

# **JSC DITTON PIEVADĶĒŽU RŪPNĪCA**

## **UNAUDITED AND UNCONSOLIDATED FINANCIAL REPORT FOR 9 MONTHS OF 2015 (01.01.2015 – 30.09.2015)**

Prepared in accordance with Latvian statutory requirements  
and JSC NASDAQ OMX Riga rules

Daugavpils

2015

JSC DITTON PIEVADĶĒŽU RŪPNĪCA  
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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	Valentina Krivoguzova
Reporting period	01.01.2015 – 30.06.2015

Persons in charge for drawing up of the financial report:

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

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

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

### **THE MANAGEMENT BOARD**

#### Chairman of the Management Board

Rolands Zarāns, elected 15.01.2014

#### Members of the Management Board

Natalja Redzoba, elected 29.08.2003.

### **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>
Rolands Zarāns,	no shares	-
Natalja Redzoba	no shares	-

### **THE COUNCIL**

#### Chairman of the Council

Boriss Matvejevs, elected 05.05.2005

#### Deputy Chairman of the Council

Georgijs Sorokins, elected 06.11.2000

#### Members of the Council

Anželina Titkova, elected 14.08.2009

Vladimir Bagaev, elected 28.05.2012

### **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
Anželina Titkova	no shares	-
Vladimir Bagaev	no shares	-

For detailed information on professional background of the Management Board and Council members please refer to our website [www.dpr.lv](http://www.dpr.lv).

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\* As at 16.07.2015

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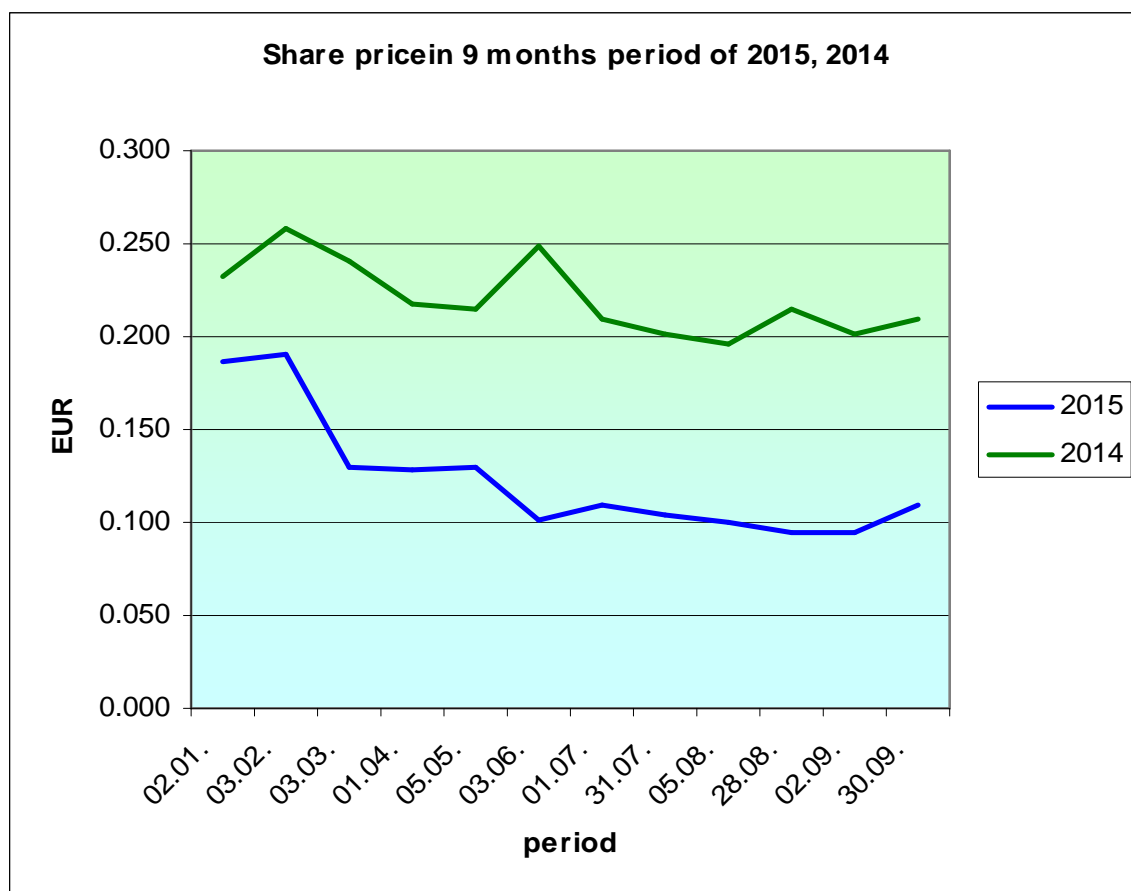
**INFORMATION ON SHAREHOLDERS AND SHARES**

