JSC „DITTON PIEVADĶĒŽU RŪPNĪCA"

Reg.No.40003030187
Višķu Str.17, Daugavpils, LV-5410, Latvia

ANNUAL REPORT OF YEAR 2012

(01.01.2012 – 31.12.2012)

Daugavpils

2013

CONTENTS

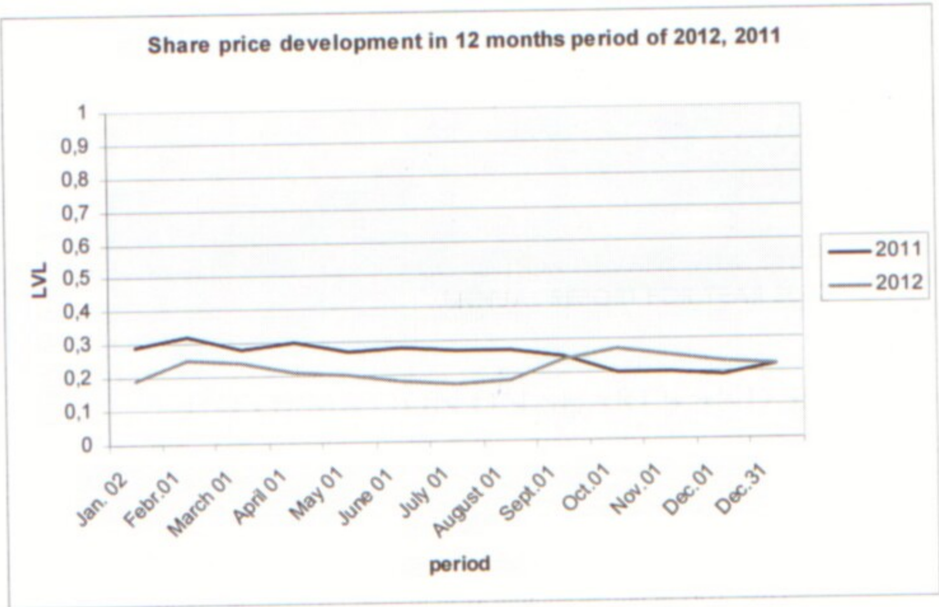
INFORMATION ABOUT THE COMPANY

Company name	Ditton pievadķēžu rūpnīca
Legal status	Joint Stock Company
Registration 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 share	1.00 LVL
Chief accountant	Valentina Krivoguzova, p.c.191257-10218
Reporting year	01.01.2012 – 31.12.2012
Previous reporting year	01.01.2011 – 31.12.2011
Auditors and their address	SIA "Deloitte Audits Latvia" Reg. No. 40003606960 Commercial's license No.43 Gredu Str.4a, Riga, LV-1019 Jelena Mihejenkova Sworn auditor Certificate No.166

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

INFORMATION ON SHARES AND SHAREHOLDERS

SHARE PRICE DEVELOPMENT



The fixed capital of the company is 7 400 000 LVL, which divides into 7 400 000 public bearer shares. The nominal value of each share is 1 LVL and each share entitles to one vote.

COMPANY SHAREHOLDERS (OVER 5%) *

NAME	Ownership interest, %
Eduards Zavadskis	20,00
Vladislavs Driksne	19,92
MAX Invest Holding SIA	13,63
Maleks S SIA	11,72
Vladimirs Bagajevs /Vladimir Bagaev/	9,46

** Note: Information is presented on the basis of the list of shareholders of JSC „Ditton pievadķēžu rūpnīca" dated 18.05.2012, taking into account the shareholders' notifications on acquisition and disposal significant holding in the Issuer's equity in accordance with Clause 61 of Financial Instrument Market Law.*

In accordance with the Clause 56.1 of the Financial Instruments Market Law, the Company has no additional information at its disposal on rest part of the above mentioned Clause (part 1, sub-paragraphs 2), 4), 5), 6), 7), 8), 9), 10), 11)).

