

JSC „DITTON PIEVADKĒŽU RŪPNĪCA”

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

FOR 3 MONTHS OF YEAR 2010

(01.01.2010 – 31.03.2010)

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

Daugavpils

2010

JSC "DITTON PIEVADKEZU RUPNICA"
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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	Valentina Krivoguzova
Reporting period	01.01.2010 – 31.03.2010
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

Eduards Zavadskis, elected 29.08.2003.

Deputy Chairman of the Management Board

Pjotrs Dorofejevs, elected 07.01.2004.

Member 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	%
Eduards Zavadskis	1 480 000	20
Pjotrs Dorofejevs	no shares	-
Natalja Redzoba	1 900	0,03

THE COUNCIL

Chairman of the Council

Boriss Matvejevs, elected 14.08.2009

Deputy Chairmen of the Council

Georgijs Sorokins, elected 14.08.2009

Inga Goldberga, elected 14.08.2009

Members of the Council

Anzelina Titkova, elected 14.08.2009

Timo Sas, elected 16.10.2009

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
Inga Goldberga	no shares	-
Anzelina Titkova	no shares	-
Timo Sas	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 31.03.2010

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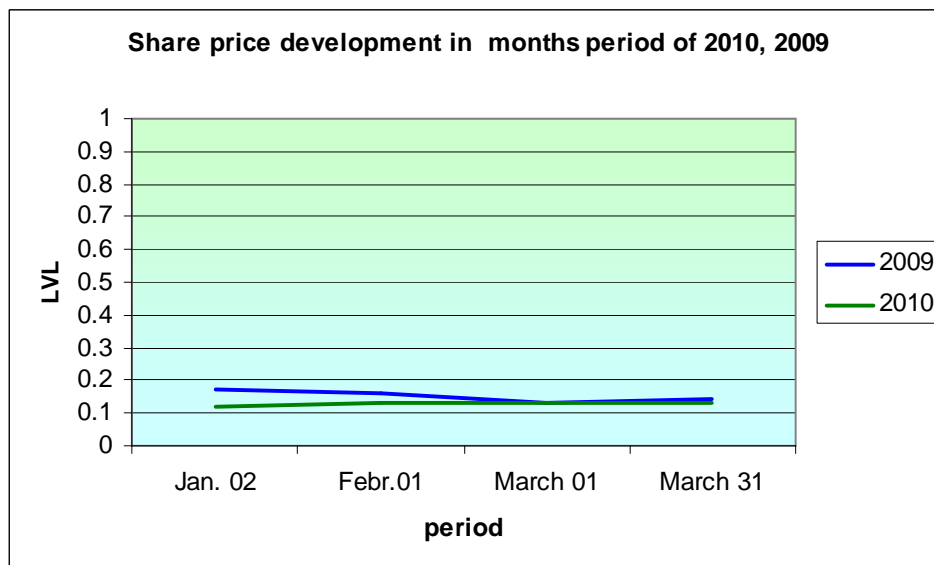
INFORMATION ON SHAREHOLDERS AND SHARES

COMPANY SHAREHOLDERS (OVER 5%) *

NAME	Ownership interest, %
Vladislavs Driksne	20,39
Eduards Zavadskis	20,00
MAX Invest Holding SIA	13,16
Maleks S SIA	9,84
Pavels Samuilovs	9,46

* *Note:* Information is presented on the basis of the list of shareholders of JSC „Ditton pievadķēžu rūpnīca” dated 20.05.2010.

SHARE PRICE DEVELOPMENT



MANAGEMENT REPORT

Information on the results of the company in 3 months of year 2010

In 3 months of 2010 net-turnover in fact was fulfilled in the amount of 1 394 thous.LVL (1 983 thous.EUR) against the forecast 1 500 thous.LVL (2 134 thous.EUR), decrease amounts to 106 thous.LVL (151 thous.EUR) or 7%. Compared to the level of previous year, net-turnover of the reporting period is by 523 thous.LVL (744 thous.EUR) or by 38% more.