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

NAME	Ownership interest, %
Eduards Zavadskis	20,00
Vladislavs Driksne	19,92
MAX Invest Holding Ltd.	13,63
Maleks S Ltd.	12,29
DVINSK MNG Ltd.	9,46

*\* Note: Information presented is based on the list of shareholders of JSC DITTON pievadķēžu rūpnīca as at 16.07.2015, taking into account the shareholders' notification of the acquisition or disposal of major holdings in the Company.*

**SHARE PRICE DEVELOPMENT**



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**MANAGEMENT REPORT**

**Information on the results of the company in 9 months of 2015**

The net-turnover has been € 4,904 thousand in 9 months of 2015, what is by € 3,969 thousand or 45% less than the index in 9 months of 2014.

Commodity output reached € 3,779 thousand, being by € 1,877 thousand lower than in the relevant period of previous year.

The export of the core products to the East and West amounted to 67 % in the fiscal period (41% eastwards and 26% westwards), 33% of products went to the local market.

The Company closed the 9 months period of 2015 with a pre-tax loss € 2,986 thousand. The after-tax rate reached € 3,065 thousand. The analysis of the loss structure and causes given in the section „Significant events. Market tendencies and development of the company. Risks” of the Management report to the annual report 2014 also applies to the figures of this fiscal period as well.

The average number of employees of JSC DITTON pievadķēžu rūpnīca was 196 employees during 9 months of 2015.

The average salary amounted to € 411 in 9 months period of 2015, which is by € 70 less than in 9 months of 2014.

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

The Management Board described significant events, market trends, social development processes and risks, as well as other relevant circumstances and factors that influence these processes, in Company`s Annual statement 2014 and in the interim financial report for the first 6 months of 2015.

All the conditions and factors mentioned before remained relevant for Company's operating results in the 3rd quarter 2015, and unfortunately, response to expectations of Management Board. These aspects maintain the Company's integration into the EU, the CIS and other markets of the joint economic area; as well, supply-and-demand forecast on goods and services, enclosing Company's products as its` components.

According to the Company's forecasts, which are given regularly by Management Board since 2010, there are such factors as "a second wave of the crisis", which changed the consumption system, demand for driving chains, and their manufacturing in general. 2014 and the second half of 2015 are affected by commonly known events, bilateral sanctions, the Customs Union (Russia) and Ukraine's internal market crises as well (this market fall reduced Company`s sales by 52.7%).

For more information on the position of driving chains on the market, Management Board intends to provide in the Management report to Company's Annual statement 2015.

**STATEMENT ABOUT MANAGEMENT LIABILITY**

According to the information at our disposal, this financial statement for 9 months ended 30 September 2015 has been prepared in compliance with the existing legislative requirements, gives a true and fair view of the assets, liabilities, financial position and profits of the JSC DITTON pievadķēžu rūpnīca. Management report contains truthful information.

