

JSC DITTON PIEVADĶĒŽU RŪPNĪCA

Reg.No. 40003030187

Višķu street 17, Daugavpils, LV-5410 Latvia

FINANCIAL REPORT FOR 9 MONTHS OF YEAR 2017 (01.01.2017. – 30.09.2017.)

(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
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	01.01.2017 – 30.09.2017

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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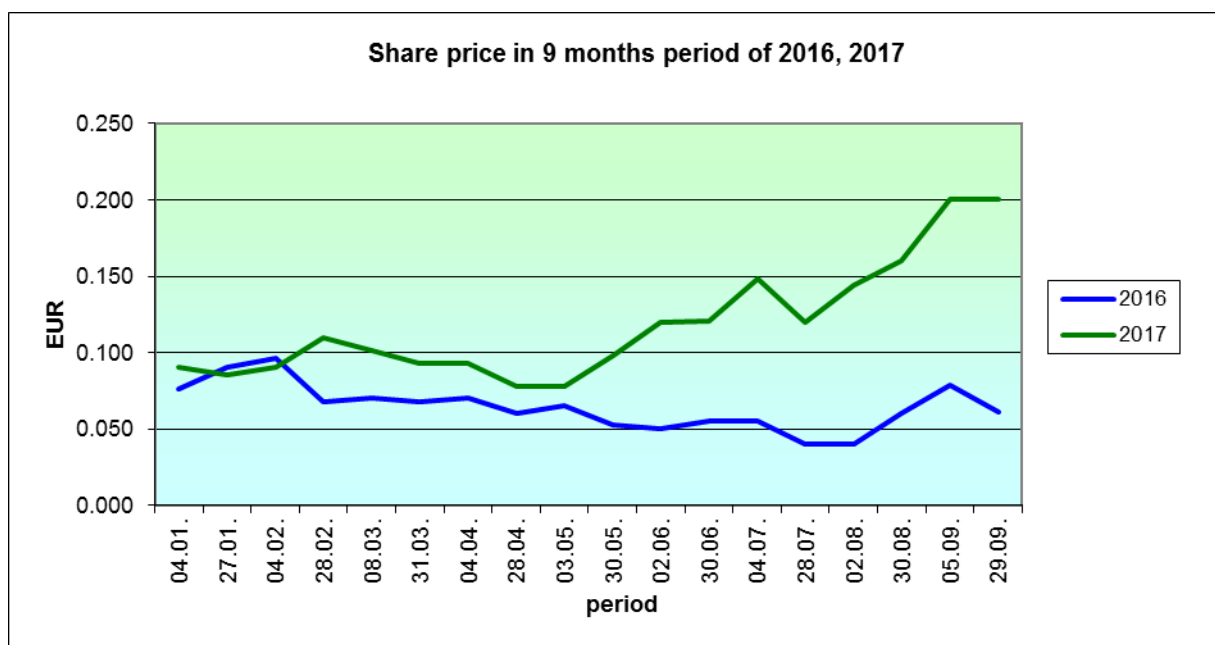
MAJOR SHAREHOLDERS (OVER 5%)*

NAME	Ownership interest %
Vladislavs Driksne	19,92
MAX Invest Holding Ltd.	13,63
Maleks S Ltd.	14,22
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 Dittton pievadķēžu rūpnīca as at 10.11.2017., 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 on 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 30.09.2017, 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 9 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 9 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 DITTON PIEVADĶĒŽU RŪPNĪCA
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BALANCE SHEET

ASSETS	30.09.2017	30.09.2016
	EUR	EUR
Long-term investments		
Intangible investments		
Concessions, patents, licenses, trademarks and similar rights	17 363	22 460
Total intangible investments	17 363	22 460
Fixed assets		
Land, buildings and engineering structures	4 375 578	4 518 020
Technological equipment and devices	684 893	763 151
Other fixed assets and inventory	18 632	28 640
Capital expenditure and assets under construction	12 649	12 649
Total fixed assets	5 091 752	5 322 460
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	5 176 275	5 412 080
Current assets		
Inventories		
Raw materials, consumables and supplies	503 003	591 388
Work in progress	175 273	283 882
Finished products and goods for sale	318 553	348 097
Advance payments for inventories	1 564 024	1 466 235
Total inventories	2 560 853	2 689 602
Debtors		
Trade receivables	1 044 744	1 016 522
Other debtors	23 825	36 601
Total debtors	1 068 569	1 053 123
Cash	4 147	4 944
Total current assets	3 633 569	3 747 669
<u>TOTAL ASSETS</u>	<u>8 809 844</u>	<u>9 159 749</u>

