

**JSC „DITTON PIEVADKĒŽU RŪPNĪCA”**

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

**FOR 12 MONTHS OF YEAR 2008**

**(01.01.2008 – 31.12.2008)**

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

Daugavpils

2009

JSC "DITTON PIEVADKEZU RUPNICA"  
FINANCIAL REPORT FOR 12 MONTHS PERIOD OF 2008

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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	Nina Moiseeva, p.c. 200250-10263
Reporting period	01.01.2008 – 31.12.2008
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>

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**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

Members of the Management Board

Natalja Redzoba, elected 29.08.2003

Jurijs Kostromins, elected 07.01.2004, relieved 09.01.2009

Vladimirs Kovalonoks, elected 09.05.2007, relieved 09.01.2009

**Information on shares owned by Members of the Management Board**

**Members of the Management Board**

**Share ownership \***

	<b>Quantity of shares</b>	<b>%</b>
Eduards Zavadskis	1 480 000	20,0
Pjotrs Dorofejevs	no shares	-
Natalja Redzoba	1 900	0,03
Jurijs Kostromins (07.01.2004 – 09.01.2009)	no shares	-
Vladimirs Kovalonoks (09.05.2007 – 09.01.2009)	no shares	-

**THE COUNCIL**

Chairman of the Council

Boriss Matvejevs, elected 20.06.2008

Deputy Chairman of the Council

Georgijs Sorokins, elected 20.06.2008

Members of the Council

Jevgenijs Glinkins, elected 20.06.2008

Jevgenijs Sokolovskis, elected 20.06.2008

Pavels Samuilovs, elected 20.06.2008

**Information on shares owned by Members of the Council**

**Members of the Management Board**

**Share ownership \***

	<b>Quantity of shares</b>	<b>%</b>
Boriss Matvejevs	no shares	-
Georgijs Sorokins	5 768	0,08
Jevgenijs Glinkins	no shares	-
Jevgenijs Sokolovskis	no shares	-
Pavels Samuilovs	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 31.10.2008

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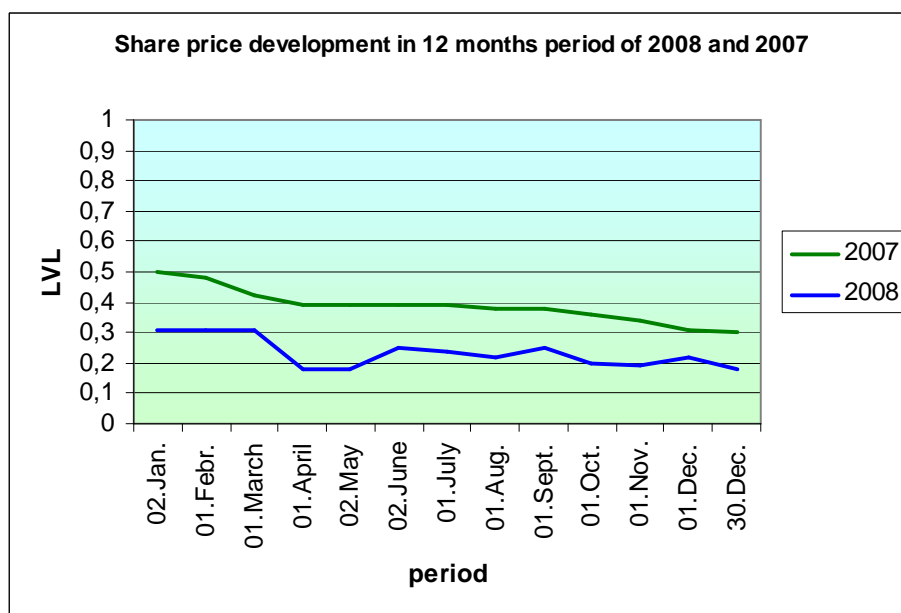
**INFORMATION ON SHAREHOLDERS AND SHARES**

**COMPANY SHAREHOLDERS (OVER 5%) AS OF 31.10.2008**

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 31.10.2008.

