

JSC „DITTON PIEVADĶĒŽU RŪPNĪCA”

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

FOR 3 MONTHS OF YEAR 2015

(01.01.2015 – 31.03.2015)

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

Daugavpils

2015

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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 (before denomination)	7 400 000 LVL
Number of public bearer shares	7 400 000
Nominal value of one share	1.00 LVL
Fixed capital (after denomination, from 23.01.2015)	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 – 31.12.2015

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

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INFORMATION ON MANAGEMENT BOARD AND COUNCIL MEMBERS

THE MANAGEMENT BOARD

Chairman of the Management Board

Rolands Zarans, 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

Members of the Management Board	Share ownership *	
	Quantity of shares	%
Rolands Zarans,	no shares	-
Natalja Redzoba	no shares	-

THE COUNCIL

Chairman of the Council

Boriss Matvejevs, elected 05.05.2005

Deputy Chairmen of the Council

Georgijs Sorokins, elected 06.11.2000

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
Anzelina Titkova	no shares	-
Vladimir Bagaev	no shares	-

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 29.05.2015

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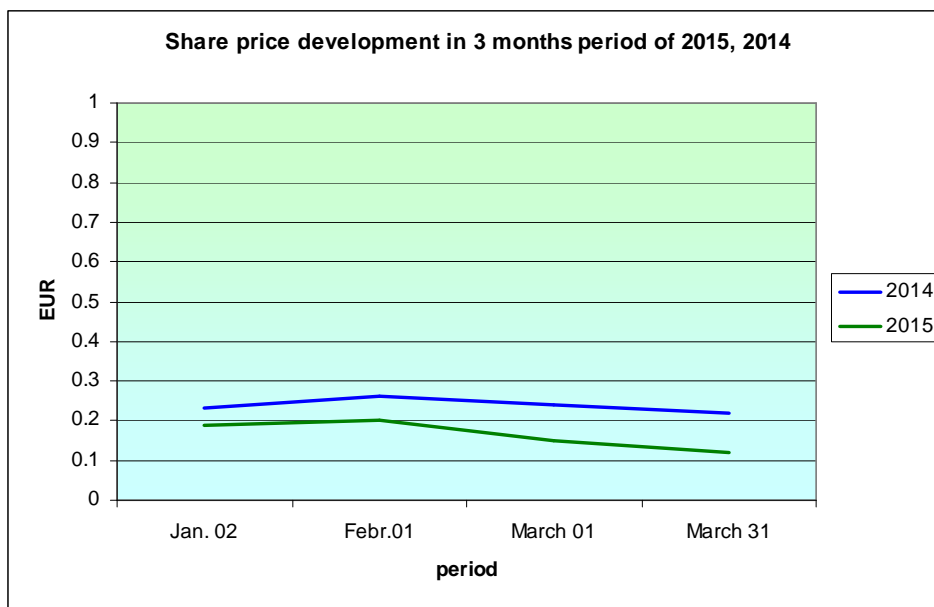
INFORMATION ON SHAREHOLDERS AND SHARES

COMPANY SHAREHOLDERS (OVER 5%) *

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

** Note: Information is presented on the basis of the list of shareholders of JSC „Ditton pievadķēžu rūpnica” dated 27.10.2014, taking into account the shareholders’ notifications on acquisition and disposal significant holding in the Issuer’s equity.*

SHARE PRICE DEVELOPMENT



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MANAGEMENT REPORT

Information on the results of the company in 3 months of year 2015

In 3 months period of 2015 net-turnover was fulfilled in the amount of 1 456 thous.EUR, which is by 1 668 thous.EUR or 53% less than index of the 3 months period of 2014.

Commodity output is estimated in the amount of 1 491 thous.EUR. The result of 3 months of 2015 is by 500 thous.EUR lower than in the relevant period of previous year.

In the reporting period the company exported 32 % of its core products to the East and West: among them 8% eastwards and 24% westwards; 68% of products were sold on domestic market.

The Company closed the 3 months period of 2015 with book losses before taxes in the amount of 897 thous.EUR. Book losses after taxes amounted to 927 thous.EUR. The analysis of the loss structure and causes is given in the section „Significant events. Market tendencies and development of the company. Risks” of the Management report to the annual report for 2014 also applies to the figures of the reporting period.

