

**JSC „DITTON PIEVADKĒŽU RŪPNĪCA”**

**NON-AUDITED AND NON-CONSOLIDATED**

**FINANCIAL REPORT**

**FOR 6 MONTHS OF YEAR 2009**

**(01.01.2009 – 30.06.2009)**

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

Daugavpils

2009

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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 – 30.06.2009
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

Jevgenijs Sokolovskis, elected 14.08.2009

Anzelina Titkova, elected 14.08.2009

Jevgenijs Glinkins, till 14.08.2009

Pavels Samuilovs, till 14.08.2009

### **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
Jevgenijs Sokolovskis	no shares	-
Inga Goldberga	no shares	-
Anzelina Titkova	no shares	-
Jevgenijs Glinkins (till 14.08.2009)	no shares	-
Pavels Samuilovs (till 14.08.2009)	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 30.06.2009

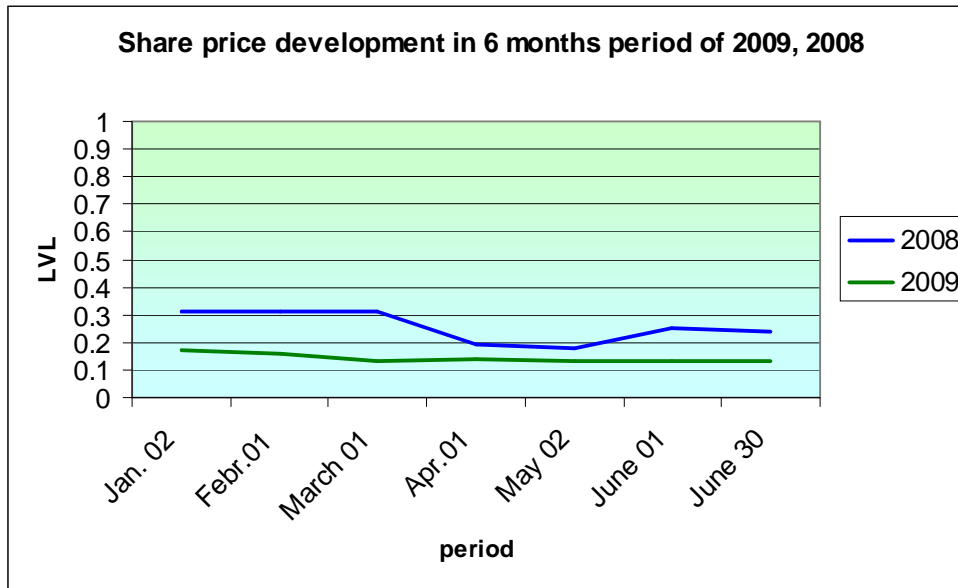
## INFORMATION ON SHAREHOLDERS AND SHARES

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

NAME	Ownership interest, %
Vladislavs Driksne	20,39
Eduards Zavadskis	20,00
MAX Invest Holding SIA	13,16
Pavels Samuilovs	9,46
Gatis Poiss	7,01

\* 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 30.06.2009.

### SHARE PRICE DEVELOPMENT



## MANAGEMENT REPORT

### Information on the results of the company in 6 months of year 2009

In 6 months of 2009 net-turnover in fact was fulfilled in the amount of 1 372 thous.LVL (1 952 thous.EUR) against the forecast 3 600 thous.LVL (5 122 thous.EUR), decrease amounts to 2 228 thous.LVL (3 170 thous.EUR) or 38,1%. Compared to the level of previous year, net-turnover of the reporting period is by 3 080 thous.LVL (4 383 thous.EUR) or by 30,8% less.

Loss before taxes amounted to 638 thous.LVL (908 thous.EUR) in 6 months period of 2009, which is by 720 thous.LVL (1 025 thous.EUR) less than the forecast. Loss after taxes amounts to 696 thous.LVL (990 thous.EUR).

Commodity output is estimated in the amount of 2 660 thous.LVL (3 785 thous.EUR). The result of 6 months of 2009 is by 1 550 thous.LVL (2 205 thous.EUR) or by 63,2% less than the 6 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 374 in 6 months of year 2009.