COMPANY BACKGROUND

The joint-stock company "Daugavpils pievadkezu rupnica" was formed as a result of a privatization of the State Daugavpils driving chain factory in conformity with the order of the Cabinet No.375-r dated 09 August, 1994 and the decision (the report No.25) of the Board of the state joint-stock company "Privatization agency" having transformed the state company into a joint-stock company.

The Company has received the status of a public joint-stock company after its registration in the Register of Enterprises on 30 August, 1995 with the registration number 000303018.

08.01.2002 JSC "Daugavpils pievadkezu rupnica" changed its name to JSC "Ditton pievadkezu rupnica" with the registration number 40003030187.

29.08.2003 JSC "Ditton pievadkezu rupnica" has been registered in the Commercial Register.

The Company is the successor of rights and obligations of the State driving chain factory in conformity with conditions of privatization, and it acts on the basis of the Articles.

Types of activity of company:

- production of driving chains of all kinds;
- production of other plastic products;
- production of metal constructions and components of constructions;
- production of metal products used in construction;
- forging, pressing, punching and rolling of metal;
- processing of metal and facing of a surface;
- general machining processing of metal;
- production of tools;
- production of fastenings, cut products, chains and springs;
- production of others unclassified ready metal products;
- production of bearings, rack-wheels, elements of transfer and drive;
- production of machines;
- production of motorcycles and bicycles;
- production of other in another places unclassified vehicles;
- selling of motor vehicles;
- selling of motorcycles and its fixings, servicing and repairs;
- wholesale trade in machine tools;
- wholesale trade of other machines used in production, trade and navigation;
- wholesale of agricultural machines, fixings and instruments, including tractors;
- other retail trade in unspecialized shops;
- loads with motor vehicles;
- loading and unloading of loads: warehousing;
- dealership with own real estates;
- farming and renting of own real estate;
- renting of cars;
- renting of other land vehicles;
- renting of agricultural machines and instruments;
- renting of construction machines and instruments;
- renting of in other places unclassified machines and instruments;
- renting of in other places unclassified subject of individual using and the household equipment and instruments;
- consultation on questions of the program equipment, programming;
- data processing.

INFORMATION ON THE MANAGEMENT BOARD AND COUNCIL MEMBERS

THE MANAGEMENT BOARD

Chairman of the Management Board

Pjotrs Dorofejevs, elected 05.07.2010 (Member of the Management Board from 29.08.2003)

Member of the Management Board

Natalja Redzoba, elected 29.08.2003.

Jevgenijs Sokolovskis, elected 05.07.2010

Information on shares owned by Members of the Management Board

Members of the Management Board	Share ownership *	
	Quantity of shares	%
Pjotrs Dorofejevs	no shares	-
Natalja Redzoba	no shares	-
Jevgenijs Sokolovskis	1 900	0,03

THE COUNCIL AS AT 31.12.2012

Chairman of the Council

Boriss Matvejevs, elected 05.05.2005

Deputy Chairmen of the Council

Georgijs Sorokins, elected 06.11.2000

Inga Goldberga, elected 14.08.2009

Members of the Council

Anzelina Titkova, elected 14.08.2009

Vladimirs Bagajevs /Vladimir Bagaev/, elected 28.05.2012.

THE COUNCIL AS AT 31.12.2011

Chairman of the Council

Boriss Matvejevs, elected 05.05.2005

Deputy Chairmen of the Council

Georgijs Sorokins, elected 06.11.2000

Inga Goldberga, elected 14.08.2009

Members of the Council

Anzelina Titkova, elected 14.08.2009

Timo Sas, elected 16.10.2009, up to 28.05.2012

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 (up to 28.05.2012)	no shares	-
Vladimirs Bagajevs (from 28.05.2012)	700 000	9,46

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 at 31.12.2012

MANAGEMENT REPORT

Information on the results of the company in year 2012

In 2012 net turnover was fulfilled in the amount of 9 860 thous.LVL (14 030 thous.EUR), which compared to the forecast is by 1 360 thous.LVL (1 935 thous.EUR) more. Compared to the level of previous year, net turnover of the reporting year is by 1 190 thous.LVL (1 693 thous.EUR) or by 14% more.

Profit before taxes amounted to 4 thous.LVL (5 thous.EUR) in 2012. Profit after taxes amounts to 3 thous.LVL (4 thous.EUR).

