

# **JSC DITTON PIEVADĶĒŽU RŪPNĪCA**

## **FINANCIAL REPORT FOR 9 MONTHS OF YEAR 2019 (01.01.2019 – 30.09.2019)**

**(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**

**2019**

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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	01.01.2019 – 30.09.2019

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, re-elected 14.01.2019 (elected since 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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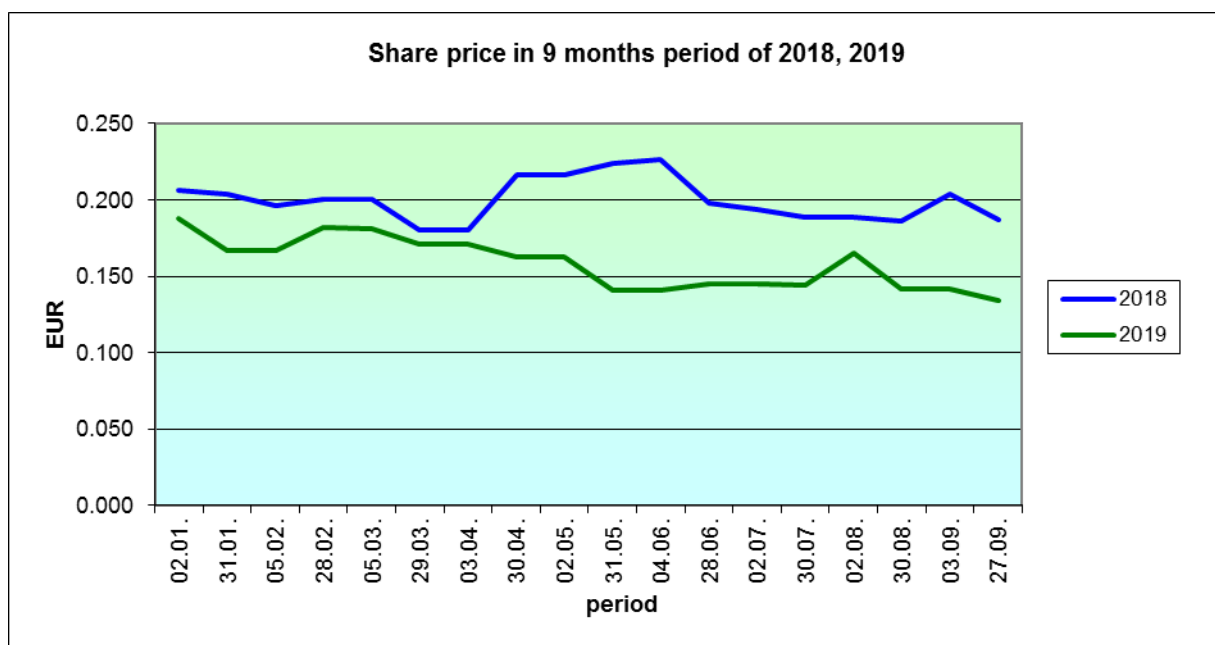
**MAJOR SHAREHOLDERS (OVER 5%)\***

NAME	Ownership interest %
Vladislavs Driksne	19,92
MAX Invest Holding Ltd.	13,63
Maleks S Ltd.	13,30
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 pievadķēžu rūpnīca as at 27.05.2019, 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 30.09.2019, 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 2019 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 2019 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 2019 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>30.09.2019</b>	<b>30.09.2018</b>
	<b>EUR</b>	<b>EUR</b>
<b>Long-term investments</b>		
<b>Intangible investments</b>		
Concessions, patents, licenses, trademarks and similar rights	7 653	12 485
<b>Total intangible investments</b>	<b>7 653</b>	<b>12 485</b>
<b>Fixed assets</b>		
Immovable property:		
Land	1 972 722	1 853 982
Buildings and structures and permanent crop	1 255 405	1 339 942
Investment properties - land	88 628	88 628
Investment properties - buildings	892 681	950 584
Technological equipment and devices	2 626 767	2 881 225
Other fixed assets and inventory	37 565	50 739
Costs of the establishment of fixed assets and unfinished building objects	12 649	12 649
<b>Total fixed assets</b>	<b>6 886 417</b>	<b>7 177 749</b>
<b>Long-term financial investments</b>		
Other securities and investments	-	-
<b>Total long-term financial investments</b>	<b>-</b>	<b>-</b>
<b>Total long-term investments</b>	<b>6 894 070</b>	<b>7 177 749</b>
<b>Current assets</b>		
<b>Inventories</b>		
Raw materials, consumables and supplies	418 108	611 953
Work in progress	162 377	167 697
Finished products and goods for sale	173 546	273 996
Advance payments for inventories	89 098	107 146
<b>Total inventories</b>	<b>843 129</b>	<b>1 160 792</b>
<b>Debtors</b>		
Trade receivables	588 445	965 598
Other debtors	31 480	23 825
Next period costs	400	429
<b>Total debtors</b>	<b>620 325</b>	<b>1 016 360</b>
<b>Cash</b>	<b>113 823</b>	<b>21 828</b>
<b>Total current assets</b>	<b>1 577 277</b>	<b>2 198 980</b>
<b><u>TOTAL ASSETS</u></b>	<b><u>8 471 347</u></b>	<b><u>9 389 214</u></b>

