)	(1 852 568)
Gross profit or loss	457 065	(483 827)
Sales costs	(3 236)	(7 128)
Administrative expenses	(148 431)	(147 564)
Other income from operating activities	24 805	146 891
Other costs of operating activities	(24 853)	(30 352)
Interest payments and similar expenses	(18 939)	(545)
• <i>from other persons</i>	<i>(18 939)</i>	<i>(545)</i>
Profit or loss before enterprise income tax	286 412	(522 525)
Enterprise income tax	-	-
Profit or loss for the fiscal period	<u>286 412</u>	<u>(522 525)</u>
Minority interest	0.039	(0.071)

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CASH FLOW STATEMENT

	31.03.2017	31.03.2016
	EUR	EUR
I. Cash flows from operating activities		
1. Profit or loss before enterprise income tax	286 412	(522 525)
<i>Adjustments to:</i>		
Depreciation of fixed assets	63 058	43 605
Amortization of intangible assets	1 274	108
Interest payments and similar income	18 939	545
2. Profit or loss before adjustments to fixed assets and short-term creditors	369 683	(478 267)
<i>Adjustments to Current assets and Short-term creditors:</i>		
Increase or decrease in accounts receivables	(101 714)	11 989
Increase or decrease in inventories	(247 789)	11 559
Increase or decrease in accounts payable to suppliers, contractors and other creditors	30 983	732 980
3. Gross cash flow from operating activities	51 163	278 261
Net cash provided by operating activities	<u>51 163</u>	<u>278 261</u>
II. Cash flows of investing activities		
Purchases of fixed assets	(9 889)	(27 750)
Net cash used in investing activities	<u>(9 889)</u>	<u>(27 750)</u>
III. Cash flows from financing activities		
Proceeds from borrowings or repayment of borrowings, net	(28 189)	(240 000)
Subsidies, grants, gifts or donations received	(15 130)	(15 130)
Net cash used in financing activities	<u>(43 319)</u>	<u>(255 130)</u>

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CASH FLOW STATEMENT
SUMMURY

	31.03.2017 EUR	31.03.2016 EUR
Net cash flow of the reporting year	(2 045)	(4 619)
Cash and cash equivalents at the beginning of fiscal period	6 987	79 259
Cash and cash equivalents at the end of fiscal period	4 942	74 640

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STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.2017 till 31.03.2017

	Equity capital	Other reserves	Retained profit of previous periods	Profit or loss of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
At 1 January 2016	10 360 000	-	(9 907 291)	-	452 709
Other reserves	-	169 251	-	-	169 251
Loss of 3 months period 2016	-	-	-	(522 525)	(522 525)
At 31 March 2016	10 360 000	169 251	(9 907 291)	(522 525)	99 435
At 1 January 2017	10 360 000	169 251	(9 889 370)	-	639 881
Profit of 3 months period 2017	-	-	-	286 412	286 412
At 31 March 2017	10 360 000	169 251	(9 889 370)	286 412	926 293

Appendix

Explanatory notes

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

These financial statements of the JSC DITTON pievadķēžu rūpnīca prepared on the basis of source documents present fairly the financial position of the JSC as at 31 March 2017, its` operating results and cash flows for 3 months ended 31 March 2017.

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 consistently to each category.

The interim financial report for 3 months of 2017 has not been audited by sworn auditor.

The interim report has been prepared in euros.

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Explanations and analyses on separate items of financial reports

Production of driving chains in 3 months of 2017 (thousand meters)

The index of the produced driving chains is by 131 thousand meters less than in 3 months of 2016.

Production of driving chains in 3 months of 2017 (thousand euros)

The value of the produced driving chains in these 3 months reached € 690 thousand, what is by € 215 thousand less than the index of the same period of the previous year.

Sales (net-turnover) in 3 months of 2017 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 1,698 thousand, being by € 329 thousand or 24 per cent higher than the index in the same period of previous year.

Core product sales in 3 months of 2017 (thousand euros)

Core product sales amounting to € 1,238 thousand in the reporting period are by € 108 thousand or 10 per cent less than the result of the same period in the previous year.

The average statistical number of employees in 3 months of year 2017 was 159 employees with the average salary amounted to EUR 514 what is by EUR 49 less than in 3 months of 2016.