The average statistical number of employees of JSC “Ditton pievadķēžu rūpnīca” was 238 employees in 3 months of year 2015.

The average salary amounted to 420 EUR in 3 months period of 2015, which is by 29 EUR less than in 3 months of 2014.

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

The Company’s Management Board disclosed in the Management report to the annual report for 2014 significant events, market tendencies and development of the Company, and risks, as well as other significant factors affecting these processes.

In the reporting period all the above conditions and factors remained relevant and thus have to be taken into account.

Considering that performance of the reporting period compared to the same period of previous year is significantly lower, as well conditions and factors disclosed earlier in the Management report to the annual report, the Company’s Management Board specifically points out that, unlike the 3 months period of 2014, which has been characterized by growth trends, the 3 months period of 2015 has been characterized by fall trends as consequences of certain circumstances. Thus, it would be more appropriate to compare the reporting period with the performance in the third and fourth quarter of the previous year, when there were a similar market situation and economic and legal circumstances. Full analytical information on the significant drop on the market in the 2nd half of 2014 in relation to the 1st half of the year and the reasons for it, which remained relevant in the reporting period, has been presented in the Management report to the annual report for 2014.

STATEMENT ABOUT MANAGEMENT LIABILITY

According to our information, the presented financial statements for 3 months of year 2015 ended 31 March 2015 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”

Rolands Zarans

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BALANCE SHEET

ASSETS	31.03.2015. EUR	31.03.2014. EUR
1. Long-term investments		
I. Non-material investments		
Concessions, patents, licenses, trade marks and similar rights	951	1 379
Other non-material investments	1 192 350	2 782 150
Non-material investments total	1 193 301	2 783 529
II. Fixed assets		
Plots of land, buildings and constructions	2 077 496	2 603 203
Technological equipment and machinery	16 798	5 675
Other fixed assets and stock	6 849	15 604
Formation of fixed assets and costs of unfinished construction objects	2 773 567	44 425
Fixed assets total	4 874 710	2 668 907
III. Long-term financial investments		
Participation in the capital of other companies	67 160	67 160
Assets of deferred tax	-	4 076 674
Other loans and other long-term debtors	-	329 651
Long-term financial investments total	67 160	4 473 485
1. Long-term investments total	6 135 171	9 925 921
2. Current assets		
I. Reserves		
Raw materials, basic materials and subsidiary materials	703 511	929 754
Unfinished products	276 078	371 252
Finished products and goods for sale	610 220	458 307
Advance payments for goods	1 428 659	959 187
Reserves total	3 018 468	2 718 500
II. Debtors		
Debts of buyers and customers	2 691 008	3 636 579
Other debtors	218 460	212 568
Expenses of future periods	6 096	-
Debtors total	2 915 564	3 849 147
IV. Cash and cash equivalents	39 357	78 245
2. Current assets total	5 973 389	6 645 892
<u>TOTAL ASSETS</u>	<u>12 108 560</u>	<u>16 571 813</u>

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BALANCE SHEET

LIABILITIES	31.03.2015. EUR	31.03.2014. EUR
1. Equity capital		
Fixed capital	10 360 000	10 529 251
Other reserves	169 251	-
Retained earnings:		
a) retained earnings of previous years	-5 637 329	1 543 379
b) profit / (loss) of reporting period)	-926 710	3 617
1. Equity capital total	3 965 212	12 076 247
2. Long-term creditors:		
Loans from credit institutions	1 502 387	1 585 658
2. Long-term creditors total	1 502 387	1 585 658
3. Short-term creditors:		
Loans from credit institutions	2 052 576	705 729
Other loans	406 607	245 336
Advance payments received from customers	51 651	161 727
Debts to suppliers and contractors	3 263 185	1 128 625
Taxes and compulsory social security contributions	422 637	328 110
Other creditors	376 540	269 064
Accumulated liabilities	67 765	71 317
3. Short-term creditors total	6 640 961	2 909 908
Creditors total	8 143 348	4 495 566
<u>LIABILITIES TOTAL</u>	<u>12 108 560</u>	<u>16 571 813</u>