Profit before taxes amounted to 327 thous.LVL (465 thous.EUR) in 3 months period of 2010, which is by 297 thous.LVL (423 thous.EUR) more than the forecast. Profit after taxes amounts to 317 thous.LVL (451 thous.EUR).

Commodity output is estimated in the amount of 1 108 thous.LVL (1 577 thous.EUR). The result of 3 months of 2010 is by 311 thous.LVL (442 thous.EUR) or by 22% less than the 3 months result of the previous 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 345 employees in 3 months of year 2010.

The average salary amounted to 245 LVL (349 EUR) in 3 months period of 2010, which is by 27 LVL (38 EUR) less than in 3 months of 2009.

Market tendencies and development of the company. Risks.

The activity of the company in the 1st quarter of 2010 gives the ground to consider that the situation on the market where production of the company is represented has stabilized and there are certain growth trends outlined. It is indicated by the economic situation on the markets of the states where production of the company is represented and by purchase orders volumes increase from the side of our main partners (IWIS, KTS) represented on the Western market as well. Improvement of the situation on the Eastern market has been favoured by the support program for automobile manufacturers adopted by the government of Russian Federation from 01.03.2010 which undoubtedly shall increase production delivery volumes on conveyors of automobile factories.

Unfortunately, the Management Board of the company notes that up trends can be slowed down owing to price increase on metal products which started on the market in the 2nd quarter of 2010.

However at the same time the Management Board hopes that rate of turnover growth of the company forecasted for 2010 will be fulfilled which will result in stabilization of the financial situation of the company.

While being included into a global and European economics the company is not able to survive like in an oasis of "prosperity" and it faces all factors of global crisis to the same degree, reflecting the level of the general decrease. The Management Board has noticed this circumstance already before, and it is valid to the full extent. Therefore, in the analysis of the company's development tendencies and risks, it is constrained to repeat the same aspects which are mentioned in the quarterly reports of year 2009.

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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.

The Management Board considers it as its main task to continue working upon minimizing global crisis risks, maintaining 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 with simultaneous using of all favorable conditions appearing for development of the company's chances and its market growth.

Despite the fact that the actual net turnover in the 1st quarter is less than the forecasted by 106 thous.LVL (151 thous.EUR), the company not only increased the turnover compared to the 1st quarter of 2009 by 523 thous.LVL (744 thous.EUR), but also according to the performance there is the profit gained in the amount of 317 thous.LVL (451 thous.EUR), which attests correctly chosen arrangements for activity in crisis conditions.

STATEMENT ABOUT MANAGEMENT LIABILITY

According to our information, the presented financial statements for 3 months of year 2010 ended March 31, 2010 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 pievadkezu rupnica"