Chairman of the Management Board  
of JSC DITTON pievadķēžu rūpnīca

Rolands Zarāns

JSC DITTON PIEVADĶĒŽU RŪPNĪCA  
**FINANCIAL REPORT FOR 9 MONTHS OF 2015**

**BALANCE SHEET**

<b>ASSETS</b>	<b>30.09.2015. EUR</b>	<b>30.09.2014. EUR</b>
<b>1. LONG-TERM INVESTMENTS</b>		
<b>I. Intangible investments</b>		
Concessions, patents, licenses, trademarks and similar rights	737	1 165
Other intangible investments	397 450	1 987 250
<b>Total intangible investments</b>	<b>398 187</b>	<b>1 988 415</b>
<b>II. Fixed assets</b>		
Land, buildings and structures	4 665 437	2 278 461
Equipment and machinery	28 251	8 126
Other fixed assets and inventory	4 666	3 618
Costs of the establishment of fixed assets and unfinished building objects	10 331	387 640
<b>Total fixed assets</b>	<b>4 708 685</b>	<b>2 677 845</b>
<b>III. Long-term financial investments</b>		
Participation in the capital of other companies	67 160	67 160
Other loans and other long-term debtors	-	4 076 674
Deferred tax asset	-	329 651
<b>Total long-term financial investments</b>	<b>67160</b>	<b>4 473 485</b>
<b>1. TOTAL LONG-TERM INVESTMENTS</b>	<b>5 174 032</b>	<b>9 139 745</b>
<b>2. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
Raw materials, basic materials and consumables	607 180	918 463
Unfinished orders	189 601	291 375
Finished products and goods for sale	235 084	270 695
Advance payments for goods	1 834 797	1 123 913
<b>Total inventories</b>	<b>2 866 662</b>	<b>2 604 446</b>
<b>II. Debtors</b>		
Purchasers and commissioning party debts	736 507	4 910 666
Other debtors	68 663	1 014 671
Next period costs	-	14 000
<b>Total debtors</b>	<b>805 170</b>	<b>5 939 337</b>
<b>IV. Cash and cash equivalents</b>	<b>28 480</b>	<b>765 845</b>
<b>2. TOTAL CURRENT ASSETS</b>	<b>3 700 312</b>	<b>9 309 628</b>
<b><u>TOTAL ASSETS</u></b>	<b><u>8 874 344</u></b>	<b><u>18 449 373</u></b>

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**BALANCE SHEET**

<b>LIABILITIES</b>	<b>30.09.2015. EUR</b>	<b>30.09.2014. EUR</b>
<b>1. Equity</b>		
Stock or share capital (equity capital)	10 360 000	10 529 251
Other reserves	169 251	-
Retained profits:		
a) retained profits brought forward from the previous year	- 5 637 329	1 543 379
b) retained profits of fiscal period	-3 065 480	19 850
<b>1. Total equity</b>	<b>1 826 442</b>	<b>12 092 480</b>
 <b>2. Long-term creditors</b>		
Loans from credit institutions	1 502 387	1 585 658
<b>2. Total long-term creditors</b>	<b>1 502 387</b>	<b>1 585 658</b>
 <b>3. Short-term creditors:</b>		
Loans from credit institutions	1 998 915	1 920 729
Other loans	328 607	239 645
Prepayments received from purchasers	10 691	88 300
Accounts payable to suppliers and contractors	2 531 408	1 829 207
Taxes and State mandatory social insurance payments	192 312	348 060
Other creditors	433 964	276 867
Accumulated liabilities	49 618	68 427
<b>3. Total short-term creditors</b>	<b>5 545 515</b>	<b>4 771 235</b>
<b>Total creditors</b>	<b>7 047 902</b>	<b>6 356 893</b>
 <b><u>TOTAL LIABILITIES</u></b>	 <b><u>8 874 344</u></b>	 <b><u>18 449 373</u></b>



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**INCOME STATEMENT**

	<b>30.09.2015.</b>	<b>30.09.2014.</b>
	<b>EUR</b>	<b>EUR</b>
Net turnover	4 903 874	8 872 972
Production costs of goods sold	-6 246 051	-7 545 030
<b>Gross profit</b>	<b>-1 342 177</b>	<b>1 327 942</b>
Sales costs	-1 192 350	-1 192 691
Administrative expenses	-433 327	-600 846
Other income from economic activities	192 241	724 985
Other costs of economic activities	-127 352	-57 822
Interest payments and similar expenses	-82 857	-111 441
<b>Profit or loss before taxes</b>	<b>-2 985 822</b>	<b>90 127</b>
Other taxes	-79 658	-70 277
<b>Profit or loss for the fiscal period</b>	<b><u>-3 065 480</u></b>	<b><u>19 850</u></b>
<b>Earnings response coefficient</b>	<b>-0.296</b>	<b>0.002</b>

