

# **JSC DITTON PIEVADKĒŽU RŪPNĪCA**

## **FINANCIAL REPORT FOR 9 MONTHS OF YEAR 2018 (01.01.2018 – 30.09.2018)**

**(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 pievadkēžu 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 – 30.09.2018

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

#### 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](http://www.dpr.lv).

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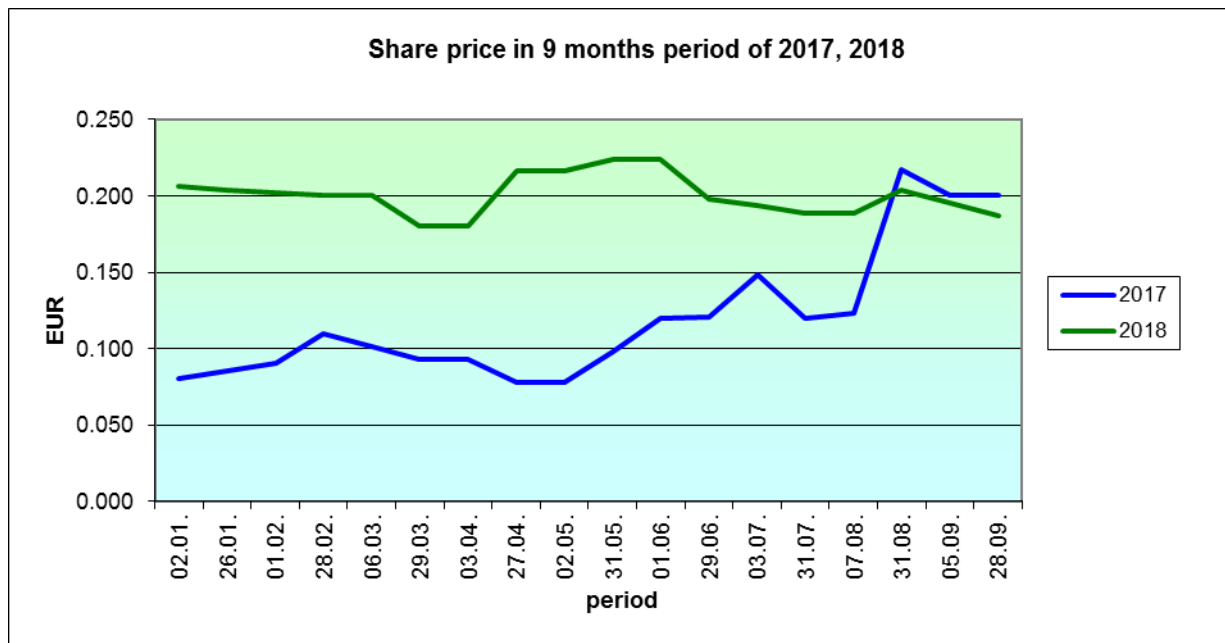
**MAJOR SHAREHOLDERS (OVER 5%)\***

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 provided and updated in accordance with the lists of shareholders of the JSC Ditton pievadkēžu rūpnīca as at 28.05.2018, which is prepared by Nasdaq CSD for shareholders' meeting due to the Commercial Law and the Financial Instruments Market Law of the Republic of Latvia, taking into account the shareholders' notifications of the acquisition and disposal major holding in the Issuer's equity in accordance with the section 61 of the Financial Instruments Market Law.*

*2) As at 30.09.2018, 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 board declares that the interim report for 9 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.

