

JSC DITTON PIEVADĶĒŽU RŪPNĪCA

Reg. No. 40003030187

Višķu Street 17, Daugavpils, LV-5410 Latvia

FINANCIAL REPORT

FOR 3 MONTHS OF YEAR 2018

(01.01.2018 – 31.03.2018)

(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

2018

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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	01.01.2018 – 31.03.2018

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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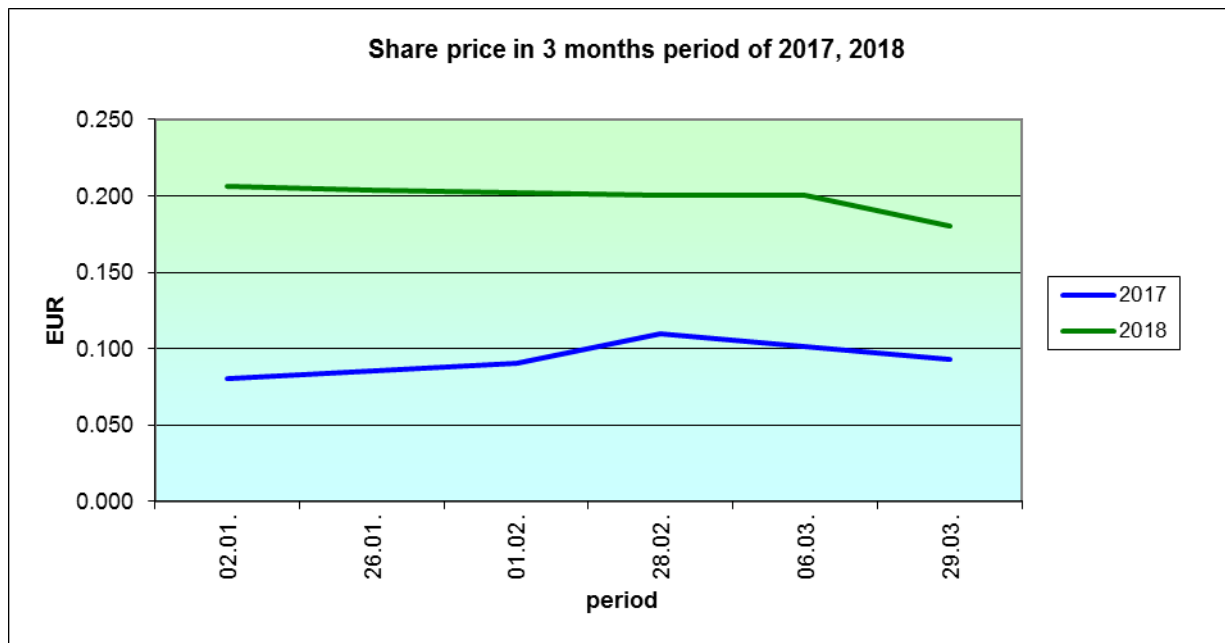
MAJOR SHAREHOLDERS (OVER 5%)*

NAME	Ownership interest %
Vladislavs Driksne	19,92
MAX Invest Holding Ltd.	13,63
Maleks S Ltd.	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 2018 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 2018 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 2017 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	31.03.2018	31.03.2017
	EUR	EUR
Long-term investments		
Intangible investments		
Concessions, patents, licenses, trademarks and similar rights	14 902	19 911
Total intangible investments	14 902	19 911
Fixed assets		
Immovable property:		
Land	1 853 982	1 853 982
Buildings and structures and permanent crop	1 382 210	1 466 750
Investment properties – land	88 628	88 628
Investment properties - buildings	979 536	1 037 439
Technological equipment and devices	3 010 436	722 693
Other fixed assets and inventory	14 169	23 305
Costs of the establishment of fixed assets and unfinished building objects	12 649	12 649
Total fixed assets	7 341 610	5 205 446
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	7 423 672	5 292 517
Current assets		
Inventories		
Raw materials, consumables and supplies	492 001	518 116
Work in progress	185 276	182 801
Finished products and goods for sale	249 241	217 648
Advance payments for inventories	61 659	1 575 652
Total inventories	988 177	2 494 217
Debtors		
Trade receivables	1 049 956	1 436 720
Other debtors	61 695	23 017
Next period costs	429	-
Total debtors	1 112 080	1 459 737
Cash	7 843	4 942
Total current assets	2 108 100	3 958 896
<u>TOTAL ASSETS</u>	<u>9 531 772</u>	<u>9 251 413</u>

