

JSC „DITTON PIEVADKĒŽU RŪPNĪCA”

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

FOR 9 MONTHS OF YEAR 2010

(01.01.2010 – 30.09.2010)

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 – 30.09.2010
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

Pjotrs Dorofejevs, elected 22.06.2010 (Member of the Management Board from 07.01.2004 till 22.06.2010)

Eduards Zavadskis (29.08.2003. till 22.06.2010)

Member of the Management Board

Natalja Redzoba, elected 29.08.2003.

Jevgenijs Sokolovskis, elected 22.06.2010

Information on shares owned by Members of the Management Board

Members of the Management Board	Share ownership *	
	Quantity of shares	%
Pjotrs Dorofejevs	no shares	-
Eduards Zavadskis (29.08.2003 – 22.06.2010)	1 480 000	20
Natalja Redzoba	1 900	0,03
Jevgenijs Sokolovskis	no shares	-

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 30.09.2010

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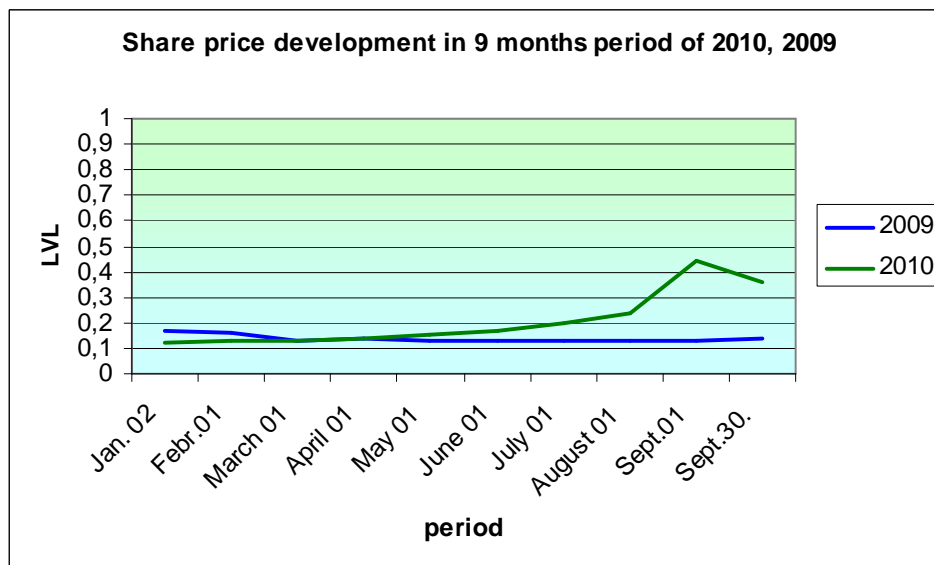
INFORMATION ON SHAREHOLDERS AND SHARES

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 9 months of year 2010

In 9 months of 2010 net-turnover in fact was fulfilled in the amount of 5 611 thous.LVL (7 984 thous.EUR) against the forecast 4 650 thous.LVL (6 616 thous.EUR), increase amounts to 961 thous.LVL (1 367 thous.EUR) or 21%. Compared to the level of previous year, net-turnover of the reporting period is by 3 428 thous.LVL (4 878 thous.EUR) or by 158% more.

Profit before taxes amounted to 1 174 thous.LVL (1 670 thous.EUR) in 9 months period of 2010, which is by 1 086 thous.LVL (1 545 thous.EUR) more than the forecast. Profit after taxes amounts to 1 144 thous.LVL (1 628 thous.EUR).

Commodity output is estimated in the amount of 4 230 thous.LVL (6 019 thous.EUR). The result of 9 months of 2010 is by 787 thous.LVL (1 120 thous.EUR) or by 23% higher than the 9 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 346 employees in 9 months of year 2010.

The average salary amounted to 295 LVL (420 EUR) in 9 months period of 2010, which is by 45 LVL (64 EUR) more than in 9 months of 2009.

Market tendencies and development of the company. Risks.

The activity of the company in the 9 months 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.

However, the Management Board of the company notes that up trends can be affected by price increase on metal products which started on the market in the 2nd quarter of 2010.