The average salary amounted to 278 LVL (396 EUR) in 6 months period of 2009, which is by 32 LVL (45 EUR) less than in 6 months of 2008.

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

In the 1<sup>st</sup> half of year 2009 the activity of the company proceeded in worsening crisis circumstances. The Management Board informed the shareholders on increase of crisis appearances, their reasons and possible consequences in the report for 1<sup>st</sup> quarter of 2009 and annual report for 2008. 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. In these conditions not only in scientific circles, but also governments of many economically developed countries have given wrong prognoses in respect of decrease level of GDP, production and consumers demand, and now abstain from any optimistic crisis evaluations.

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

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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 report for 1<sup>st</sup> quarter of 2009.

It is worsened also by the factor that automobile industry faces the most intensive crisis appearances because of an unpredictable drop in the consumers demand for its production (for some types – by 50-60%).

Many companies of automobile industry decrease their production and staff, stop their activity, do restructuring by means of merging or overtaking.

In the 1<sup>st</sup> half of 2009 the Russian manufacturers didn't resume their activity practically (e.g. AVTOVAZ) at the conditions, in which exactly this market consumed up to 65-70% of the company's production,

The Management Board has systematically informed the shareholders about an inability to do a rapid restructuring of our production placing an emphasis on Western market and make an aggressive promotion of our production on it. In the crisis conditions such restructuring is all the more impossible.

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 view of the continuing crisis prognosis for future development of events in economics, on raw material, resources and company's production market, and prognosis for company's future development as well till the end of crisis are unfavorable. At the same time the Management Board notices a definite stabilization of the company.

The Management Board considers it necessary to restrict these negative prognoses of the company's development to the crises period, which according to analysts shall be most critical in 2009 and 2010.

The Management Board considers it as its main task to minimize global crisis risks, maintain 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.

