

JSC DITTON PIEVADĶĒŽU RŪPNĪCA

Reg. No. 40003030187

Višķu Street 17, Daugavpils, LV-5410, Latvia

FINANCIAL REPORT

FOR 3 MONTHS OF YEAR 2019

(01.01.2019 – 31.03.2019)

(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

2019

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INFORMATION ABOUT THE COMPANY

Company name	Ditton pievadķēžu rūpnīca
Legal status	Joint Stock Company
Registration 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	Jūlija Lavrecka
Reporting period	01.01.2019 – 31.03.2019

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, re-elected 14.01.2019 (elected since 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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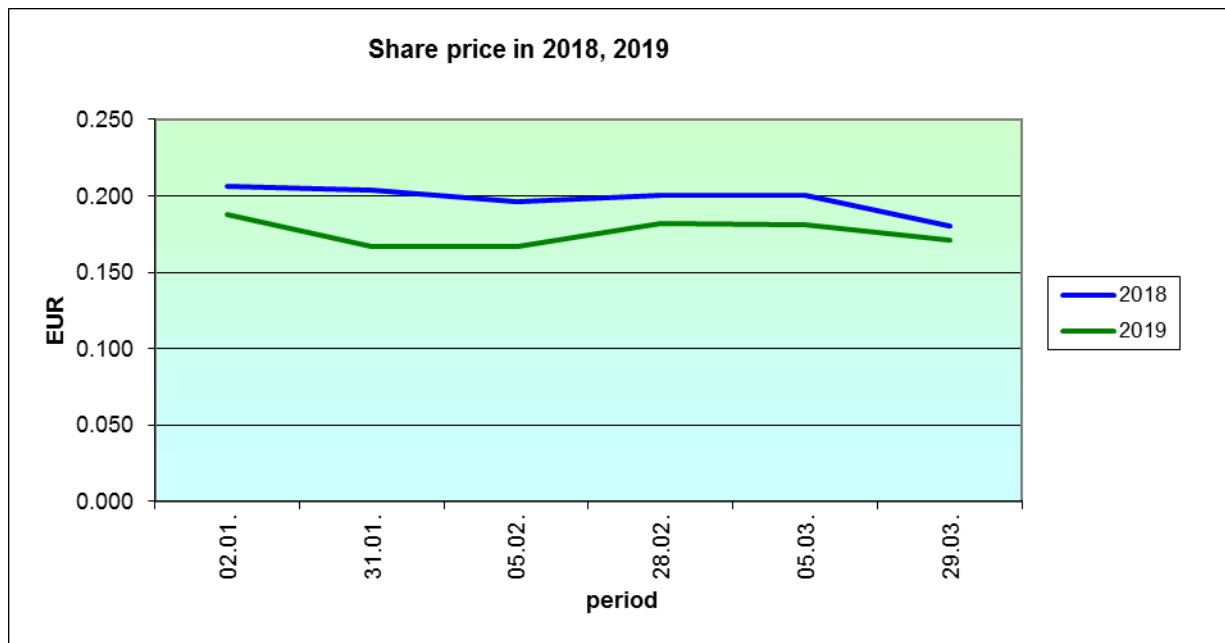
MAJOR SHAREHOLDERS (OVER 5%)*

NAME	Ownership interest %
Vladislavs Driksne	19,92
MAX Invest Holding Ltd.	13,63
Maleks S Ltd.	13,72
DVINSK MNG Ltd.	9,46

** Note: 1) The Company does not keep any Shareholder Register. Information presented is based on the lists of shareholders of the JSC Diton pievadķēžu rūpnīca as at 28.05.2018. Nasdaq CSD has prepared this list for shareholders' meeting due to the Commercial Law of the Republic of Latvia and the Financial Instruments Market Law of the Republic of Latvia, taking into account the shareholders' notifications on acquisition and disposal significant holding in the Issuer's equity in accordance with the section 61 of the Financial Instruments Market Law.*

2) As at 31.03.2018, the Company has no information at its disposal on distribution of stocks (20%) among heirs of E. Zavadskis and their records in financial instruments accounts pursuant to the section 125 of the Financial Instruments Market Law.

SHARE PRICE DEVELOPMENT



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STATEMENT ABOUT MANAGEMENT LIABILITY

The Management declares that the interim report for 3 months of the year 2019 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 2019 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 2018 has no significant changes and is up to date.

Chairman of the Management Board
of JSC Ditton pievadķēžu rūpnīca

Rolands Zarāns

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BALANCE SHEET

ASSETS	31.03.2019	31.03.2018
	EUR	EUR
Long-term investments		
Intangible investments		
Concessions, patents, licenses, trademarks and similar rights	10 069	14 902
Total intangible investments	10 069	14 902
Fixed assets		
Immovable property:		
Land	1 853 982	1 853 982
Buildings and structures and permanent crop	1 297 673	1 382 210
Investment properties – land	88 628	88 628
Investment properties - buildings	921 632	979 536
Technological equipment and devices	2 752 014	3 010 436
Other fixed assets and inventory	42 135	14 169
Costs of the establishment of fixed assets and unfinished building objects	12 649	12 649
Total fixed assets	6 968 713	7 341 610
Long-term financial investments		
Other securities and investments	-	67 160
Total long-term financial investments	-	67 160
Total long-term investments	6 978 782	7 423 672
Current assets		
Inventories		
Raw materials, consumables and supplies	483 419	492 001
Work in progress	164 698	185 276
Finished products and goods for sale	279 457	249 241
Advance payments for inventories	22 041	61 659
Total inventories	949 615	988 177
Debtors		
Trade receivables	692 210	1 049 956
Other debtors	23 225	61 695
Next period costs	400	429
Total debtors	715 835	1 112 080
Cash	20 216	7 843
Total current assets	1 685 666	2 108 100
<u>TOTAL ASSETS</u>	<u>8 664 448</u>	<u>9 531 772</u>

