

# **JSC DITTON PIEVADĶĒŽU RŪPNĪCA**

## **UNAUDITED AND UNCONSOLIDATED FINANCIAL REPORT FOR 9 MONTHS OF 2016 (01.01.2016 – 30.09.2016)**

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

Daugavpils

2016

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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	01.01.2016 – 30.06.2016

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

### **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	5 678	0,08
Anželina Titkova	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 17.11.2016

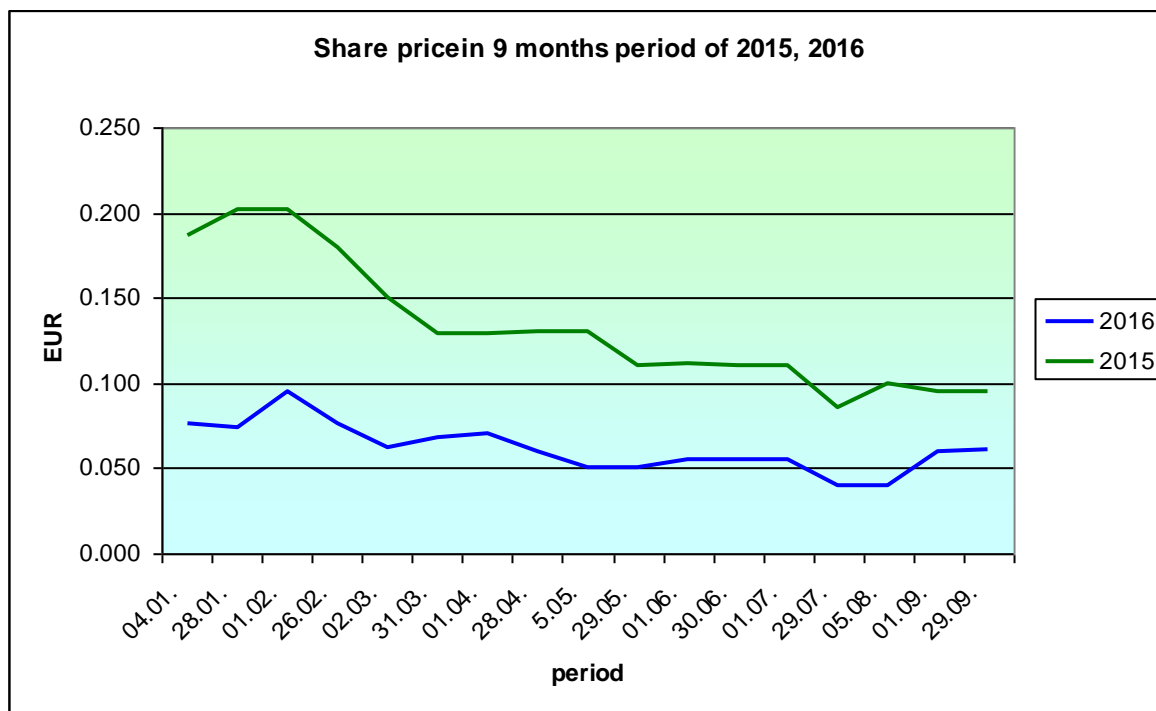
## INFORMATION ON SHAREHOLDERS AND SHARES

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

NAME	Ownership interest, %
Eduards Zavadskis/heirs	20,00
Vladislavs Driksne	19,92
MAX Invest Holding Ltd.	13,63
Maleks S Ltd.	12,18
DVINSK MNG Ltd.	9,46

*\* Note: Information presented is based on the list of shareholders of JSC DITTON pievadķēžu rūpnīca as at 17.11.2016, taking into account the shareholders' notification of the acquisition or disposal of major holdings in the Company.*

### SHARE PRICE DEVELOPMENT



## **MANAGEMENT REPORT**

### **Information on the results of the company in 9 months of 2016**

The net-turnover has been € 5,233 thousand in 9 months of 2016, what is by € 329 thousand or 7% more than the index in 9 months of 2015.

Commodity output reached € 2,787 thousand, being by € 992 thousand lower than in the relevant period of previous year.

The export of the core products to the East and West amounted to 58 % in the fiscal period (35% eastwards and 23% westwards), 42% of products went to the local market.

The Company closed the 9 months period of 2016 with a pre-tax loss € 91 thousand. The after-tax rate reached € 136 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 2016 also applies to the figures of this fiscal period as well.

The average number of employees of JSC DITTON pievadķēžu rūpnīca was 167 employees during 9 months of 2016.

The average salary amounted to € 572 in 9 months period of 2016, which is by € 161 more than in 9 months of 2015.

### **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 2015 and in the interim financial report for the first 6 months of 2016.

All the conditions and factors mentioned before remained relevant for Company's operating results in the 3rd quarter 2016, and 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.