## **STATEMENT ABOUT MANAGEMENT LIABILITY**

According to our information, the presented financial statements for 6 months of year 2009 ended June 30, 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>30.06.2009</b>	<b>30.06.2008</b>	<b>30.06.2009</b>	<b>30.06.2008</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>	86 327	149 142	122 832	212 210
<b>Short-term investments</b>	0	0	0	0
<b>Customer receivables</b>				
Debts of buyers and customers	4 426 124	5 528 748	6 297 807	7 866 700
Accounts receivable from related companies	0	0	0	0
Allowance for uncollectible receivables	-1 312 072	-254 334	-1 866 910	-361 885
<b>Total</b>	<b>3 114 052</b>	<b>5 274 414</b>	<b>4 430 897</b>	<b>7 504 815</b>
<b>Other receivables</b>				
Other current receivables	886 463	84 155	1 261 323	119 742
Short-term loans given	0	0	0	0
Derrivative financial instruments	0	0	0	0
<b>Total</b>	<b>886 463</b>	<b>84 155</b>	<b>1 261 323</b>	<b>119 742</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	43 659	181 937	62 121	258 873
Other prepaid expenses	0	0	0	0
<b>Total</b>	<b>43 659</b>	<b>181 937</b>	<b>62 121</b>	<b>258 873</b>
<b>Inventories</b>				
Raw materials	1 197 580	1 116 645	1 704 003	1 588 843
Work-in-progress	280 509	308 242	399 128	438 589
Finished goods	1 665 054	841 609	2 369 159	1 197 502
Prepayments to suppliers	461 913	1 297 451	657 243	1 846 106
<b>Total</b>	<b>3 605 056</b>	<b>3 563 947</b>	<b>5 129 533</b>	<b>5 071 040</b>
<b>TOTAL CURRENT ASSETS</b>	<b>7 735 557</b>	<b>9 253 595</b>	<b>11 006 706</b>	<b>13 166 680</b>
<b>NON-CURRENT ASSETS</b>				
<b>Long-term financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
incl. shares in subsidiaries	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-current physical assets</b>				
Land plots, buildings, equipment, costs on construction in progress	14 030 560	14 230 754	19 963 689	20 248 539
Other equipment and fixtures	406 024	334 764	577 720	476 326
Accumulated depreciation	-10 933 644	-10 281 495	-15 557 174	-14 629 249
<b>Total</b>	<b>3 502 940</b>	<b>4 284 023</b>	<b>4 984 235</b>	<b>6 095 616</b>
<b>Intangible assets</b>				
Purchased licenses, trademarks etc.	143	240	203	341
Goodwill	0	0	0	0
Prepayments for intangible assets	0	0	0	0
<b>Total</b>	<b>143</b>	<b>240</b>	<b>203</b>	<b>341</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 503 083</b>	<b>4 284 263</b>	<b>4 984 438</b>	<b>6 095 957</b>
<b>TOTAL ASSETS</b>	<b>11 238 640</b>	<b>13 537 858</b>	<b>15 991 144</b>	<b>19 262 637</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>30.06.2009</b>	<b>30.06.2008</b>	<b>30.06.2009</b>	<b>30.06.2008</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 financial institutions	40 952	14 800	58 269	21 058
Derivative financial instruments	0	0	0	0
Short-term capital lease obligations	1 497	6 422	2 130	9 138
<b>Total</b>	<b>42 449</b>	<b>21 222</b>	<b>60 399</b>	<b>30 196</b>
<b>Customer prepayments for goods and services</b>	<b>16 149</b>	<b>6 723</b>	<b>22 978</b>	<b>9 566</b>
<b>Creditors</b>	<b>493 459</b>	<b>192 228</b>	<b>702 129</b>	<b>273 516</b>
<b>Total</b>	<b>509 608</b>	<b>198 951</b>	<b>725 107</b>	<b>283 082</b>
<b>Tax payments</b>	<b>517 344</b>	<b>241 102</b>	<b>736 114</b>	<b>343 057</b>
<b>Accrued expenses</b>				
Salary-related accrued expenses	83 385	141 075	118 646	200 732
Interest payable	0	0	0	0
<b>Total</b>	<b>83 385</b>	<b>141 075</b>	<b>118 646</b>	<b>200 732</b>
<b>Provisions</b>	<b>32 316</b>	<b>288 106</b>	<b>45 982</b>	<b>409 938</b>
<b>Total</b>	<b>32 316</b>	<b>288 106</b>	<b>45 982</b>	<b>409 938</b>
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>1 185 102</b>	<b>890 456</b>	<b>1 686 248</b>	<b>1 267 005</b>
<b>LONG-TERM LIABILITIES</b>				
<b>Long-term creditors</b>	<b>1 686 290</b>	<b>1 749 982</b>	<b>2 399 375</b>	<b>2 490 000</b>
Long-terms capital lease obligation	3 367	13 462	4 790	19 155
Deferred tax obligation	27 247	0	38 769	0
<b>Total</b>	<b>30 614</b>	<b>13 462</b>	<b>43 559</b>	<b>2 509 155</b>
<b>LONG-TERM LIABILITIES</b>				
<b>TOTAL</b>	<b>1 716 904</b>	<b>1 763 444</b>	<b>2 442 934</b>	<b>2 509 155</b>
<b>CREDITORS TOTAL</b>	<b>2 902 006</b>	<b>2 653 900</b>	<b>4 129 182</b>	<b>3 776 160</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>
Share capital	0	0	0	0
Paid in capital over par	0	0	0	0
Reserves	0	0	0	0
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>-695 648</b>	<b>-1 985 876</b>	<b>-989 817</b>	<b>-2 825 647</b>
<b>Currency translation reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OWNERS' EQUITY</b>	<b>8 336 634</b>	<b>10 883 958</b>	<b>11 861 962</b>	<b>15 486 477</b>
<b>TOTAL LIABILITIES</b>	<b>11 238 640</b>	<b>13 357 858</b>	<b>15 991 144</b>	<b>19 262 637</b>
	<b>1 EUR =</b>		<b>0.702804 LVL</b>	<b>0.702804 LVL</b>