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BALANCE SHEET

LIABILITIES	31.03.2018	31.03.2017
	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	(9 944 247)	(9 889 370)
Profit or loss of the reporting year	57 596	286 412
Total equity	1 642 600	926 293
 Long-term creditors		
Loans from credit institutions	4 533 505	1 858 390
Next period income	978 274	1 038 793
Total long-term creditors	5 511 779	2 897 183
 Short-term creditors:		
Loans from credit institutions	789 280	126 244
Other loans	144 828	281 613
Prepayments received from purchasers	47 723	38 900
Accounts payable to suppliers and contractors	566 875	4 032 915
Taxes and State mandatory social insurance payments	496 715	443 980
Other creditors	197 274	377 655
Deferred income	45 389	45 390
Accrued obligations	89 309	81 240
Total short-term creditors	2 377 393	5 427 937
Total creditors	7 889 172	8 325 120
 <u>TOTAL LIABILITIES</u>	 <u>9 531 772</u>	 <u>9 251 413</u>

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INCOME STATEMENT

	31.03.2018	31.03.2017
	EUR	EUR
Net turnover	1 418 857	1 697 664
Production costs of goods sold, purchase costs of goods sold or services rendered	(1 185 829)	(1 240 598)
Gross profit or loss	233 029	457 065
Sales costs	(328)	(3 236)
Administrative expenses	(168 935)	(148 431)
Other income from operating activities	84 779	24 805
Other costs of operating activities	(31 613)	(24 853)
Interest payments and similar expenses	(59 336)	(18 939)
• <i>from other persons</i>	<i>(59 336)</i>	<i>(18 939)</i>
Profit or loss before enterprise income tax	57 596	286 412
Enterprise income tax	-	-
Profit or loss for the fiscal period	<u>57 596</u>	<u>286 412</u>
Profit/diluted profit per share	0.008	0.039

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CASH FLOW STATEMENT

	31.03.2018	31.03.2017
	EUR	EUR
I. Cash flows from operating activities		
1. Profit or loss before enterprise income tax	57 596	286 412
<i>Adjustments to:</i>		
Depreciation of fixed assets	103 287	63 058
Amortization of intangible assets	1 208	1 274
Interest payments and similar income	59 336	18 939
Other income (Investment and Development Agency of Latvia)	(15 130)	18 939
2. Profit or loss before adjustments to fixed assets and short-term creditors	206 297	369 683
<i>Adjustments to Current assets and Short-term creditors:</i>		
Increase or decrease in accounts receivables	(39 720)	(101 714)
Increase or decrease in inventories	(8 061)	(247 789)
Increase or decrease in accounts payable to suppliers, contractors and other creditors	111 706	30 983
3. Gross cash flows from operating activities	270 222	51 163
Net cash flows used in operating activities	<u>270 222</u>	<u>51 163</u>
II. Cash flows from investing activities		
Purchases of fixed assets	-	(9 889)
Net cash flows used in investing activities	=	<u>(9 889)</u>
III. Cash flows from financing activities		
Proceeds from borrowings or repayment of borrowings, net	(204 418)	(28 189)
Subsidies, grants, gifts or donations received	(59 336)	(15 130)
Net cash flows used in financing activities	<u>(263 754)</u>	<u>(43 319)</u>
Net cash flows of the reporting year	(6 465)	(2 045)
Cash and cash equivalents at the beginning of fiscal period	<u>1 378</u>	<u>6 987</u>
Cash and cash equivalents at the end of fiscal period	<u>7 843</u>	<u>4 942</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 2017	10 360 000	169 251	(9 889 370)	-	639 881
Other reserves	-	-	-	-	169 251
Profit of 3 months period 2017	-		-	286 412	286 412
At 31 March 2017	10 360 000	169 251	(9 889 370)	(286 412)	926 293
At 1 January 2018	10 360 000	169 251	(8 944 247)	-	1 585 004
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

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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 of the JSC DITTON pievadķēžu rūpnīca prepared on the basis of source documents present fairly the financial position of the JSC as at 31 March 2018, its` operating results and cash flows for 3 months ended 31 March 2018.

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 2018 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 2018 (thousand meters)

The index of the produced driving chains is by 19 thousand meters higher than in 3 months of 2017.

Production of driving chains in 3 months of 2018 (thousand euros)

The value of the produced driving chains in these 3 months reached € 1,080 thousand, what is by € 390 thousand higher than the index of the same period of the previous year.

Sales (net-turnover) in 3 months of 2018 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 1,419 thousand, being by € 279 thousand or 16 per cent less than the index in the same period of the previous year.

Core product sales in 3 months of 2018 (thousand euros)

Core product sales amounting to € 1,216 thousand in the reporting period are by € 22 thousand or 2 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 2018 was 169 employees with the average salary amounted to EUR 624 what is by EUR 110 higher than in 3 months of 2017.