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BALANCE SHEET

LIABILITIES	31.03.2019	31.03.2018
	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	(9 228 221)	(8 944 247)
Profit or loss of the reporting year	(128 590)	57 596
Total equity	1 172 440	1 642 600
 Long-term creditors		
Loans from credit institutions	4 678 577	4 533 505
Next period income	1 300 483	978 274
Total long-term creditors	5 979 060	5 511 779
 Short-term creditors:		
Loans from credit institutions	273 509	789 280
Other loans	-	144 828
Prepayments received from purchasers	26 443	47 723
Accounts payable to suppliers and contractors	479 560	566 875
Taxes and State mandatory social insurance payments	451 822	496 715
Other creditors	130 606	197 274
Deferred income	68 354	45 389
Accrued obligations	82 654	89 309
Total short-term creditors	1 512 948	2 377 393
Total creditors	7 492 008	7 889 172
 <u>TOTAL LIABILITIES</u>	 <u>8 664 448</u>	 <u>9 531 772</u>

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INCOME STATEMENT

	31.03.2019	31.03.2018
	EUR	EUR
Net turnover	1 057 414	1 418 857
Production costs of goods sold, purchase costs of goods sold or services rendered	(963 051)	(1 185 829)
Gross profit or loss	94 363	233 029
Sales costs	(70)	(328)
Administrative expenses	(172 991)	(168 935)
Other income from operating activities	25 667	84 779
Other costs of operating activities	(27 246)	(31 613)
Interest payments and similar expenses	(48 314)	(59 336)
• <i>from other persons</i>	<i>(48 314)</i>	<i>(59 336)</i>
Profit or loss before enterprise income tax	(128 590)	57 596
Enterprise income tax	-	-
Profit or loss for the fiscal period	<u>(128 590)</u>	<u>57 596</u>
Profit/diluted profit or loss per share	(0.017)	0.008

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CASH FLOW STATEMENT

	31.03.2019	31.03.2018
	EUR	EUR
I. Cash flows from operating activities		
1. Profit or loss before enterprise income tax	(128 590)	57 596
<i>Adjustments to:</i>		
Depreciation of fixed assets	104 296	103 287
Depreciation of intangible assets	1 208	1 208
EU funds income recognition	(15 130)	(15 130)
Interest payments and similar income	48 314	59 336
Income from sale of fixed assets	(1 400)	-
2. Profit or loss before adjustments to fixed assets and short-term creditors	8 698	206 297
<i>Adjustments to Current assets and Short-term creditors:</i>		
Increase or decrease in accounts receivables	(36 402)	(39 720)
Increase or decrease in inventories	44 276	(8 061)
Increase or decrease in accounts payable to suppliers, contractors and other creditors	35 020	111 706
Net cash flows used in operating activities	<u>51 592</u>	<u>270 222</u>
II. Cash flows from investing activities		
Proceeds from sale of fixed assets	1 400	-
Net cash flows used in investing activities	<u>1 400</u>	=
III. Cash flows from financing activities		
Proceeds from borrowings or repayment of borrowings, net	(42 937)	(204 418)
Subsidies, grants, gifts or donations received	(48 314)	(59 336)
Net cash flows used in financing activities	<u>(91 251)</u>	<u>(263 754)</u>
Net cash flows of the reporting year	(38 259)	(6 465)
Cash and cash equivalents at the beginning of fiscal period	<u>58 475</u>	<u>1 378</u>
Cash and cash equivalents at the end of fiscal period	<u>20 216</u>	<u>7 843</u>

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STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.2018 till 31.03.2018

	Equity capital	Other reserves	Retained profit of previous periods	Profit or loss of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
At 1 January 2018	10 360 000	169 251	(8 944 247)	-	1 585 004
Other reserves	-	-	-	-	169 251
Profit of 3 months period 2018	-		-	57 596	57 596
At 31 March 2018	10 360 000	169 251	(8 944 247)	(57 596)	1 642 600
At 1 January 2019	10 360 000	169 251	(9 372 899)	144 682	1 301 034
Loss of 3 months period 2019	-		-	(128 590)	(128 590)
At 31 March 2019	10 360 000	169 251	(9 228 221)	(128 590)	1 172 440

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 are prepared on the basis of source documents and present fairly the financial position of the JSC as at 31 March 2019, its` operating results and cash flows for 3 months ended 31 March 2019.

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 2019 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 2019 (thousand meters)

The index of the produced driving chains is by 93 thousand meters lower than in 3 months of 2018.

Production of driving chains in 3 months of 2019 (thousand euros)

The value of the produced driving chains in these 3 months reached € 824 thousand, what is by € 257 thousand lower than the index of the same period of the previous year.

Sales (net-turnover) in 3 months of 2019 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 1,057 thousand, being by € 362 thousand or 26 per cent less than the index in the same period of the previous year.

Core product sales in 3 months of 2019 (thousand euros)

Core product sales amounting to € 834 thousand in the reporting period are by € 382 thousand or 31 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 2019 was 156 employees with the average salary amounted to EUR 616 what is by EUR 7 lower than in 3 months of 2018.