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INCOME STATEMENT	30.06.2009 LVL	30.06.2008 LVL	30.06.2009 EUR	30.06.2008 EUR
Net sales	1 372 457	4 452 336	1 952 830	6 335 103
Other operating income	125 740	1 414 481	178 912	2 012 625
<b>Total income</b>	<b>1 498 197</b>	<b>5 866 817</b>	<b>2 131 742</b>	<b>8 347 728</b>
Direct cost of goods sold or services rendered	-854 112	-1 401 394	-1 215 292	-1 994 004
Marketing, advertising and public relations expenses	-1 333	-3 792	-1 897	-5 396
Bad receivables	0	0	0	0
Operating expenses	-11 817	-105 137	-16 814	-149 596
Salaries, bonuses and social expenses	-772 338	-1 251 977	-1 098 938	-1 781 403
Depreciation expense	-348 906	-437 026	-496 448	-621 832
Other expenses	-106 004	-530 346	-150 830	-754 614
<b>Operating expenses</b>	<b>-2 094 510</b>	<b>-3 729 672</b>	<b>-2 980 219</b>	<b>-5 306 845</b>
<b>EBIT</b>	<b>-596 313</b>	<b>2 137 145</b>	<b>-848 477</b>	<b>3 040 883</b>
Percents paid	-43 210	-58 386	-61 482	-83 076
<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	1 930	-17 795	2 746	-25 320
<b>Financial items</b>	<b>-41 280</b>	<b>-76 181</b>	<b>-58 736</b>	<b>-108 396</b>
<b>Profit before extraordinary items and taxes</b>	<b>-637 593</b>	<b>2 060 964</b>	<b>-907 213</b>	<b>2 932 487</b>
<b>EBT</b>	<b>-637 593</b>	<b>2 060 964</b>	<b>-907 213</b>	<b>2 932 487</b>
Provisions for taxes	-58 055	-75 088	-82 605	-106 841
<b>Profit after taxes</b>	<b>-695 648</b>	<b>1 985 876</b>	<b>-989 818</b>	<b>2 825 646</b>
<b>Net profit</b>	<b>-695 647</b>	<b>1 985 876</b>	<b>-989 818</b>	<b>2 825 646</b>
<b>Index EPS</b>	<b>-0.094</b>	<b>0.268</b>	<b>-0.134</b>	<b>0.381</b>
	<b>1 EUR =</b>		<b>0.702804 LVL</b>	<b>0.702804 LVL</b>

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CASH FLOW STATEMENT	30.06.2009 LVL	30.06.2008 LVL	30.06.2009 EUR	30.06.2008 EUR
<b>CASH GENERATED FROM OPERATIONS</b>	<b>14 547</b>	<b>-1 622 172</b>	<b>20 699</b>	<b>-2 308 142</b>
Cash received from customers	-1 464 915	-4 119 306	-2 084 386	-5 861 244
Cash received from ML Group	0	0	0	0
Cash paid to suppliers and employees	1 479 462	2 497 134	2 105 085	3 553 102
Cash paid to suppliers and employees ML Group	0	0	0	0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>13 985</b>	<b>90 571</b>	<b>19 899</b>	<b>128 870</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	-594	-150 751	-845	-214 499
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	241 321	20 744	343 369
Loans given	0	0	0	0
Interest received	0	0	0	0
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-25 658</b>	<b>1 499 801</b>	<b>-36 508</b>	<b>2 134 025</b>
Short-term loans received	0	1 558 187	0	2 217 101
Repayment of short-term loans	17 798	0	25 324	0
Cash paid as capital lease payments	-246	-1 168	-350	-1 662
Paid interest	-43 210	-57 218	-61 482	-81 414
Paid interest ML Group	0	0	0	0
<b>TOTAL CASH FLOW</b>	<b>2 874</b>	<b>-31 800</b>	<b>4 090</b>	<b>-45 247</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	86 327	149 142	122 833	212 210
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2 874</b>	<b>-31 800</b>	<b>4 090</b>	<b>-45 247</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 30.06.2009 (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, 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 6 months of 2009	-	-	-	-	-	-695 648	<b>-695 648</b>
<b>As at 30 June, 2009</b>	<b>7 400 000</b>	-	-	-	<b>1 632 282</b>	<b>-695 648</b>	<b>8 336 634</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	-	-	-	-	-14 801	-	<b>-14 801</b>
Currency translation difference	-	-	-	-	-	-	-
Profit for 6 months of 2008	-	-	-	-	-	1 985 876	<b>1 985 876</b>
<b>As at 30 June, 2008</b>	<b>7 400 000</b>	-	-	-	<b>1 498 081</b>	<b>1 985 876</b>	<b>10 883 957</b>