Eduards Zavadskis

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BALANCE SHEET	31.03.2010	31.03.2009	31.03.2010	31.03.2009
ASSETS				
CURRENT ASSETS	LVL	LVL	EUR	EUR
Cash and bank	98 696	62 940	140 432	89 556
Short-term investments	0	0	0	0
Customer receivables				
Debts of buyers and customers	6 228 493	4 814 914	8 862 347	6 851 005
Accounts receivable from related companies	0	0	0	0
Allowance for uncollectible receivables	-994 320	-1 312 072	-1 414 790	-1 866 910
Total	5 234 173	3 502 842	7 447 557	4 984 095
Other receivables				
Other current receivables	475 050	888 604	675 935	1 264 369
Short-term loans given	0	0	0	0
Derivative financial instruments	0	0	0	0
Total	475 050	888 604	675 935	1 264 369
Accrued income				
Other accrued income	0	0	0	0
Total	0	0	0	0
Prepaid expenses				
Prepaid taxes	0	59 017	0	83 974
Other prepaid expenses	367	0	522	0
Total	367	59 017	522	83 974
Inventories				
Raw materials	787 670	1 285 265	1 120 754	1 828 767
Work-in-progress	270 897	318 755	385 452	453 548
Finished goods	711 576	1 371 608	1 012 481	1 951 622
Prepayments to suppliers	41 897	497 519	59 614	707 906
Total	1 812 040	3 473 147	2 578 301	4 941 843
TOTAL CURRENT ASSETS	7 620 326	7 986 550	10 842 747	11 363 837
NON-CURRENT ASSETS				
Long-term financial assets				
Participation in capital of other companies	47 200	0	67 159	0
Other loans and other long-term debtors	378 845	0	539 048	0
Deferred tax assets	28 867	0	41 074	0
Total	454 912	0	647 281	0
Non-current physical assets				
Land plots, buildings, equipment, costs on construction in progress	13 800 854	14 114 548	19 636 846	20 083 192
Other equipment and fixtures	394 684	321 442	561 585	457 371
Accumulated depreciation	11 258 540	10 743 006	16 019 459	15 285 920
Total	2 936 998	3 692 984	4 178 972	5 254 643
Intangible assets				
Purchased licenses, trademarks etc.	71	167	101	237
Goodwill	0	0	0	0
Prepayments for intangible assets	0	0	0	0
Total	71	167	101	237
TOTAL NON-CURRENT ASSETS	3 391 981	3 693 151	4 826 354	5 254 880
TOTAL ASSETS	11 012 307	11 679 701	15 669 101	16 618 717
<i>1 EUR = 0.702804 LVL 0.702804 LVL</i>				

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BALANCE SHEET				
LIABILITIES & OWNERS' EQUITY	31.03.2010	31.03.2009	31.03.2010	31.03.2009
SHORT-TERM LIABILITIES	LVL	LVL	EUR	EUR
Debt obligations				
Short-term loans from financial institutions	1 706 474	52 381	2 428 094	74 531
Other loans	175 000	0	249 002	0
Short-term capital lease obligations	0	2 819	0	4 011
Total	1 881 474	55 200	2 677 096	78 542
Customer prepayments for goods and services	62 023	11 513	88 251	16 382
Creditors	359 086	469 211	510 933	667 627
Total	421 109	480 724	599 184	684 009
Tax payments	326 414	490 696	464 445	698 198
Accrued expenses				
Salary-related settlements	61 676	107 916	87 757	153 551
Interest payments	15 522	25 100	22 086	35 714
Total	77 198	133 016	109 843	189 265
Provisions	0	33 325	0	47 417
Total	0	33 325	0	47 417
TOTAL SHORT-TERM LIABILITIES	2 706 195	1 192 961	3 850 568	1 697 431
LONG-TERM LIABILITIES				
Long-term creditors	0	1 686 290	0	2 399 374
Long-term capital lease obligations	0	3 367	0	4 791
Deferred tax liabilities	0	27 247	0	38 769
Total	0	1 716 904	0	2 442 934
LONG-TERM LIABILITIES TOTAL	0	2 909 865	0	4 140 365
CREDITORS TOTAL	0	2 909 865	0	4 140 365
OWNERS' EQUITY	7 400 000	7 400 000	10 529 251	10 529 251
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
Total	7 400 000	7 400 000	10 529 251	10 529 251
Retained earnings	589 152	1 632 282	838 288	2 322 528
Net profit for the reporting period	316 960	-262 446	450 994	-373 427
Currency translation reserve	0	0	0	0
TOTAL OWNERS' EQUITY	8 306 112	8 769 836	11 818 533	12 478 352
TOTAL LIABILITIES	11 012 307	11 679 701	15 669 101	16 618 717