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**CASH FLOW STATEMENT**

	<b>30.09.2015.</b> <b>EUR</b>	<b>30.09.2014.</b> <b>EUR</b>
<b>I. Cash flows from operating activities</b>		
1. Pre-tax income or loss	-2 985 823	90 127
Adjustments for:		
Depreciation of fixed assets	264 157	509 884
Amortization of intangible assets	321	321
Interest	82 857	111 441
Amortization of other intangible assets	1 192 350	1 192 349
Gain on disposal of fixed assets	-54 618	-679 782
2. Net-profit or net-loss from economic activities in fiscal period	-1 500 756	1 224 340
<i>Adjustments to Current assets and Short-term creditors:</i>		
Debtors	3 111 819	-2 025 305
Reserves	-1 448 809	705 682
Creditors	661 796	-526 862
3. Cash flows from operating activities	824 050	-622 145
4. Taxes payments (corporate income and immovable property taxes)	-79 658	-70 277
<b>Net cash provided by operating activities</b>	<b><u>744 392</u></b>	<b><u>-692 422</u></b>
<b>II. Cash flows from investing activities</b>		
Purchases of fixed assets	-745 165	-366 106
Disposal of fixed assets	54 618	704 637
<b>Net cash used in investing activities</b>	<b><u>-690 547</u></b>	<b><u>338 531</u></b>
<b>III. Cash flows from financing activities</b>		
Proceeds from borrowings or repayment of borrowings, net	-2 084	1 023 835
Interest	-82 857	-111 441
<b>Net cash used in financing activities</b>	<b><u>-84 941</u></b>	<b><u>912 394</u></b>

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**CASH FLOW STATEMENT  
SUMMURY**

	30.09.2015. EUR	30.09.2014. EUR
Cash flows from operating activities	744 392	-692 422
Cash flows from investing activities	-690 547	338 531
Cash flows of financing activities	-84 941	912 394
Net (decrease)/increase in cash and cash equivalents	-31 096	-558 503
Cash and cash equivalents at the beginning of fiscal period	<u>59 576</u>	<u>207 342</u>
Cash and cash equivalents at the end of fiscal period	<u>28 480</u>	<u>765 845</u>

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**STATEMENT OF CHANGES IN EQUITY**  
**for the period from 01.01.2015 till 30.09.2015**

	Equity capital	Other reserves	Retained profit of previous periods	Profit of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
<b>At 1 January 2015</b>	<b>10 529 251</b>	-	<b>-5 637 329</b>	-	<b>4 891 922</b>
Other reserves	-169 251	169 251	-	-	-
Loss of 9 months period 2015	-	-	-	-3 065 480	<b>-3 065 480</b>
<b>At 30 September 2015</b>	<b>10 360 000</b>	<b>169 251</b>	<b>-5 637 329</b>	<b>-3 065 480</b>	<b>1 826 442</b>
<b>At 1 January 2014</b>	<b>10 529 251</b>	-	<b>1 543 379</b>	-	<b>12 072 630</b>
Profit of 9 months period 2014	-	-	-	19 850	<b>19 850</b>
<b>At 31 September 2014</b>	<b>10 529 251</b>	-	<b>1 543 379</b>	<b>19 850</b>	<b>12 092 480</b>

*Appendixes*

**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 pievadķēžu rūpnīca, based on source documents, presents fairly the financial position of the JSC as at 30 September 2015, its` operating results and cash flows for 9 months ended 30 September 2015.

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 2015 has not been audited by sworn auditor.

The interim report has been prepared in euros.

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

Commodity output in 9 months of 2015 (in thousands euros)

Commodity output – amount of produced driving chains - reached € 3,779 thousand in 9 months of this year, being by € 1,877 thousand lower than in the relevant period of previous year.

Commodity output in 9 months of 2015 (in thousands meters)

Commodity output - amount of produced driving chains - is by 830 thousand meters less than in the first 9 months of previous year.

Sales (net-turnover) in 9 months of 2015 (in thousands euros)

The net-turnover has been € 4,904 thousand in 9 months of 2015, what is by € 3,969 thousand or 45% less than the index in the same period of previous year.

Core product sales in 9 months of 2015 (in thousands euros)

Core product sales amounted to € 4,058 thousand in the reporting period, what € 2,618 thousand or 39% less than the result of the same period in previous year.