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 extant. 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 previous quarterly reports.

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In the existing 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.

STATEMENT ABOUT MANAGEMENT LIABILITY

According to our information, the presented financial statements for 9 months of year 2010 ended September 30, 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 pievadķezu rupnica"

Pjotrs Dorofejevs

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BALANCE SHEET	30.09.2010	30.09.2009	30.09.2010	30.09.2009
ASSETS				
CURRENT ASSETS	LVL	LVL	EUR	EUR
Cash and bank	35 002	78 755	49 803	112 058
Short-term investments	0	0	0	0
Customer receivables				
Debts of buyers and customers	6 228 937	3 825 112	8 862 979	5 442 644
Accounts receivable from related companies	0	0	0	0
Allowance for uncollectible receivables	-46 602	-835 092	-66 309	-1 188 229
Total	6 182 335	2 990 020	8 796 670	4 254 415
Other receivables				
Other current receivables	832 398	879 639	1 184 396	1 251 614
Short-term loans given	0	0	0	0
Derivative financial instruments	0	0	0	0
Total	832 398	879 639	1 184 396	1 251 614
Accrued income				
Other accrued income	0	0	0	0
Total	0	0	0	0
Prepaid expenses				
Prepaid taxes	0	18 456	0	26 261
Other prepaid expenses	0	44	0	62
Total	0	18 500	0	26 323
Inventories				
Raw materials	757 768	903 189	1 078 207	1 285 122
Work-in-progress	276 562	250 580	393 512	356 543
Finished goods	565 787	1 097 618	805 042	1 561 770
Prepayments to suppliers	85 261	462 372	121 316	657 896
Total	1 685 378	2 713 759	2 398 077	3 861 331
TOTAL CURRENT ASSETS	8 735 113	6 680 673	12 428 946	9 505 741
NON-CURRENT ASSETS				
Long-term financial assets				
Participation in capital of other companies	47 200	47 200	67 160	67 160
Other loans and other long-term debtors	378 845	0	539 047	0
Deferred tax assets	28 867	0	41 074	0
Total	454 912	47 200	647 281	67 160
Non-current physical assets				
Land plots, buildings, equipment, costs on construction in progress	13 722 864	14 028 475	19 525 876	19 960 721
Other equipment and fixtures	524 728	406 567	746 621	578 493
Accumulated depreciation	-11 556 687	-11 121 590	-16 443 684	-15 824 597
Total	2 690 905	3 313 452	3 828 813	4 714 617
Intangible assets				
Purchased licenses, trademarks etc.	23	119	33	169
Goodwill	0	0	0	0
Prepayments for intangible assets	0	0	0	0
Total	23	119	33	169
TOTAL NON-CURRENT ASSETS	3 145 840	3 360 771	4 476 127	4 781 946
TOTAL ASSETS	11 880 953	10 041 444	16 905 073	14 287 687

1 EUR =

0.702804 LVL

0.702804 LVL

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BALANCE SHEET	30.09.2010	30.09.2009	30.09.2010	30.09.2009
LIABILITIES & OWNERS' EQUITY				
SHORT-TERM LIABILITIES	LVL	LVL	EUR	EUR
Debt obligations				
Short-term loans from financial institutions	1 564 438	20 184	2 225 995	28 719
Other loans	160 171	0	227 903	0
Short-term capital lease obligations	0	753	0	1 071
Total	1 724 609	20 937	2 453 898	29 790
Customer prepayments for goods and services	14 248	14 804	20 273	21 064
Creditors	462 721	270 835	658 393	385 363
Total	476 969	285 639	678 666	406 427
Tax payments	399 569	383 030	568 535	545 003
Accrued expenses				
Salary-related settlements	83 587	86 189	118 933	122 636
Interest payments	63 056	0	89 721	0
Total	146 643	86 189	208 654	122 636
Provisions	0	31 904	0	45 395
Total	0	31 904	0	45 395
TOTAL SHORT-TERM LIABILITIES	2 747 790	807 699	3 909 753	1 149 251
LONG-TERM LIABILITIES				
Long-term creditors	0	1 686 290	0	2 399 375
Long-term capital lease obligations	0	3 367	0	4 791
Deferred tax liabilities	0	27 247	0	38 769
Total	0	30 614	0	43 560
LONG-TERM LIABILITIES	0	1 716 904	0	2 442 935
TOTAL CREDITORS TOTAL	2 747 790	2 524 603	3 909 753	3 592 186
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	1 144 011	-1 515 441	1 627 781	-2 156 278
Currency translation reserve	0	0	0	0
TOTAL OWNERS' EQUITY	9 133 163	7 516 841	12 995 320	10 695 501
TOTAL LIABILITIES	11 880 953	10 041 444	16 905 073	14 287 687