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INCOME STATEMENT

	31.03.2015.	31.03.2014.
	EUR	EUR
Net turnover	1 456 518	3 124 272
Production cost of sold products	-1 783 448	-2 472 189
Gross profit	-326 930	652 083
Selling costs	-397 450	-397 450
Administration costs	-146 864	-199 353
Other operating income	19 287	4 125
Other operating expenses	-17 708	-6 628
Interest payment and similar expenses	-27 266	-32 995
Profit / (loss) before taxes	-896 931	19 782
Other taxes	-29 779	-16 165
Profit / (loss) of reporting period	<u>-926 710</u>	3 617
Index EPS	-0.089	0.000

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STATEMENT OF CASH FLOW

	31.03.2015.	31.03.2014.
	EUR	EUR
I. Cash flow of basic activity		
1. Profit / (loss) before taxes	-896 931	19 782
<i>Corrections:</i>		
Depreciation of fixed assets	82 397	177 570
Amortization of non-material investments	107	108
Interest expense	27 266	32 995
Amortization share of other non-material investments	397 450	397 449
2. Profit / (loss) from economic activity in reporting period	-389 711	627 904
<i>Corrections in current assets and short-term creditors:</i>		
In Debtors	1 001 426	64 885
In Reserves	-1 600 615	591 628
In Creditors	1 625 580	-1 178 880
3. Cash flow of basic activity	636 680	105 537
4. Expenses on tax payments (corporate income tax and tax on immovable property)	-29 779	-16 165
Cash flow of basic activity	<u>606 901</u>	<u>89 372</u>
II. Cash flow of investing activity		
Loans issued	-	-
Purchase of fixed assets	-729 430	-
Income from sale of fixed assets	-	-
Cash flow of investing activity	<u>-729 430</u>	<u>=</u>
III. Cash flow of financing activity		
Loans received / (repaid), net	129 576	-185 474
Interest paid	-27 266	-32 995
Cash flow of financing activity	<u>102 310</u>	<u>-218 469</u>

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CONSOLIDATED DATA ON CASH INCOME AND EXPENSES

	31.03.2015. EUR	31.03.2014. EUR
Cash flow of basic activity	606 901	89 372
Cash flow of investing activity	-729 430	-
Cash flow of financing activity	102 310	-218 469
Growth of cash and cash equivalents	-20 219	-129 097
Balance of cash and cash equivalents at the beginning of reporting period	<u>59 576</u>	<u>207 342</u>
Balance of cash and cash equivalents at the end of reporting period	<u>39 357</u>	<u>78 245</u>

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STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.2015 till 31.03.2015

	Equity capital	Other reserves	Retained profit of previous periods	Profit of reporting period	Total
	EUR	EUR	EUR	EUR	EUR
1 January 2015	10 529 251	-	-5 637 329	-	4 891 922
Other reserves	-169 251	169 251	-	-	-
Loss of 3 months period 2015	-	-	-	-926 710	-926 710
31 March 2015	10 360 000	169 251	-5 637 329	-926 710	3 965 212
1 January 2014	10 529 251	-	1 543 379	-	12 072 630
Profit of 3 months period 2014	-	-	-	3 617	3 617
31 March 2014	10 529 251	-	1 543 379	3 617	12 076 247

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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 31 March 2015 and the results of its operation and cash flows for the 3 months period ended 31 March 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 3 months of 2015 has not been audited by jury auditor.

The interim report has been prepared in Euro.

Explanations and analyses on separate items of financial reports

Production of commodity products in the 3 months period of 2015 (thous.EUR)

Output of commodity products is estimated in the amount 1 491 thous.EUR. The result of reporting period is by 500 thous.EUR or 25% less than in 3 months period of previous year.

Production of driving chains in 3 months period of 2015 (thous.meters)

Production of driving chains in natural units is by 163 thous.meters less than in 3 months period of previous year.

Production of driving chains in 3 months period of 2015 (thous.EUR)

In 3 months of this year there have been driving chains produced in money terms in the amount of 1 462 thous.EUR. The actual performance of reporting period is by 490 thous.EUR lower than in the relevant period of previous year.

Sales (net-turnover) in 3 months period of 2015 (thous.EUR)

In 3 months period of year 2015 net-turnover has been in fact fulfilled in the amount of 1 456 thous.EUR. The actual performance of the reporting period is by 1 668 thous.EUR or 53% less than the index of the same period of previous year.

Sales of main products in 3 months period of 2015 (thous.EUR)

Sales of core products amounted to 1 052 thous.EUR in the reporting period, and it is by 1 371 thous.EUR or 57% less than the result of the relevant period of previous year.