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1 EUR = 0,702804 LVL

<b>Statement of changes in equity for the period from 01.01.2009 till 30.06.2009 (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 6 months period 2009 <b>(0.702804)</b>	-	-	-	-	-	-989 817	<b>-989 817</b>
<b>As at 30 June, 2009</b> <b>(0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>2 322 528</b>	<b>-989 817</b>	<b>-11 861 962</b>
<b>1st January, 2008</b> <b>(0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>2 152 637</b>	-	<b>12 681 888</b>
Dividend relating to 2007	-	-	-	-	-	-	-
Allocation of profit of 2007 to dividends	-	-	-	-	-21 060	-	<b>-21 060</b>
Currency translation difference	-	-	-	-	-	-	-
Profit for 6 months period 2008 <b>(0.702804)</b>	-	-	-	-	-	2 825 647	<b>2 825 647</b>
<b>As at 30 June, 2008</b> <b>(0.702804)</b>	<b>10 529 251</b>	-	-	-	<b>2 131 577</b>	<b>2 825 647</b>	<b>15 486 475</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 30 June 2009 and the results of its operation and cash flows for the 6 months period ended 30 June 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 6 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 6 months of year 2009**

thous.LVL

Name of index	Forecast for 2009	6 months of year 2009		Deviation (+ / -)
		forecast	in fact	
Production of commodity products	7 200	3 470	2 660	-810
Production of main products	7 182	3 453	2 636	-817
Production of driving chains	7 131	3 435	2 604	-831
incl. automotive	2 821	1 362	1 117	-245
industrial	4 310	2 073	1 487	-586
Sales volume	7 450	3 600	1 372	-2 228
Sales of main products	7 400	3 576	1 363	-2 213
Profit after taxes	35	17	-696	-713

thous.EUR

1 EUR = 0.702804 LVL

Name of index	Forecast for 2009	6 months of year 2009		Deviation (+ / -)
		forecast	in fact	
Production of commodity products	10 245	4 937	3 785	-1 152
Production of main products	10 219	4 913	3 751	-1 162
Production of driving chains	10 147	4 888	3 705	-1 183
incl. automotive	4 014	1 938	1 589	-349
industrial	6 133	2 950	2 116	-834
Sales volume	10 600	5 122	1 952	-3 170
Sales of main products	10 529	5 088	1 939	-3 149
Profit after taxes	50	24	-990	-1 014

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

#### Production of commodity products in the period of 6 months of year 2009 (thous.LVL/thous.EUR)

Output of commodity products is estimated in the amount 2 660 thous.LVL (3785 thous.EUR). The result of reporting period is by 1 550 thous.LVL (2 205 thous.EUR) or 63,2% less than in 6 months period of previous year.

#### Production of driving chains in 6 months of 2009 (thous.meters)

Production of driving chains in natural units is by 744 thous.meters less than the forecast.

#### Production of driving chains in 6 months of year 2009 (thous.LVL/thous.EUR)

Production of driving chains in money terms is by 831 thous.LVL (1 183 thous.EUR) less than the forecast. The actual performance of reporting period is by 1 486 thous.LVL (2 115 thous.EUR) less than in the relevant period of previous year.

#### Sales (net-turnover) in 6 months of 2009 (thous. LVL/thous.EUR)

Net-turnover has been forecasted to amount to 3 600 thous.LVL (5 122 thous.EUR) in 6 months of year 2009, in fact it has been fulfilled in the amount of 1 372 thous.LVL (1 952 thous.EUR), decrease amounts to 2 228 thous.LVL (3 170 thous.EUR). The actual performance of the reporting period is by 3 080 thous.LVL (4 383 thous.EUR) or 30,8% less than the index of the same period of previous year.

#### Sales of main products in 6 months of 2009 (thous. LVL/ thous.EUR)

Sales of main products in the reporting period was by 2 213 thous.LVL (3 149 thous.EUR) less than the forecast, and it is by 3 071 thous.LVL (4 370 thous.EUR) or 30,7% less than the result of the relevant period of prior year.

Proceeds from other activities are by 1 301 thous.LVL (1 851 thous.EUR) less than the result of the relevant period of last year and they amounted to 129 thous.LVL (184 thous.EUR).