1 EUR =

0.702804 LVL 0.702804 LVL

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INCOME STATEMENT	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Net turnover	1 394 390	793 463	1 984 038	1 128 996
Other operating income	347 779	94 753	494 845	134 822
Total income	1 742 169	888 216	2 478 883	1 263 818
Direct cost of goods sold or services rendered	-822 153	-447 812	-1 169 818	-637 179
Marketing, advertising and public relations expenses	0	0	0	0
Bad receivables	0	0	0	0
Other operating expenses	-8 925	-5 282	-12 699	-7 516
Salaries, bonuses and social expenses	-313 515	-381 704	-446 092	-543 116
Depreciation expense	-187 479	-194 243	-266 759	-276 383
Other expenses	-69 844	-70 103	-99 379	-99 747
Operating expenses	-1 401 916	-1 099 144	-1 994 747	-1 563 941
EBIT	340 253	-210 928	484 136	-300 124
Percents paid	-15 522	-25 100	-22 086	-35 714
Financial items				
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	2 267	2 378	3 226	3 384
Financial items	-13 255	-22 722	-18 860	-32 330
Profit before extraordinary items and taxes	326 998	-233 650	465 276	-332 454
EBT	326 998	-233 650	465 276	-332 454
Provisions for taxes	-10 038	-28 796	-14 283	-40 973
Profit after taxes	316 960	-262 446	450 993	-373 427
Net profit	316 960	-262 446	450 993	373 427
Index EPS	0.043	-0.035	0.061	-0.050
	<i>1 EUR =</i>		<i>0.702804 LVL</i>	<i>0.702804 LVL</i>

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CASH FLOW STATEMENT	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
CASH GENERATED FROM OPERATIONS	-39 168	-22 185	-55 731	-31 566
Cash received from customers	-836 881	-1 305 084	-1 190 774	-1 856 967
Cash received from ML Group	0	0	0	0
Cash paid to suppliers and employees	797 713	1 282 899	1 135 043	1 825 401
Cash paid to suppliers and employees ML Group	0	0	0	0
NET CASH USED IN INVESTING ACTIVITIES	0	14 579	0	20 744
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	0	14 579	0	20 744
Cash paid for purchasing non-current physical assets ML Group	0	0	0	0
Cash received from the sale of non-current physical assets	0	0	0	0
Participation in other enterprises	0	0	0	0
Interest received	0	0	0	0
NET CASH USED IN FINANCING ACTIVITIES	-15 556	12 907	-22 134	-18 365
Long-term loans received	0	12 338	0	17 555
Short-term loans received	0	0	0	0
Repayment of short-term loans	0	0	0	0
Cash paid as capital lease payments	-24	-145	-34	-206
Paid interest	-15 532	-25 100	-22 100	-35 714
Paid interest ML Group	0	0	0	0
TOTAL CASH FLOW	-54 724	-20 513	-77 865	-29 187
Cash and cash equivalents as at the beginning of period	153 420	83 453	218 297	118 743
Cash and cash equivalents as at the end of period	98 696	62 940	140 432	89 556
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	-54 724	-20 513	-77 865	-29 187
	<i>1 EUR =</i>		<i>0.702804 LVL</i>	<i>0.702804 LVL</i>

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Statement of changes in equity for the period from 01.01.2010 till 31.03.2010 (LVL)							
	Share capital	Share premium	Other reserves	Currency translation reserves	Accumulated profit	Current period's profit	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As at 1st January, 2010	7 400 000	-	-	-	589 152	-	7 989 152
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2009	-	-	-	-	-	-	-
Allocation of profit of 2009 to dividends	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for 3 months of 2010	-	-	-	-	-	316 960	316 960
As at 31 March, 2010	7 400 000	-	-	-	589 152	316 960	8 306 112
As at 1st January, 2009	7 400 000	-	-	-	1 632 282	-	9 032 282
Dividend relating to 2008	-	-	-	-	-	-	-
Allocation of profit of 2008 to dividends	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for 3 months of 2009	-	-	-	-	-	-262 446	-262 446
As at 31 March, 2009	7 400 000	-	-	-	1 632 282	-262 446	8 769 836

