

JSC „DITTON PIEVADKĒŽU RŪPNĪCA”

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

FOR 9 MONTHS OF YEAR 2013

(01.01.2013 – 30.09.2013)

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

Daugavpils

2013

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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 – 30.09.2013

Persons in charge for drawing up of the financial report:

Mr. Boriss Matvejevs, phone +371 65402333,
e-mail: dpr@dpr.lv

Ms. Natalja Redzoba, phone +371 65402333,
e-mail: 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.

* As of 29.11.2013

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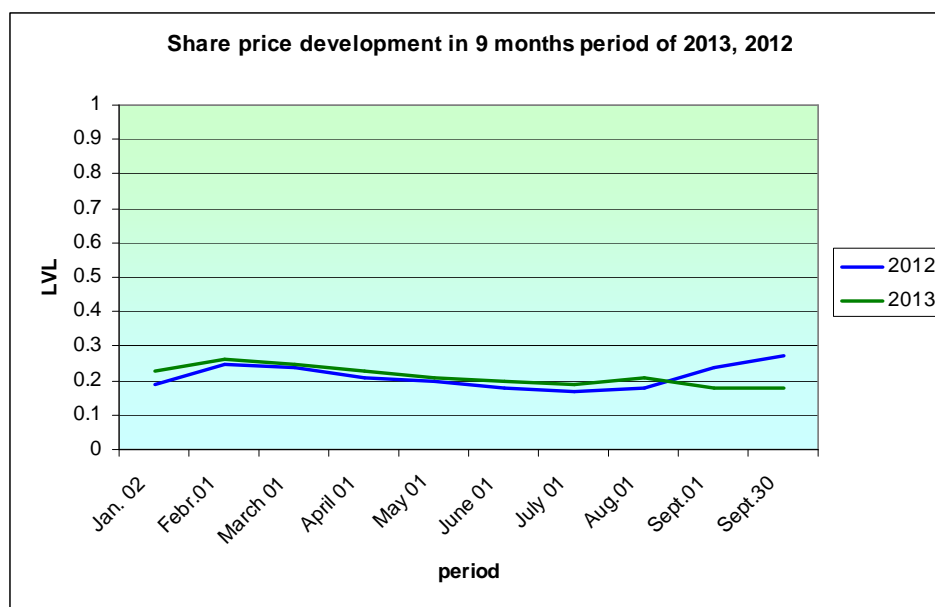
INFORMATION ON SHAREHOLDERS AND SHARES

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 9 months of year 2013

In 9 months period of 2013 net-turnover was fulfilled in the amount of 5 498 thous.LVL (7 823 thous.EUR), which compared to the forecast is by 102 thous.LVL (145 thous.EUR) or 2% less. Compared to the level of previous year, net-turnover of the reporting period is by 2 082 thous.LVL (2 962 thous.EUR) or by 28% less.

Loss before taxes amounted to 530 thous.LVL (754 thous.EUR) in 9 months period of 2013. Loss after taxes amounts to 563 thous.LVL (801 thous.EUR).

Commodity output is estimated in the amount of 3 628 thous.LVL (5 162 thous.EUR). The result of 9 months of 2013 is by 1 380 thous.LVL (1 964 thous.EUR) or by 28% 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 326 employees in 9 months of year 2013.

The average salary amounted to 289 LVL (411 EUR) in 9 months period of 2013, which is by 57 LVL (81 EUR) less than in 9 months of 2012.

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

The activity of the Company in 9 months 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 in previous years, 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. In conditions when some actors of the market sectors where the Company is being represented reduces their activity or suspend it, there is no obvious basis to conclude about enhancement of the business activity in market sectors, where the production of the Company is represented, that is in automobile manufacturing and machinery manufacturing.

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 remain relevant. Relevant 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.

Considering that the Company's products are supplied to end users not directly, but through suppliers involved in the supply chain, its production volumes are closely related to the actual order volumes, and the subsequent dynamics and trends of the production

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will depend on these factors and general trends in market sectors where the production of the Company is represented.

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 9 months of year 2013 ended 30 September 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 pievadkezu rupnica". Management report contains truthful information.