**SHARE PRICE DEVELOPMENT**



## MANAGEMENT REPORT

### Information on the results of the company in 12 months of year 2008

In 12 months of 2008 net-turnover in fact was fulfilled in the amount of 7 367 thous. LVL (10 482 thous.EUR) against the forecast 8 700 thous.LVL (12 379 thous.EUR), decrease amounts to 1 333 thous.LVL (1 897 thous.EUR) or 7,5%. Compared to the level of previous year, net-turnover of the reporting period is by 1 831 thous.LVL (2 606 thous.EUR) or by 20% less.

Profit before taxes amounted to 1 596 thous.LVL (2 271 thous.EUR) in 12 months period of 2008, which is by 1 418 thous.LVL (2 018 thous.EUR) more than the forecast owing to the sale of non-business assets – land plot owned by the company. Profit after taxes amounts to 1 478 thous.LVL (2 103 thous.EUR).

Commodity output is estimated in the amount of 7 780 thous.LVL (11 070 thous.EUR). The result of this year is by 1 060 thous.LVL (1 508 thous.EUR) or by 12% less than the 12 months result of the last 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 519 in 12 months of year 2008.

The average salary amounted to 324 LVL (461 EUR) in 12 months period of 2008, which is by 45 LVL (64 EUR) more than in 12 months of 2007.

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

Crisis occurrences and falling off in demand on consumer markets negatively affect falling off and instability in demand of company's finished products market. And it is considered as a basis to forecast a future instability of market and market prices, in circumstances of which the company is acting. The company notes that production quality in general complies with market requirements (in 2008 the company has not received any noticeable consumers' reclamations), but taking into account the abovementioned causes, the natural price growth from one side and sales slowdown from other side give no grounds for optimistic forecasts in respect of maintaining of production volume.

At the end of 2008 these tendencies have been aggravated through inflation of our consumers' currencies against EUR, where the rate of Latvian currency, in which our costs have been calculated and actually paid, remained unchanged.

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In 2008 the economics have been comprised by global crisis. Its indications are such as crisis occurrences in the sphere of circulation of financial instruments, including in banking sector, inflation and devaluation of almost all national currencies, dropping of companies' capitalization and confidence level in crediting-investments sector obstructing attraction of crediting-investment means, falling of consumers demand and overproduction of some goods and services, and suspension of production and/or substantial decline of production caused by this (which especially concerned the company as supplier of component parts for companies of automobile industry), recession processes and ongoing production and GDP falling, which are now observable in most developed countries.

It all concerned the joint-stock company "Ditton pievadķēžu rūpnīca" at full extent.

Positive indices of the balance have been achieved first of all owing to the sale of non-profile assets about which the shareholders have been informed in the management report of financial report for 6 months of 2008, and owing to purchase orders placed in 2007 and beginning of 2008 as well.

Future global processes have substantially changed the dynamics of purchase orders and company's development.

Crisis conditions have caused changes in payment terms of suppliers of raw materials and resources, who switched to work mainly in prepayment conditions. Prepayment for materials and resources in conditions of instability of demand and orders for company's production destabilizes cash flows of the company and causes delay in financial obligations fulfillment. Substantial delays in payments for services and finished products occurred owing to suspension of our consumers' production and/or inability to sell their production. In respect to market specifics (restricted volumes, specialization, traditional focusing on definite partners etc.), immediate collection of debts shall not have the necessary result and vice versa – it will cause loss of consumers and their confidence, and it seems to be problematic to reestablish them.

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, and to refuse from planned investments in current and capital repairs of building, engineering constructions and networks and equipment stock.

Processes which negatively influence the company are unstable and depend on general crisis in global economics. At present moment the company does not see tendencies for "stopping" and stabilization of crisis occurrences. In this connection 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 are unfavorable.