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BALANCE SHEET

LIABILITIES	30.09.2017	30.09.2016
	EUR	EUR
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	776 833	(136 457)
Total equity	1 416 714	485 503
 Long-term creditors		
Loans from credit institutions	1 858 390	2 044 929
Next period income	1 038 793	1 099 313
Total long-term creditors	2 897 183	3 144 242
 Short-term creditors:		
Loans from credit institutions	43 111	-
Other loans	281 613	178 963
Prepayments received from purchasers	50 452	116 479
Accounts payable to suppliers and contractors	3 194 376	4 469 790
Taxes and State mandatory social insurance payments	412 367	282 622
Other creditors	446 596	422 580
Next period income	15 130	15 130
Accrued obligations	52 302	44 440
Total short-term creditors	4 495 947	5 530 004
Total creditors	7 393 130	8 674 246
 <u>TOTAL LIABILITIES</u>	 <u>8 809 844</u>	 <u>9 159 749</u>

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INCOME STATEMENT

	30.09.2017	30.09.2016
	EUR	EUR
Net turnover	4 249 284	5 232 814
Production costs of goods sold, purchase costs of goods sold or services rendered	3 147 633	(5 419 162)
Gross profit or loss	1 101 651	(186 348)
Sales costs	(10 259)	(14 303)
Administrative expenses	(465 057)	(461 728)
Other income from operating activities	322 945	725 107
Other costs of operating activities	(113 239)	(59 547)
Interest payments and similar expenses	(59 207)	(93 860)
• <i>from other persons</i>	(59 207)	(93 860)
Profit or loss before enterprise income tax	776 833	(90 679)
Enterprise income tax	-	-
Profit or loss for the fiscal period	<u>776 833</u>	<u>(136 457)</u>
Minority interest	0.105	(0.018)

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CASH FLOW STATEMENT

	30.09.2017	30.09.2016
	EUR	EUR
I. Cash flows from operating activities		
1. Profit or loss before enterprise income tax	776 833	(458 519)
<i>Adjustments to:</i>		
Depreciation of fixed assets	191 110	101 778
Amortization of intangible assets	3 824	1 021
Interest payments and similar income	59 209	745
Next period income	(45 390)	-
Gain on disposal of fixed assets	(3 140)	-
2. Profit or loss before adjustments to fixed assets and short-term creditors	982 446	(385 235)
<i>Adjustments to:</i>		
Increase or decrease in accounts receivables	289 453	(256 122)
Increase or decrease in inventories	(314 425)	63 698
Increase or decrease in accounts payable to suppliers, contractors and other creditors	(768 474)	1 770 423
3. Gross cash flows from operating activities	189 000	1 192 764
Net cash provided by operating activities	<u>189 000</u>	<u>1 162 245</u>
II. Cash flows of investing activities		
Purchases of fixed and intangible assets	(24 249)	(836 750)
Gain on disposal of fixed assets	3 140	-
Net cash used in investing activities	<u>(21 109)</u>	<u>(836 750)</u>
III. Cash flows from financing activities		
Borrowings received, net	(111 522)	(288 516)
Income from depreciation of EU funds received	-	(30 260)
Interest paid	(59 209)	-
Net cash used in financing activities	<u>(170 731)</u>	<u>(289 261)</u>

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CASH FLOW STATEMENT
SUMMURY

	30.09.2017	30.09.2016
	EUR	EUR
Net cash flow of the reporting year	(2 840)	1 162 245
Cash and cash equivalents at the beginning of fiscal period	<u>6 987</u>	<u>79 259</u>
Cash and cash equivalents at the end of fiscal period	<u>4 147</u>	<u>115 493</u>

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STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.2017 till 30.09.2017

	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	169 251	(9 889 370)	-	639 881
Profit or loss of 9 months period 2017	-		-	776 833	776 833
At 30 September 2017	10 360 000	169 251	(9 889 370)	776 833	1 416 714
At 1 January 2016	10 360 000	169 251	(9 907 291)	-	621 960
Other reserves	-	-	-	-	-
Profit or loss of 9 months period 2016	-		-	(136 457)	(136 457)
At 30 September 2016	10 360 000	169 251	(9 907 291)	(136 457)	485 503

Appendix

Explanatory notes

Accounting policies and methods applied in present interim financial statements 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 30 September 2017, its` operating results and cash flows for 9 months ended 30 September 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 9 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 9 months of 2017 (thousand euros)

The value of the produced driving chains in these 9 months reached € 2,509 thousand, what is by € 278 thousand less than the index of the same period of the previous year.

Production of driving chains in 9 months of 2017 (thousand meters)

The index of the produced driving chains is by 482 thousand meters less than in 9 months of 2016.

Sales (net-turnover) in 9 months of 2017 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 4,249 thousand, being by € 984 thousand or 19 per cent less than the index in the same period of previous year.

Core product sales in 9 months of 2017 (thousand euros)

Core product sales amounting to € 3,315 thousand in the reporting period are by € 587 thousand or 15 per cent less than the result of the same period in the previous year.