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

Pjotrs Dorofejevs

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BALANCE SHEET

1 EUR = 0,702804 LVL

ASSETS	30.09.2013 LVL	30.09.2013 EUR	30.09.2012 LVL	30.09.2012 EUR
1. Long-term investments				
I. Non-material investments				
Concessions, patents, licenses, trade marks and similar rights	1 120	1 594	462	658
Other non-material investments	2 513 965	3 577 050	3 631 283	5 166 850
Non-material investments total	2 515 085	3 578 644	3 631 745	5 167 508
II. Fixed assets				
Plots of land, buildings and constructions	832 903	1 185 114	1 344 063	1 912 429
Technological equipment and machinery	8 741	12 437	23 602	33 583
Other fixed assets and stock	13 304	18 930	24 194	34 425
Formation of fixed assets and costs of unfinished construction objects	31 222	44 425	31 222	44 425
Fixed assets total	886 170	1 260 906	1 423 081	2 024 862
III. Long-term financial investments				
Participation in the capital of other companies	47 200	67 160	47 200	67 160
Assets of deferred tax	193 748	275 678	148 108	210 738
Long-term financial investments total	240 948	342 838	195 308	277 898
1. Long-term investments total	3 642 203	5 182 388	5 250 134	7 470 268
2. Current assets				
I. Reserves				
Raw materials, basic materials and subsidiary materials	730 659	1 039 634	663 521	944 105
Unfinished products	248 690	353 854	300 111	427 019
Finished products and goods for sale	221 881	315 708	302 167	429 945
Advance payments for goods	13 089	18 624	21 537	30 644
Reserves total	1 214 319	1 727 820	1 287 336	1 831 713
II. Debtors				
Debts of buyers and customers	5 649 331	8 038 274	4 589 862	6 530 786
Other debtors	198 814	282 887	117 812	167 631
Debtors total	5 848 145	8 321 161	4 707 674	6 698 417
IV. Cash and cash equivalents	44 685	63 581	49 350	70 219
2. Current assets total	7 107 149	10 112 562	6 044 360	8 600 349
<u>TOTAL ASSETS</u>	<u>10 749 352</u>	<u>15 294 950</u>	<u>11 294 494</u>	<u>16 070 617</u>

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BALANCE SHEET

1 EUR = 0,702804 LVL

LIABILITIES	30.09.2013	30.09.2013	30.09.2012	30.09.2012
	LVL	EUR	LVL	EUR
1. Equity capital				
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	1 079 369	1 535 804
b) profit / (loss) of reporting period	-563 137	-801 271	2 268	3 227
1. Equity capital total	7 918 827	11 267 476	8 481 637	12 068 282
2. Long-term creditors:				
Loans from credit institutions	1 216 379	1 730 751	1 269 113	1 805 785
2. Long-term creditors total	1 216 379	1 730 751	1 269 113	1 805 785
3. Short-term creditors:				
Loans from credit institutions	453 692	645 546	496 738	706 794
Other loans	111 628	158 832	128 084	182 247
Advance payments received from customers	56 870	80 919	40 915	58 218
Debts to suppliers and contractors	686 328	976 557	574 777	817 834
Taxes and compulsory social security contributions	128 368	182 651	124 613	177 308
Other creditors	118 033	167 946	129 859	184 773
Accumulated liabilities	59 227	84 272	48 758	69 376
3. Short-term creditors total	1 614 146	2 296 723	1 543 744	2 196 550
Creditors total	2 830 525	4 027 474	2 812 857	4 002 335
<u>LIABILITIES TOTAL</u>	<u>10 749 352</u>	<u>15 294 950</u>	<u>11 294 494</u>	<u>16 070 617</u>

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INCOME STATEMENT

	30.09.2013	30.09.2013	30.09.2012	30.09.2012
	LVL	EUR	LVL	EUR
			<i>1 EUR = 0,702804 LVL</i>	
Net turnover	5 497 563	7 822 327	7 580 171	10 785 612
Production cost of sold products	-4 700 377	-6 688 034	-6 137 905	-8 733 452
Gross profit	797 186	1 134 293	1 442 266	2 052 160
Selling costs	-837 988	-1 192 350	-844 998	-1 202 323
Administration costs	-415 259	-590 860	-464 719	-661 236
Other operating income	32 350	46 030	18 943	26 953
Other operating expenses	-48 997	-69 716	-50 499	-71 854
Other interest income and similar income	-	-	8 569	12 193
Interest payment and similar expenses	-56 960	-81 046	-74 174	-105 540
Profit / (loss) before taxes	-529 668	-753 649	35 388	50 353
Other taxes	-33 469	-47 622	-33 120	-47 126
Profit / (loss) of reporting period	<u>-563 137</u>	<u>-801 271</u>	<u>2 268</u>	<u>3 227</u>
Index EPS	-0.076	-0.108	0.000	0.000