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**BALANCE SHEET**

<b>LIABILITIES</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>EUR</b>	<b>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	(9 228 221)	(8 944 247)
Loss / profit for the fiscal period	(159 455)	414 133
<b>Total equity</b>	<b>1 141 575</b>	<b>1 416 714</b>
<b>Creditors</b>		
<b>Long-term creditors:</b>		
Loans from credit institutions	4 678 577	4 533 505
Next period income	1 300 483	978 274
<b>Total long-term creditors</b>	<b>5 979 060</b>	<b>2 897 183</b>
<b>Short-term creditors:</b>		
Loans from credit institutions	107 743	583 668
Other loans	-	-
Prepayments received from purchasers	35 711	22 960
Accounts payable to suppliers and contractors	543 062	474 863
Taxes and State mandatory social insurance payments	497 338	529 984
Other creditors	69 333	168 384
Deferred income	20 871	15 130
Accrued liabilities	76 654	83 309
<b>Total short-term creditors</b>	<b>1 350 712</b>	<b>4 495 947</b>
<b>Total creditors</b>	<b>7 329 772</b>	<b>7 393 130</b>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>8 471 347</u></b>	<b><u>9 389 214</u></b>



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**INCOME STATEMENT**

	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>EUR</b>	<b>EUR</b>
Net turnover	3 742 257	4 225 346
Production costs of goods sold, purchase costs of goods sold or services rendered	3 265 854	3 373 744
<b>Gross profit</b>	<b>476 403</b>	<b>851 602</b>
Sales costs	575	(8 013)
Administrative expenses	(483 144)	(508 626)
Other income from operating activities	111 976	438 508
Other costs of operating activities	(114 820)	(188 626)
Interest payments and similar expenses	(149 294)	(170 714)
• <i>from other persons</i>	<i>(149 294)</i>	<i>(170 714)</i>
<b>Loss / profit before corporate income tax</b>	<b>(159 455)</b>	<b>414 133</b>
Corporate income tax	-	-
<b>Loss / profit for the fiscal period</b>	<b><u>(159 455)</u></b>	<b><u>414 133</u></b>
<b>Loss / profit per share</b>	<b>(0.022)</b>	<b>0.056</b>

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**CASH FLOW STATEMENT**

	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>EUR</b>	<b>EUR</b>
<b>I. Cash flows from operating activities</b>		
1. Profit or loss before enterprise income tax	(159 455)	414 133
<i>Adjustments to:</i>		
Depreciation of fixed assets	309 806	311 582
Deprecation of intangible assets	3 625	3 625
Next period income recognition	(62 613)	(45 390)
Interest payments and similar income	149 294	170 714
Income from sales of fixed assets	(1 600)	-
2. Profit or loss before adjustments to fixed assets and short-term creditors	239 057	854 664
<i>Adjustments to:</i>		
Increase or decrease in accounts receivables	59 108	56 000
Increase or decrease in inventories	150 762	(180 676)
Increase or decrease in accounts payable to suppliers, contractors and other creditors	23 415	(6 694)
3. Gross cash flows from operating activities	472 342	723 294
<b>Net cash used in operating activities</b>	<b><u>472 342</u></b>	<b><u>723 294</u></b>
<b>II. Cash flows from investing activities</b>		
Purchases of fixed and intangible investments	(60 599)	(44 432)
Proceeds from sale of fixed assets and intangible investments	1 600	67 160
<b>Net cash flows used in investing activities</b>	<b><u>(58 999)</u></b>	<b><u>(22 728)</u></b>
<b>III. Cash flows from financing activities</b>		
Net change in borrowings	(208 701)	(554 858)
Interest payments and similar expenses	(149 294)	(170 714)
<b>Net cash used in financing activities</b>	<b><u>(357 995)</u></b>	<b><u>(725 572)</u></b>
<b>Net cash flow of the fiscal period</b>	<b>55 348</b>	<b>20 450</b>
<b>Cash and cash equivalents at the beginning of the fiscal period</b>	<b><u>58 475</u></b>	<b><u>1 378</u></b>
<b>Cash and cash equivalents at the end of the fiscal period</b>	<b><u>113 823</u></b>	<b><u>21 828</u></b>

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**STATEMENT OF CHANGES IN EQUITY**  
**for the period from 01.01.2019 till 30.09.2019**

	Equity capital	Reserves	Uncovered losses	Profit or loss of fiscal period	Total
	EUR	EUR	EUR	EUR	EUR
<b>As at 1 January 2018</b>	<b>10 360 000</b>	<b>169 251</b>	<b>(8 944 247)</b>	-	<b>1 585 004</b>
Reserves	-	-	-	-	-
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>(9 907 291)</b>	<b>776 833</b>	<b>1 416 714</b>
<b>At 1 January 2019</b>	<b>10 360 000</b>	<b>169 251</b>	<b>(9 228 221)</b>	-	<b>1 301 030</b>
Profit of 9 months period 2019	-	-	-	(159 455)	<b>(159 455)</b>
<b>At 30 September 2019</b>	<b>10 360 000</b>	<b>169 251</b>	<b>(9 228 221)</b>	<b>(159 455)</b>	<b>1 141 575</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 2019, its` operating results and cash flows for 9 months ended 30 September 2019.

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 2019 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 2019 (thousand euros)

The value of the produced driving chains in these 9 months reached € 2,701 thousand, what is by € 415 thousand lower than the index of the same period of the previous year.

Production of driving chains in 9 months of 2019 (thousand meters)

The index of the produced driving chains is by 220 thousand meters lower than in 9 months of 2018.

Sales (net-turnover) in 9 months of 2019 (thousand euros)

The net-turnover of the fiscal period is fulfilled by € 3,742 thousand, being by € 483 thousand or 11 per cent lower than the index in the same period of the previous year.

Core product sales in 9 months of 2019 (thousand euros)

Core product sales amounting to € 2,962 thousand in the reporting period are by € 619 thousand or 17 per cent lower than the result of the same period in the previous year.