In its' forecasts the Management Board systematically appointed that there are observed no necessary growth tendencies in manufacturing industry, and namely in the field of metalworking and mechanical engineering, where the Company is operating. This is reflected by performance indices of the Company for the reporting period.

The Company is integrated into production and economic systems of those countries, which belong to sales market shares of the Company mentioned above, regardless of procedures and systems applied for products promotion on these markets. Thus, all the trends, factors, risks, crises and other circumstances on these markets have direct influence on the Company, its operations, as well as the income gained from its activities.

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 2016 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 DITON PIEVADĶĒŽU RŪPNĪCA  
**FINANCIAL REPORT FOR 9 MONTHS OF 2016**

**BALANCE SHEET**

<b>ASSETS</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>EUR</b>	<b>EUR</b>
<b>1. LONG-TERM INVESTMENTS</b>		
<b>I. Intangible investments</b>		
Concessions, patents, licenses, trademarks and similar rights	22 460	737
Other intangible investments	-	397 450
<b>Total intangible investments</b>	<b>22 460</b>	<b>398 187</b>
<b>II. Fixed assets</b>		
Land, buildings and structures	4 518 020	4 665 437
Equipment and machinery	763 151	28 251
Other fixed assets and inventory	28 640	4 666
Costs of the establishment of fixed assets and unfinished building objects	12 649	10 331
<b>Total fixed assets</b>	<b>5 322 460</b>	<b>4 708 685</b>
<b>III. Long-term financial investments</b>		
Participation in the capital of other companies	67 160	67 160
<b>Total long-term financial investments</b>	<b>67 160</b>	<b>67 160</b>
<b>1. TOTAL LONG-TERM INVESTMENTS</b>	<b>5 412 080</b>	<b>5 174 032</b>
<b>2. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
Raw materials, basic materials and consumables	591 388	607 180
Unfinished orders	283 882	189 601
Finished products and goods for sale	348 097	235 084
Advance payments for goods	1 466 235	1 834 797
<b>Total inventories</b>	<b>2 689 602</b>	<b>2 866 662</b>
<b>II. Debtors</b>		
Purchasers and commissioning party debts	1 016 522	736 507
Other debtors	36 601	68 663
<b>Total debtors</b>	<b>1 053 123</b>	<b>805 170</b>
<b>IV. Cash and cash equivalents</b>	<b>4 944</b>	<b>28 480</b>
<b>2. TOTAL CURRENT ASSETS</b>	<b>3 747 669</b>	<b>3 700 312</b>
<b><u>TOTAL ASSETS</u></b>	<b><u>9 159 749</u></b>	<b><u>8 874 344</u></b>

JSC DITON PIEVADĶĒŽU RŪPNĪCA  
**FINANCIAL REPORT FOR 9 MONTHS OF 2016**

**BALANCE SHEET**

<b>LIABILITIES</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>EUR</b>	<b>EUR</b>
<b>1. Equity</b>		
Stock or share capital (equity capital)	10 360 000	10 360 000
Other reserves	169 251	169 251
Retained profits:		
a) retained profits brought forward from the previous year	- 9 907 291	- 5 637 329
b) retained profits of fiscal period	-136 457	-3 065 480
<b>1. Total equity</b>	<b>485 503</b>	<b>1 826 442</b>
<b>2. Long-term creditors</b>		
Loans from credit institutions	2 044 929	1 502 387
Next period income	1 099 313	-
<b>2. Total long-term creditors</b>	<b>3 144 242</b>	<b>1 502 387</b>
<b>3. Short-term creditors:</b>		
Loans from credit institutions	-	1 998 915
Other loans	178 963	328 607
Prepayments received from purchasers	116 479	10 691
Accounts payable to suppliers and contractors	4 469 790	2 531 408
Taxes and State mandatory social insurance payments	282 622	192 312
Other creditors	422 580	433 964
Next period income	15 130	-
Accumulated liabilities	44 440	49 618
<b>3. Total short-term creditors</b>	<b>5 530 004</b>	<b>5 545 515</b>
<b>Total creditors</b>	<b>8 674 246</b>	<b>7 047 902</b>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>9 159 749</u></b>	<b><u>8 874 344</u></b>



JSC DITON PIEVADĶĒŽU RŪPNĪCA  
FINANCIAL REPORT FOR 9 MONTHS OF 2016

**INCOME STATEMENT**

	30.09.2016 EUR	30.09.2015 EUR
Net turnover	5 232 814	4 903 874
Production costs of goods sold	-5 419 162	-6 246 051
<b>Gross profit</b>	<b>-186 348</b>	<b>-1 342 177</b>
Sales costs	-14 303	-1 192 350
Administrative expenses	-461 728	-433 327
Other income from economic activities	725 107	192 241
Other costs of economic activities	-59 547	-127 352
Interest payments and similar expenses	-93 860	-82 857
<b>Profit or loss before taxes</b>	<b>-90 679</b>	<b>-2 985 822</b>
Other taxes	-45 778	-79 658
<b>Profit or loss for the fiscal period</b>	<b><u>-136 457</u></b>	<b><u>-3 065 480</u></b>
<b>Earnings response coefficient</b>	<b>-0.018</b>	<b>-0.296</b>