1 EUR =

0.702804 LVL 0.702804 LVL

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INCOME STATEMENT	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
Net turnover	5 611 248	2 183 465	7 984 086	3 106 791
Other operating income	753 263	670 619	1 071 797	954 205
Total income	6 364 511	2 854 084	9 055 883	4 060 996
Direct cost of goods sold or services rendered	-3 146 135	-658 387	-4 476 547	-936 800
Marketing, advertising and public relations expenses	0	-2 171	0	-3 089
Bad receivables	0	0	0	0
Other operating expenses	-20 143	-17 339	-28 661	-24 672
Salaries, bonuses and social expenses	-1 136 427	-1 028 556	-1 616 990	-1 463 503
Depreciation expense	-565 314	-575 031	-804 369	-818 195
Administration costs	-266 538	-1 919 099	-379 249	-2 730 632
Operating expenses	5 134 557	-4 200 583	7 305 816	-5 976 891
EBIT	1 229 954	-1 346 499	1 750 067	-1 915 895
Percents paid	-63 056	-68 772	-89 720	-97 854
Financial items	0	0	0	0
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	7 228	-3 012	10 284	-4 286
Financial items	-55 828	-71 784	-79 436	-102 140
Profit before extraordinary items and taxes	1 174 126	-1 418 283	1 670 631	-2 018 035
EBT	1 174 126	-1 418 283	1 670 631	-2 018 035
Taxes	-30 115	-97 158	-42 850	-138 243
Profit after taxes	1 144 011	-1 515 441	1 627 781	-2 156 278
Net profit	1 144 011	-1 515 441	1 627 781	-2 156 278
Index EPS	0.155	-0.205	0.220	-0.292
	<i>1 EUR =</i>		<i>0.702804 LVL</i>	<i>0.702804 LVL</i>

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CASH FLOW STATEMENT	30.09.2010 LVL	30.09.2009 LVL	30.09.2010 EUR	30.09.2009 EUR
CASH GENERATED FROM OPERATIONS	310 968	-18 169	442 467	-25 853
Cash received from customers	-1 498 993	-449 863	-2 132 875	-640 097
Cash received from ML Group	0	0	0	0
Cash paid to suppliers and employees	1 809 961	431 694	2 575 342	614 244
Cash paid to suppliers and employees ML Group	0	0	0	0
NET CASH USED IN INVESTING ACTIVITIES	-207 098	60 641	-294 674	86 285
Cash paid for purchasing shares in subsidiary	0	0	0	0
Business acquisition	0	0	0	0
Purchase of fixed assets	-131 589	-1 138	-187 234	-1 619
Purchase of fixed assets from ML Group	0	0	0	0
Cash received from the sale of fixed assets	+703	14 579	+1 000	20 744
Participation in the capital of other enterprises	0	47 200	0	67 160
Loans given	-76 096	0	-108 275	0
Interest received	-116	0	-165	0
NET CASH USED IN FINANCING ACTIVITIES	-222 288	-47 170	-316 287	-67 117
Short-term loans received	-156 865	0	-223 199	0
Repayment of short-term loans	0	21 908	0	31 172
Cash paid as capital lease payments	-2 313	-306	-3 291	-435
Paid interest	-63 110	-68 772	-89 797	-97 854
Paid interest to ML Group	0	0	0	0
TOTAL CASH FLOW	-118 418	-4 698	-168 494	-6 685
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	35 002	78 755	49 803	112 058
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	-118 418	-4 698	-168 494	-6 685
	<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 30.09.2010 (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 9 months of 2010	-	-	-	-	-	1 144 011	1 144 011
As at 30 September, 2010	7 400 000	-	-	-	589 152	1 144 011	9 133 163
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 9 months of 2009	-	-	-	-	-	-1 515 441	-1 515 441
As at 30 September, 2009	7 400 000	-	-	-	1 632 282	-1 515 441	7 516 841