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The Management Board considers it necessary to restrict these negative company's development prognosis 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 12 months of year 2008 ended December 31, 2008 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 pievadķēžu rūpnīca"

Eduards Zavadskis



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<b>BALANCE SHEET</b>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</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>	83 453	180 942	118 743	257 457
<b>Short-term investments</b>				
<b>Customer receivables</b>				
Debts of buyers and customers	5 108 929	4 180 371	7 269 351	5 948 132
Accounts receivable from related companies	0	0	0	0
Allowance for uncollectible receivables	-254 334	-254 334	-361 885	-361 885
<b>Total</b>	<b>4 854 595</b>	<b>3 926 037</b>	<b>6 907 466</b>	<b>5 586 247</b>
<b>Other receivables</b>				
Other current receivables	77 148	33 834	109 772	48 142
Short-term loans given	0	0	0	0
Derivative financial instruments	0	0	0	0
<b>Total</b>	<b>77 148</b>	<b>33 834</b>	<b>109 772</b>	<b>48 142</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	139 738	229 935	198 829	327 167
Other prepaid expenses	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Inventories</b>				
Raw materials	1 348 030	1 029 413	1 918 074	1 464 723
Work-in-progress	305 395	272 668	434 538	387 972
Finished goods	1 054 405	888 255	1 500 283	1 263 873
Prepayments to suppliers	1 204 116	20 296	1 713 303	28 878
<b>Total</b>	<b>3 911 946</b>	<b>2 210 632</b>	<b>5 566 198</b>	<b>3 145 446</b>
<b>TOTAL CURRENT ASSETS</b>	<b>9 066 880</b>	<b>6 581 380</b>	<b>12 901 008</b>	<b>9 364 459</b>
<b>NON-CURRENT ASSETS</b>				
<b>Long-term financial assets</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	14 216 559	14 493 966	20 228 341	20 623 057
Other equipment and fixtures	321 442	405 743	457 371	577 320
Accumulated depreciation	-10 636 220	-10 089 157	-15 133 978	-14 355 577
<b>Total</b>	<b>3 901 781</b>	<b>4 810 552</b>	<b>5 551 734</b>	<b>6 844 800</b>
<b>Intangible assets</b>				
Purchased licenses, trademarks etc.	192	452	273	643
Goodwill	0	0	0	0
Prepayments for intangible assets	0	0	0	0
<b>Total</b>	<b>192</b>	<b>452</b>	<b>273</b>	<b>643</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 901 973</b>	<b>4 811 004</b>	<b>5 552 007</b>	<b>6 845 443</b>
<b>TOTAL ASSETS</b>	<b>12 968 853</b>	<b>11 392 384</b>	<b>18 453 015</b>	<b>16 209 902</b>
	<i>1 EUR =</i>		<i>0.702804 LVL</i>	<i>0.702804 LVL</i>

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BALANCE SHEET	31.12.2008	31.12.2007	31.12.2008	31.12.2007
LIABILITIES & OWNERS' EQUITY				
CURRENT LIABILITIES	LVL	LVL	EUR	EUR
<b>Debt obligations</b>				
Short-term loans from financial institutions	0	0	0	0
Derivative financial instruments	0	0	0	0
Short-term capital lease obligations	2 992	19 057	4 257	27 116
<b>Total</b>	<b>2 992</b>	<b>19 057</b>	<b>4 257</b>	<b>27 116</b>
<b>Customer prepayments for goods and services</b>	<b>4 917</b>	<b>1 108 807</b>	<b>6 996</b>	<b>1 577 690</b>
<b>Supplier payables</b>	<b>224 700</b>	<b>585 090</b>	<b>319 720</b>	<b>832 508</b>
<b>Total</b>	<b>229 617</b>	<b>1 693 897</b>	<b>326 716</b>	<b>2 410 198</b>
<b>Tax liabilities</b>	<b>245 379</b>	<b>105 013</b>	<b>349 143</b>	<b>149 420</b>
<b>Accrued expenses</b>				
Salary-related accrued expenses	72 150	109 142	102 660	155 295
Interest payable	0	0	0	0
<b>Total</b>	<b>317 529</b>	<b>214 155</b>	<b>451 803</b>	<b>304 715</b>
<b>Provisions</b>	<b>287 659</b>	<b>288 750</b>	<b>409 302</b>	<b>410 854</b>
<b>Total</b>	<b>287 659</b>	<b>288 750</b>	<b>409 302</b>	<b>410 854</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>837 797</b>	<b>2 215 859</b>	<b>1 192 078</b>	<b>3 152 883</b>
<b>NON-CURRENT LIABILITIES</b>				
<b>Long-term liabilities</b>	<b>1 749 982</b>	<b>242 000</b>	<b>2 490 000</b>	<b>344 335</b>
Other loans	4 790	21 642	6 815	30 794
<b>Total</b>	<b>1 754 772</b>	<b>263 642</b>	<b>2 496 815</b>	<b>375 129</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1 754 772</b>	<b>263 642</b>	<b>2 496 815</b>	<b>375 129</b>
<b>TOTAL LIABILITIES</b>	<b>2 592 569</b>	<b>2 479 501</b>	<b>3 688 893</b>	<b>3 528 012</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>1 498 082</b>	<b>1 364 516</b>	<b>2 131 579</b>	<b>1 941 532</b>
<b>Net profit for the reporting period</b>	<b>1 478 202</b>	<b>148 367</b>	<b>2 103 292</b>	<b>211 107</b>
<b>Currency translation reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OWNERS' EQUITY</b>	<b>10 376 284</b>	<b>8 912 883</b>	<b>14 764 122</b>	<b>12 681 890</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>12 968 853</b>	<b>11 392 384</b>	<b>18 453 015</b>	<b>16 209 902</b>