JSC DITON PIEVADĶĒŽU RŪPNĪCA  
**FINANCIAL REPORT FOR 9 MONTHS OF 2016**

**CASH FLOW STATEMENT**

	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>EUR</b>	<b>EUR</b>
<b>I. Cash flows from operating activities</b>		
	-90 679	-2 985 823
1. Pre-tax income or loss		
Adjustments for:		
Depreciation of fixed assets	167 377	264 157
Amortization of intangible assets	2 336	321
Interest	93 860	82 857
Amortization of other intangible assets	-	1 192 350
Gain on disposal of fixed assets	-200	-54 618
Next period income	- 45 390	-
2. Net-profit or net-loss from economic activities in fiscal period	127 304	-1 500 756
<i>Adjustments to Current assets and Short-term creditors:</i>		
Debtors	-283 759	3 111 819
Reserves	-97 628	-1 448 809
Creditors	1 554 894	661 796
3. Cash flows from operating activities	1 300 811	824 050
4. Taxes payments (corporate income and immovable property taxes)	-45 778	-79 658
<b>Net cash provided by operating activities</b>	<b><u>1 255 033</u></b>	<b><u>744 392</u></b>
<b>II. Cash flows from investing activities</b>		
Purchases of fixed assets	-836 750	-745 165
Disposal of fixed assets	200	54 618
<b>Net cash used in investing activities</b>	<b><u>-836 550</u></b>	<b><u>-690 547</u></b>
<b>III. Cash flows from financing activities</b>		
Proceeds from borrowings or repayment of borrowings, net	-398 938	-2 084
Interest	-93 860	-82 857
<b>Net cash used in financing activities</b>	<b><u>-492 798</u></b>	<b><u>-84 941</u></b>

JSC DITON PIEVADĶĒŽU RŪPNĪCA  
FINANCIAL REPORT FOR 9 MONTHS OF 2016

**CASH FLOW STATEMENT  
SUMMURY**

	30.09.2016 EUR	30.09.2015 EUR
Cash flows from operating activities	1 255 033	744 392
Cash flows from investing activities	-836 550	-690 547
Cash flows of financing activities	-492 798	-84 941
Net (decrease)/increase in cash and cash equivalents	-74 315	-31 096
Cash and cash equivalents at the beginning of fiscal period	<u>79 259</u>	<u>59 576</u>
Cash and cash equivalents at the end of fiscal period	<u>4 944</u>	<u>28 480</u>

JSC DITON PIEVADĶĒŽU RŪPNĪCA  
**FINANCIAL REPORT FOR 9 MONTHS OF 2016**

**STATEMENT OF CHANGES IN EQUITY**  
**for the period from 01.01.2016 till 30.09.2016**

	Equity capital	Other reserves	Retained profit of previous periods	Loss/Profit of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
<b>At 1 January 2016</b>	<b>10 360 000</b>	<b>169 251</b>	<b>-9 907 291</b>	<b>-</b>	<b>452 709</b>
Loss of 9 months period 2016	-	-	-	-136 457	-136 457
<b>At 30 September 2016</b>	<b>10 360 000</b>	<b>169 251</b>	<b>-9 907 291</b>	<b>-136 457</b>	<b>485 503</b>
<b>At 1 January 2015</b>	<b>10 529 251</b>	<b>-</b>	<b>-5 637 329</b>	<b>-</b>	<b>4 891 922</b>
Other reserves	-169 251	169 251	-	-	-
Profit of 9 months period 2015	-	-	-	-3 065 480	-3 065 480
<b>At 31 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>

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 2016, its' operating results and cash flows for 9 months ended 30 September 2016.

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 2016 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 2016 (in thousands euros)

Commodity output – amount of produced driving chains - reached € 2,787 thousand in 9 months of this year, being by € 992 thousand lower than in the relevant period of previous year.

Commodity output in 9 months of 2016 (in thousands meters)

Commodity output - amount of produced driving chains - is by 40 thousand meters more than in the first 9 months of previous year.

Sales (net-turnover) in 9 months of 2016 (in thousands euros)

The net-turnover has been € 5,233 thousand in 9 months of 2016, what is by € 329 thousand or 7% more than the index in the same period of previous year.

Core product sales in 9 months of 2016 (in thousands euros)

Core product sales amounted to € 3,902 thousand in the reporting period, what € 156 thousand or 4% less than the result of the same period in previous year.