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STATEMENT OF CASH FLOW

1 EUR = 0,702804 LVL

	30.09.2013 LVL	30.09.2013 EUR	30.09.2012 LVL	30.09.2012 EUR
I. Cash flow of basic activity				
1. Profit / (loss) before taxes	-529 668	-753 649	35 388	50 353
<i>Corrections:</i>				
Depreciation of fixed assets	398 018	566 328	455 089	647 533
Amortization of non-material investments	226	321	87	124
Interest income	-	-	-8 569	-12 193
Interest expense	56 960	81 047	74 174	105 540
Amortization share of other non-material investments	837 988	1 192 350	837 988	1 192 350
Income from sale of fixed assets	-430	-612	-351	-499
2. Profit / (loss) from economic activity in reporting period	763 094	1 085 785	1 393 806	1 983 208
<i>Corrections in current assets and short-term creditors:</i>				
In Debtors	-323 061	-459 674	-2 119 909	-3 016 359
In Reserves	82 268	117 057	186 141	264 855
In Creditors	-413 817	-588 809	57 666	82 051
3. Cash flow of basic activity	108 484	154 359	-482 296	-686 245
4. Expenses on tax payments (corporate income tax and tax on immovable property)	-34 074	-48 483	-33 120	-47 126
Cash flow of basic activity	<u>74 410</u>	<u>105 876</u>	<u>-515 416</u>	<u>-733 371</u>
II. Cash flow of investing activity				
Loans issued	-	-	619 190	881 029
Purchase of fixed assets	-303	-431	-37 737	-53 695
Income from sale of fixed assets	430	612	351	499
Cash flow of investing activity	<u>127</u>	<u>181</u>	<u>581 804</u>	<u>827 833</u>
III. Cash flow of financing activity				
Dividends paid	-	-	-11 100	-15 794
Loans (repaid) / received, net	-77 735	-110 607	-96 131	-136 782
Interest paid	-55 904	-79 544	-74 174	-105 540
Cash flow of financing activity	<u>-133 639</u>	<u>-190 151</u>	<u>-181 405</u>	<u>-258 116</u>

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CONSOLIDATED DATA ON CASH INCOME AND EXPENSES

1 EUR = 0,702804 LVL

	30.09.2013 LVL	30.09.2013 EUR	30.09.2012 LVL	30.09.2012 EUR
Cash flow of basic activity, net	74 410	105 876	-515 416	-733 371
Cash flow of investing activity, net	127	181	581 804	827 833
Cash flow of financing activity, net	-133 639	-190 151	-181 405	-258 116
Growth of cash and cash equivalents	-59 102	-84 094	-115 017	-163 654
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>44 685</u>	<u>63 581</u>	<u>49 350</u>	<u>70 219</u>

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Statement of changes in equity for the period from 01.01.2013 till 30.09.2013 (LVL)							
	Share capital	Share premium	Other reserves	Currency translation reserves	Accumulated profit	Current period's profit	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As at 1st January, 2013	7 400 000	-	-	-	1 081 964	-	8 481 964
Loss for 9 months of 2013	-	-	-	-	-	-563 137	-563 137
As at 30 September, 2013	7 400 000	-	-	-	1 081 964	-563 137	7 918 827
As at 1st January, 2012	7 400 000	-	-	-	1 090 469	-	8 490 469
Dividends charged for 2011	-	-	-	-	-11 100	-	-11 100
Profit for 9 months of 2012	-	-	-	-	-	2 268	2 268
As at 30 September, 2013	7 400 000	-	-	-	1 079 369	2 268	8 481 637

1 EUR = 0,702804 LVL

Statement of changes in equity for the period from 01.01.2013 till 30.09.2013 (EUR)							
	Share capital	Share premium	Other reserves	Currency translation reserves	Accumulated profit	Current period's profit	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 1st January, 2013 <i>(0.702804)</i>	10 529 251	-	-	-	1 539 496	-	12 068 747
Loss for 9 months period 2013 <i>(0.702804)</i>	-	-	-	-	-	-801 271	-801 271
As at 30 September, 2013 <i>(0.702804)</i>	10 529 251	-	-	-	1 539 496	-801 271	11 267 476
1st January, 2012 <i>(0.702804)</i>	10 529 251	-	-	-	1 551 598	-	12 080 849
Dividends charged for 2011	-	-	-	-	-15 794	-	-15 794
Profit for 9 months period 2012 <i>(0.702804)</i>	-	-	-	-	-	3 227	3 227
As at 30 September, 2012 <i>(0.702804)</i>	10 529 251	-	-	-	1 535 804	3 227	12 068 282

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 30 September 2013 and the results of its operation and cash flows for the 9 months period ended 30 September 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 9 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 9 months of year 2013 (thous.LVL/thous.EUR)

Output of commodity products is estimated in the amount 3 628 thous.LVL (5 162 thous.EUR). The result of reporting period is by 1 380 thous.LVL (1 964 thous.EUR) or 28% less than in 9 months period of previous year.

Production of driving chains in 9 months of 2013 (thous.meters)

Production of driving chains in natural units is by 777 thous.meters less than in 9 months period of previous year.

Production of driving chains in 9 months of year 2013 (thous.LVL/thous.EUR)

In 9 months of this year there have been driving chains produced in money terms in the amount of 3 554 thous.LVL (5 057 thous.EUR). The actual performance of reporting period is by 1 349 thous.LVL (1 919 thous.EUR) lower than in the relevant period of previous year.

Sales (net-turnover) in 9 months of 2013 (thous. LVL/thous.EUR)

Net-turnover has been in fact fulfilled in the amount of 5 498 thous.LVL (7 823 thous.EUR). The actual performance of the reporting period is by 2 082 thous.LVL (2 962 thous.EUR) or 27% less than the index of the same period of previous year.

Sales of main products in 9 months of 2013 (thous. LVL/ thous.EUR)

Sales of main products in the reporting period amounted to 4 534 thous.LVL (6 451 thous.EUR), and it is by 1 537 thous.LVL (2 187 thous.EUR) or 25% less than the result of the relevant period of prior year.