*1 EUR =*

*0.702804 LVL 0.702804 LVL*

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INCOME STATEMENT	31.12.2008 LVL	31.12.2007 LVL	31.12.2008 EUR	31.12.2007 EUR
Net sales	7 366 603	9 198 338	10 481 732	13 088 056
Other operating income	1 713 512	1 534 278	2 438 108	2 183 081
<b>Total income</b>	<b>9 080 115</b>	<b>10 732 616</b>	<b>12 919 840</b>	<b>15 271 137</b>
Direct cost of goods sold or services rendered	-3 027 432	-3 244 595	-4 307 648	-4 616 643
Marketing, advertising and public relations expenses	0	-2 773	0	-3 946
Bad receivables	0	0	0	
Other operating expenses	-123 035	-893 697	-175 063	-1 271 616
Salaries, bonuses and social expenses	-2 497 684	-2 534 526	-3 553 884	-3 606 306
Depreciation expense	-838 739	-954 134	-1 193 418	-1 357 610
Other expenses	-863 237	-2 788 667	-1 228 276	-3 967 915
<b>Operating expenses</b>	<b>-7 350 127</b>	<b>-10 418 392</b>	<b>-10 458 289</b>	<b>-14 824 036</b>
<b>EBIT</b>	<b>1 729 988</b>	<b>314 224</b>	<b>2 461 551</b>	<b>447 101</b>
Percents paid	-117 679	-66 144	-167 442	-94 115
<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	-16 107	-16 185	-22 918	-23 029
<b>Financial items</b>	<b>-133 786</b>	<b>-82 329</b>	<b>-190 360</b>	<b>-117 144</b>
<b>Profit before extraordinary items and taxes</b>	<b>1 596 202</b>	<b>231 895</b>	<b>2 271 191</b>	<b>329 957</b>
<b>EBT</b>	<b>1 596 202</b>	<b>231 895</b>	<b>2 271 191</b>	<b>329 957</b>
Provisions for taxes	-118 000	-83 528	-167 899	-118 850
<b>Profit after taxes</b>	<b>1 478 202</b>	<b>148 367</b>	<b>2 103 292</b>	<b>211 107</b>
<b>Net profit</b>	<b>1 478 202</b>	<b>148 367</b>	<b>2 103 292</b>	<b>211 107</b>
<b>Index EPS</b>	<b>0.200</b>	<b>0.020</b>	<b>0.285</b>	<b>0.028</b>
	<i>1 EUR =</i>		<i>0.702804 LVL</i>	<i>0.702804 LVL</i>