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1 EUR = 0,702804 LVL

Statement of changes in equity for the period from 01.01.2010 till 31.03.2010 (EUR)							
	Share capital	Share premium	Other reserves	Currency translation reserves	Accumulated profit	Current period's profit	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 1st January, 2010 <i>(0.702804)</i>	10 529 251	-	-	-	838 288	-	11 367 539
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2009	-	-	-	-	-	-	-
Allocation of profit of 2009 to dividends	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for 3 months period 2010 <i>(0.702804)</i>	-	-	-	-	-	450 993	450 993
As at 31 March, 2010 <i>(0.702804)</i>	10 529 251	-	-	-	838 288	450 993	11 818 532
1st January, 2009 <i>(0.702804)</i>	10 529 251	-	-	-	2 322 528	-	12 851 779
Dividend relating to 2008	-	-	-	-	-	-	-
Allocation of profit of 2008 to dividends	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Profit for 3 months period 2009 <i>(0.702804)</i>	-	-	-	-	-	-373 427	-373 427
As at 31 March, 2009 <i>(0.702804)</i>	10 529 251	-	-	-	2 322 528	-373 427	12 478 352

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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 31 March 2010 and the results of its operation and cash flows for the 3 months period ended 31 March 2010.

This financial report has been prepared in compliance with Latvian Financial Accounting Standards on a going concern basis. Appropriate accounting policies have been applied on a consistent base.

The interim financial report for 3 months of 2010 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.

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**Summary of financial results
for 3 months of year 2010**

thous.LVL

Name of index		Forecast for 2010	3 months of year 2010		Deviation (+ / -)
			forecast	in fact	
Production of commodity products		5 950	1 490	1 108	-382
Production of main products		5 920	1 482	1 101	-381
Production of driving chains		5 884	1 472	1 094	-378
	incl. automotive	1 973	494	393	-101
	industrial	3 911	978	701	-277
Sales volume		6 000	1 500	1 394	-106
Sales of main products		5 965	1 494	1 214	-280
Profit after taxes		40	10	317	+307

thous.EUR

1 EUR = 0,702804 LVL

Name of index		Forecast for 2010	3 months of year 2010		Deviation (+ / -)
			forecast	in fact	
Production of commodity products		8 466	2 120	1 577	-543
Production of main products		8 423	2 109	1 567	-542
Production of driving chains		8 372	2 094	1 557	-537
	incl. automotive	2 807	703	559	-144
	industrial	5 565	1 392	997	-395
Sales volume		8 537	2 134	1 983	-151
Sales of main products		8 487	2 126	1 727	-399
Profit after taxes		57	14	451	+437

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Explanations and analyses on separate items of financial reports

Production of commodity products in the period of 3 months of year 2010 (thous.LVL/thous.EUR)

Output of commodity products is estimated in the amount 1 108 thous.LVL (1 577 thous.EUR). The result of reporting period is by 311 thous.LVL (442 thous.EUR) or 22% less than in 3 months period of previous year.

Production of driving chains in 3 months of 2010 (thous.meters)

Production of driving chains in natural units is by 331 thous.meters less than the forecast.

Production of driving chains in 3 months of year 2010 (thous.LVL/thous.EUR)

Production of driving chains in money terms is by 378 thous.LVL (537 thous.EUR) less than the forecast. The actual performance of reporting period is by 290 thous.LVL (412 thous.EUR) less than in the relevant period of previous year.

Sales (net-turnover) in 3 months of 2010 (thous. LVL/thous.EUR)

Net-turnover has been forecasted to amount to 1 500 thous.LVL (2 134 thous.EUR) in 3 months of year 2010, in fact it has been fulfilled in the amount of 1 399 thous.LVL (1 983 thous.EUR), decrease amounts to 106 thous.LVL (151 thous.EUR). The actual performance of the reporting period is by 523 thous. LVL (744 thous.EUR) or 38% more than the index of the same period of previous year.

Sales of main products in 3 months of 2010 (thous. LVL/ thous.EUR)

Sales of main products in the reporting period was by 280 thous.LVL (399 thous.EUR) less than the forecast, and it is by 427 thous.LVL (608 thous.EUR) or 35% more than the result of the relevant period of prior year.

Proceeds from other activities are by 264 thous.LVL (376 thous.EUR) more than the result of the relevant period of last year and they amounted to 354 thous.LVL (504 thous.EUR).