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1 EUR = 0,702804 LVL

Statement of changes in equity for the period from 01.01.2010 till 30.09.2010 (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 9 months period 2010 <i>(0.702804)</i>	-	-	-	-	-	1 627 781	1 627 781
As at 30 September, 2010 <i>(0.702804)</i>	10 529 251	-	-	-	838 288	1 627 781	12 995 320
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 9 months period 2009 <i>(0.702804)</i>	-	-	-	-	-	-2 156 278	-2 156 278
As at 30 September, 2009 <i>(0.702804)</i>	10 529 251	-	-	-	2 322 528	-2 156 278	10 695 501

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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 30 September 2010 and the results of its operation and cash flows for the 9 months period ended 30 September 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 9 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.

JSC "DITTON PIEVADKEZU RUPNICA"
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**Summary of financial results
for 9 months of year 2010**

thous.LVL

Name of index	Forecast for 2010	9 months of year 2010		Deviation (+ / -)
		forecast	in fact	
Production of commodity products	5 950	4 590	4 230	-360
Production of main products	5 920	4 565	4 198	-367
Production of driving chains	5 884	4 538	4 168	-370
incl. automotive	1 973	1 526	1 405	-121
industrial	3 911	3 012	2 763	-249
Sales volume	6 000	4 650	5 611	+961
Sales of main products	5 965	4 623	4 060	-563
Profit after taxes	40	30	1 144	+1 114

thous.EUR

1 EUR = 0,702804 LVL

Name of index	Forecast for 2010	9 months of year 2010		Deviation (+ / -)
		forecast	in fact	
Production of commodity products	8 466	6 531	6 019	-512
Production of main products	8 423	6 495	5 973	-522
Production of driving chains	8 372	6 457	5 931	-526
incl. automotive	2 807	2 171	1 999	-172
industrial	5 565	4 286	3 932	-354
Sales volume	8 537	6 616	7 984	+1 368
Sales of main products	8 487	6 578	5 777	-801
Profit after taxes	57	43	1 628	+1 585

Explanations and analyses on separate items of financial reports

Production of commodity products in the period of 9 months of year 2010 (thous.LVL/thous.EUR)

Output of commodity products is estimated in the amount 4 230 thous.LVL (6 019 thous.EUR). The result of reporting period is by 787 thous.LVL (1 120 thous.EUR) or 23% higher than in 9 months period of previous year.

Production of driving chains in 9 months of 2010 (thous.meters)

Production of driving chains in natural units is by 281 thous.meters less than the forecast.

Production of driving chains in 9 months of year 2010 (thous.LVL/thous.EUR)

Production of driving chains in money terms is by 370 thous.LVL (526 thous.EUR) less than the forecast. The actual performance of reporting period is by 805 thous.LVL (1 145 thous.EUR) less than in the relevant period of previous year.

Sales (net-turnover) in 9 months of 2010 (thous. LVL/thous.EUR)

Net-turnover has been forecasted to amount to 4 650 thous.LVL (6 616 thous.EUR) in 9 months of year 2010, in fact it has been fulfilled in the amount of 5 611 thous.LVL (7 984 thous.EUR), increase amounts to 961 thous.LVL (1 367 thous.EUR). The actual performance of the reporting period is by 3 428 thous.LVL (4 878 thous.EUR) or 158% more than the index of the same period of previous year.

Sales of main products in 9 months of 2010 (thous. LVL/ thous.EUR)

Sales of main products in the reporting period was by 563 thous.LVL (801 thous.EUR) less than the forecast, and it is by 1 889 thous.LVL (2 688 thous.EUR) or 87 % more than the result of the relevant period of prior year.

Proceeds from other activities are by 103 thous.LVL (147 thous.EUR) more than the result of the relevant period of last year and they amounted to 777 thous.LVL (1 106 thous.EUR).