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CASH FLOW STATEMENT	31.12.2008 LVL	31.12.2007 LVL	31.12.2008 EUR	31.12.2007 EUR
<b>CASH GENERATED FROM OPERATIONS</b>	<b>-1 645 003</b>	<b>2 920 807</b>	<b>-2 340 628</b>	<b>4 155 934</b>
Cash received from customers	-4 079 051	487 569	-5 803 966	693 748
Cash received from ML Group	0	0	0	0
Cash paid to suppliers and employees	2 434 048	3 408 376	3 463 338	4 849 682
Cash paid to suppliers and employees ML Group	0	0	0	0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>71 184</b>	<b>1 349 770</b>	<b>101 286</b>	<b>1 920 550</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	-173 025	1 384 124	-246 192	1 969 431
Cash paid for purchasing non-current physical assets ML Group	0	0	0	0
Cash received from the sale of non-current physical assets	244 209	34 354	347 478	48 881
Loans given	0	0	0	0
Interest received	0	0	0	0
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>1 476 330</b>	<b>1 744 254</b>	<b>2 100 628</b>	<b>2 481 850</b>
Short-term loans received	1 595 801	1 784 953	2 270 620	2 539 759
Repayment of short-term loans	0	0	0	0
Cash paid as capital lease payments	-1 792	-40 699	-2 550	-57 909
Paid interest	-117 679	0	-167 442	0
Paid interest ML Group	0	0	0	0
<b>TOTAL CASH FLOW</b>	<b>-97 489</b>	<b>-173 217</b>	<b>-138 714</b>	<b>-246 466</b>
Cash and cash equivalents as at the beginning of period	180 942	180 942	257 457	257 457
Cash and cash equivalents as at the end of period	83 453	354 159	118 743	503 923
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-97 489</b>	<b>-173 217</b>	<b>-138 714</b>	<b>-246 466</b>
	<i>1 EUR =</i>		<i>0.702804 LVL</i>	<i>0.702804 LVL</i>

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<b>Statement of changes in equity for the period from 01.01.2008 till 31.12.2008 (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 January 1<sup>st</sup>, 2008</b>	<b>7 400 000</b>	-	-	-	<b>1 364 515</b>	<b>148 367</b>	<b>8 912 882</b>
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2007	-	-	-	-	-	-	-
Allocation of profit of 2007 to dividends	-	-	-	-	-14 800	-	<b>-14 800</b>
Issue of share capital	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit in 12 months of 2008	-	-	-	-	-	1 478 202	<b>1 478 202</b>
<b>As at December 31, 2008</b>	<b>7 400 000</b>	-	-	-	<b>1 349 715</b>	<b>1 626 569</b>	<b>10 376 284</b>
<b>As at January 1<sup>st</sup>, 2007</b>	<b>7 400 000</b>	-	-	-	<b>1 375 615</b>	-	<b>8 775 615</b>
Dividend relating to 2006	-	-	-	-	-	-	-
Allocation of profit of 2006 to dividends	-	-	-	-	-11 100	-	<b>-11 100</b>
Currency translation difference	-	-	-	-	-	-	-
Profit for 12 months of 2007	-	-	-	-	-	148 367	<b>148 367</b>
<b>As at December 31, 2007</b>	<b>7 400 000</b>	-	-	-	<b>1 364 515</b>	<b>148 367</b>	<b>8 912 882</b>

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**FINANCIAL REPORT FOR 12 MONTHS PERIOD OF 2008**

*1 EUR = 0,702804 LVL*

<b>Statement of changes in equity for the period from 01.01.2008 till 31.12.2008 (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 January 1<sup>st</sup>, 2008</b> <i>(0.702804)</i>	<b>10 529 251</b>	-	-	-	<b>1 941 530</b>	<b>211 107</b>	<b>12 681 888</b>
Issue of share capital							-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2007	-	-	-	-	-	-	-
Allocation of profit of 2007 to dividends	-	-	-	-	-21 058	-	<b>-21 058</b>
Issue of share capital	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for 12 months period 2008 <i>(0.702804)</i>	-	-	-	-	-	2 103 292	<b>2 103 292</b>
<b>As at December 31, 2008</b> <i>(0.702804)</i>	<b>10 529 251</b>	-	-	-	<b>1 920 472</b>	<b>2 314 399</b>	<b>14 764 122</b>
<b>As at January 1<sup>st</sup>, 2007</b> <i>(0.702804)</i>	<b>10 529 251</b>	-	-	-	<b>1 975 324</b>	-	<b>12 486 575</b>
Dividend relating to 2006	-	-	-	-	-	-	-
Allocation of profit of 2006 to dividends	-	-	-	-	-15 794	-	<b>-15 794</b>
Currency translation difference	-	-	-	-	-	-	-
Profit for 12 months period 2007 <i>(0.702804)</i>	-	-	-	-	-	211 107	<b>211 107</b>
<b>As at December 31, 2007</b> <i>(0.702804)</i>	<b>10 529 251</b>	-	-	-	<b>1 941 530</b>	<b>211 107</b>	<b>12 681 888</b>