The Management board declares that according to the information at its disposal, financial report 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 9 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 I half of the year 2018 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**

<b>ASSETS</b>	<b>30.09.2018 EUR</b>	<b>30.09.2017 EUR</b>
<b>Long-term investments</b>		
<b>Intangible investments</b>		
Concessions, patents, licenses, trademarks and similar rights	12 485	17 363
<b>Total intangible investments</b>	<b>12 485</b>	<b>17 363</b>
<b>Fixed assets</b>		
Immovable property:		
Land	1 853 982	1 853 982
Buildings and structures and permanent crop	1 339 942	1 424 481
Investment properties - land	88 628	88 628
Investment properties - buildings	950 584	1 008 487
Technological equipment and devices	2 881 225	684 893
Other fixed assets and inventory	50 739	18 632
Costs of the establishment of fixed assets and unfinished building objects	12 649	12 649
<b>Total fixed assets</b>	<b>7 177 749</b>	<b>5 091 752</b>
<b>Long-term financial investments</b>		
Other securities and investments	-	67 160
<b>Total long-term financial investments</b>	<b>-</b>	<b>67 160</b>
<b>Total long-term investments</b>	<b>7 177 749</b>	<b>5 176 275</b>
<b>Current assets</b>		
<b>Inventories</b>		
Raw materials, consumables and supplies	611 953	503 003
Work in progress	167 697	175 273
Finished products and goods for sale	273 996	318 553
Advance payments for inventories	107 146	1 564 024
<b>Total inventories</b>	<b>1 160 792</b>	<b>2 560 853</b>
<b>Debtors</b>		
Trade receivables	965 598	1 044 744
Other debtors	23 825	23 825
Next period costs	429	-
<b>Total debtors</b>	<b>1 016 360</b>	<b>1 068 569</b>
<b>Cash</b>	<b>21 828</b>	<b>4 147</b>
<b>Total current assets</b>	<b>2 198 980</b>	<b>3 633 569</b>
<b><u>TOTAL ASSETS</u></b>	<b><u>9 389 214</u></b>	<b><u>8 809 844</u></b>

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**BALANCE SHEET**

<b>LIABILITIES</b>	<b>30.09.2018 EUR</b>	<b>30.09.2017 EUR</b>
<b>Equity</b>		
Stock capital	10 360 000	10 360 000
Reserves:		
Other reserves	169 251	169 251
Uncovered losses brought forward from the previous years	(8 944 247)	(9 889 370)
Profit for the fiscal period	414 133	776 833
<b>Total equity</b>	<b>1 999 137</b>	<b>1 416 714</b>
<b>Creditors</b>		
<b>Long-term creditors:</b>		
Loans from credit institutions	4 533 505	1 858 390
Next period income	978 274	1 038 793
<b>Total long-term creditors</b>	<b>5 511 779</b>	<b>2 897 183</b>
<b>Short-term creditors:</b>		
Loans from credit institutions	583 668	43 111
Other loans	-	281 613
Prepayments received from purchasers	22 960	50 452
Accounts payable to suppliers and contractors	474 863	3 194 376
Taxes and State mandatory social insurance payments	529 984	412 367
Other creditors	168 384	446 596
Deferred income	15 130	15 130
Accrued liabilities	83 309	52 302
<b>Total short-term creditors</b>	<b>1 878 298</b>	<b>4 495 947</b>
<b>Total creditors</b>	<b>7 390 077</b>	<b>7 393 130</b>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>9 389 214</u></b>	<b><u>8 809 844</u></b>

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## INCOME STATEMENT

	30.09.2018 EUR	30.09.2017 EUR
Net turnover	4 225 346	4 249 284
Production costs of goods sold, purchase costs of goods sold or services rendered	3 373 744	3 147 633
<b>Gross profit</b>	<b>851 602</b>	<b>1 101 651</b>
Sales costs	(8 013)	(10 259)
Administrative expenses	(508 626)	(465 057)
Other income from operating activities	438 508	322 945
Other costs of operating activities	(188 626)	(113 239)
Interest payments and similar expenses	(170 714)	(59 207)
• <i>from other persons</i>	(170 714)	(59 207)
<b>Profit before corporate income tax</b>	<b>414 133</b>	<b>776 833</b>
Corporate income tax	-	-
<b>Profit for the fiscal period</b>	<b><u>414 133</u></b>	<b><u>776 833</u></b>
<b>Profit / diluted profit per share</b>	<b>0.056</b>	<b>0.105</b>

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**CASH FLOW STATEMENT**

	<b>30.09.2018</b> <b>EUR</b>	<b>30.09.2017</b> <b>EUR</b>
<b>I. Cash flows from operating activities</b>		
1. Profit or loss before enterprise income tax	414 133	776 833
<i>Adjustments to:</i>		
Depreciation of fixed assets	311 582	191 110
Depreciation of intangible assets	3 625	3 824
Other income (Investment and Development Agency of Latvia)	(45 390)	(45 390)
Interest payments and similar income	170 714	59 209
Income from sales of fixed assets	-	(3 140)
2. Profit or loss before adjustments to fixed assets and short-term creditors	854 664	982 446
<i>Adjustments to:</i>		
Increase or decrease in accounts receivables	56 000	289 453
Increase or decrease in inventories	(180 676)	(314 425)
Increase or decrease in accounts payable to suppliers, contractors and other creditors	(6 694)	(768 474)
3. Gross cash flows from operating activities	723 294	189 000
<b>Net cash used in operating activities</b>	<b><u>723 294</u></b>	<b><u>189 000</u></b>
<b>II. Cash flows from investing activities</b>		
Purchases of fixed and intangible investments	(44 432)	(24 249)
Proceeds from sale of fixed assets and intangible investments	67 160	3 140
<b>Net cash flows used in investing activities</b>	<b><u>(22 728)</u></b>	<b><u>(21 109)</u></b>
<b>III. Cash flows from financing activities</b>		
Net change in borrowings	(554 858)	(111 522)
Interest payments and similar expenses	(170 714)	(59 209)
<b>Net cash used in financing activities</b>	<b><u>(725 572)</u></b>	<b><u>(170 731)</u></b>
<b>Net cash flow of the fiscal period</b>	<b>20 450</b>	<b>(2 840)</b>
<b>Cash and cash equivalents at the beginning of the fiscal period</b>	<b><u>1 378</u></b>	<b><u>6 987</u></b>
<b>Cash and cash equivalents at the end of the fiscal period</b>	<b><u>21 828</u></b>	<b><u>4 147</u></b>

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**STATEMENT OF CHANGES IN EQUITY**  
for the period from 01.01.2018 till 30.09.2018

	Equity capital	Reserves	Uncovered losses	Profit or loss of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
<b>As at 1 January 2017</b>	<b>10 360 000</b>	<b>169 251</b>	<b>(9 907 291)</b>	<b>-</b>	<b>621 960</b>
Reserves	-	-	-	-	-
Profit of 9 months period 2017	-	-	-	776 833	<b>776 833</b>
<b>At 30 September 2017</b>	<b>10 360 000</b>	<b>169 251</b>	<b>(9 907 291)</b>	<b>776 833</b>	<b>1 416 714</b>
<b>At 1 January 2018</b>	<b>10 360 000</b>	<b>169 251</b>	<b>(8 944 247)</b>	<b>-</b>	<b>1 585 004</b>
Profit of 9 months period 2018	-	-	-	414 133	<b>414 133</b>
<b>At 30 September 2018</b>	<b>10 360 000</b>	<b>169 251</b>	<b>(8 944 247)</b>	<b>414 133</b>	<b>1 699 137</b>

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Appendix

**Explanatory notes**

Accounting policies and methods applied in present interim financial statements 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 30 September 2018, its` operating results and cash flows for 9 months ended 30 September 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 9 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 9 months of 2018 (thousand euros)

The value of the produced driving chains in these 9 months reached € 3,116 thousand, what is by € 607 thousand more than the index of the same period of the previous year.

Production of driving chains in 9 months of 2018 (thousand meters)

The index of the produced driving chains is by 59 thousand meters higher than in 9 months of 2017.

Sales (net-turnover) in 9 months of 2018 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 4,225 thousand, being by € 24 thousand or 0.6 per cent less than the index in the same period of the previous year.

Core product sales in 9 months of 2018 (thousand euros)

Core product sales amounting to € 3,581 thousand in the reporting period are by € 266 thousand or 8 per cent higher than the result of the same period in the previous year.