JSC "DITTON PIEVADKEZU RUPNICA"  
**FINANCIAL REPORT FOR 12 MONTHS PERIOD OF 2008**

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 December 31, 2008 and the results of its operation and cash flows for the 12 months period ended December 31, 2008.

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 12 months of 2008 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.

JSC "DITTON PIEVADKEZU RUPNICA"  
**FINANCIAL REPORT FOR 12 MONTHS PERIOD OF 2008**

**Summary of financial results  
for 12 months of year 2008**

(thous.LVL)

Name of index	12 months of 2008		Deviation (+ / -)
	Forecast	In fact	
Production of commodity products	8 450	7 780	-670
Production of main products	8 416	7 722	-694
Driving chains	8 311	7 575	-736
incl. automotive	3 466	3 689	+223
industrial	4 845	3 886	-959
Sales volume	8 700	7 367	-1 333
Sales of main products	8 660	7 332	-1 328
Profit after taxes	40	1 478	+1 438

(thous. EUR)

*1 EUR = 0,702804 LVL*

Name of index	12 months of 2008		Deviation (+ / -)
	Forecast	In fact	
Production of commodity products	12 023	11 070	-953
Production of main products	11 975	10 987	-988
Driving chains	11 826	10 778	-1 048
incl. automotive	4 932	5 249	+317
industrial	6 894	5 529	-1 365
Sales volume	12 379	10 482	-1 897
Sales of main products	13 322	10 432	-1 890
Profit after taxes	57	2 103	+2 046



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

#### Production of commodity products in the period of 12 months of year 2008 (thous.LVL/thous.EUR)

Output of commodity products is estimated in the amount 7 780 thous.LVL (11 070 thous.EUR). The result of reporting period is by 1 060 thous.LVL (1 508 thous.EUR) or 12% lower than the result of relevant period of year 2007.

#### Production of driving chains in 12 months of 2008 (thous.meters)

Production of driving chains in natural units is by 742 thous.meters less than the forecast.

#### Production of driving chains in 12 months of year 2008 (thous.LVL/thous.EUR)

Production of driving chains in money terms is by 736 thous.LVL (1 047 thous.EUR) less than the forecasted. The actual performance of reporting period is by 958 thous.LVL (1 363 thous.EUR) lower than in the relevant period of previous year.

#### Sales (net-turnover) in 12 months of 2008 (thous. LVL/thous.EUR)

Net-turnover has been forecasted to amount to 8 700 thous.LVL (12 379 thous.EUR) in 12 months of year 2008, in fact it has been fulfilled in the amount of 7 367 thous.LVL (10 482 thous.EUR), decrease amounts to 1 333 thous.LVL (1 897 thous.EUR). The actual performance of this reporting period is by 1 831 thous. LVL (2 606 thous.EUR) or 20% lower than the index of the same period of previous year.

#### Sales of main products in 12 months of 2008 (thous. LVL/ thous.EUR)

Sales of main products in the reporting period was by 1 328 thous.LVL (1 890 thous.EUR) less than the forecast, and it is by 1 822 thous.LVL (2 592 thous.EUR) or 20% less than the result of the relevant period of prior year.

Proceeds from other activities exceeded the result of relevant period of previous year by 155 thous.LVL (221 thous.EUR), and they amounted to 1 750 thous.LVL (2 490 thous.EUR).