Commodity output is estimated in the amount of 6 125 thous.LVL (8 715 thous.EUR). The result of 2012 is by 380 thous.LVL (541 thous.EUR) or by 6% lower than in previous year.

At present the company exports 92% of its products to the East and West: among them 65% eastwards and 27% westwards; 8% of products are sold on domestic market.

The average statistical number of employees of JSC "Ditton pievadķēžu rūpnīca" was 337 employees in year 2012.

The average salary amounted to 343 LVL (488 EUR) in year 2012, which is by 13 LVL (19 EUR) less than in 2011.

Key figures of financial standing of JSC „Ditton pievadķēžu rūpnīca"

Own capital profitability of the company (capital using ratio) was 0,03% in year 2012 (2011: 1,43%).

Return on assets (ROA) was 0,05% in year 2012 (2011: 1,70%), and this is indicative of efficiency of using fixed assets and other non-current assets.

Sales profitability – commercial margin shows that in year 2012 0,03% of earned profit accounts for one unit of salable production (2011: 1,40%).

Turnover ratio of long-term investments is admissible to be ≥ 1, in year 2012 it was 2,02 (2011: 1,22).

Reserves turnover ratio enables to assess the optimal size of reserves. In 2012 turnover speed of reserves was 5,70 times, in 2011: 4,88 times.

Economic profitability enables to determine that 0,02% of earned profit accounts for one unit of company's assets.

Commercial profitability indicates that in 2012 the company earned 0,04% of profit on one net-turnover unit before taxes, and in 2011 accordingly – 1,15%.

On 31.12.2012 the absolute liquidity (times) was 0,05; on 31.12.2011 – 0,11. Its level shows which part of short terms liabilities can be discharged from the available cash.

Value of current liquidity ratio at the beginning of 2012 was 2,69, but on 31.12.2012 – 3,33, i.e., this ratio increased (standard 3-2).

Ratio of quick liquidity at the beginning of 2012 was 1,75, but at the end of the year – 2,71 (standard 0,7 – 1).

Specific weight of liabilities in the balance was 0,25 at the beginning of the year, but at the end of the year – 0,28.

Analysis on influence of currency risks in 2012.

In spite of the fact that 92% from the sales volume goes outside of Latvia, the sum total of the currency differences made up LVL 52 217 in the form of loss. Showing individual receipt of money means in the reporting year, the share which is due to income in LVL is 11%, in EUR – 65%, in USD – 12% and in RUB – 12%. In its turn payments for raw materials and materials have been made also in foreign currency (EUR, USD, RUB).

Significant events. Market tendencies and development of the company. Risks.

The activity of the Company in the year 2012 gives the ground to consider that in the world economy trends of the so-called "second wave" of global economic crisis are intensifying which has been forecasted by financial analysts of the European Union. Despite some increase and a subsequent stabilization of the market between 2010 and 2011, the Company, for its part, also informed the shareholders and investors about its forecasts in respect of negative effects of this "second wave" of the crisis on economic activity and a potential decline in industrial production.

These trends differ in different geographic regions of sales of the Company's products: whereas on the "western" (or European) market segment there is a slight fall, the "eastern" (or CIS, China) market segment has stabilized in a part, but in a part shows a negligible increase. On the basis of these trends, the Management Board of the Company believes that investment in "eastern" market was reasonable and justified.

The Management Board of the Company expects that in 2013 the trends of economic and industrial activity which appeared in 2012 will remain in both segments of the market. Specifically, according to the analysts' forecasts in the European Union the car production is being expected to drop by 10-20% and by 5-15% in other industrial sectors where driving chains of different purposes are traditionally used. At the same time it is likely that in 2013 the "eastern" segment of the market shall remain relatively stable, with no significant increase or decrease.

In general, the Company's Management Board admits a decline in output of basic production in its forecasts for 2013 the due to the fact that the Company is integrated into the world economy and is objectively dependent on global economic activity and conditions.

Unfortunately, 2012 was characterized by different processes, which could not been influenced by the Company's Management Board, but which significantly worsened the Company's financial and economic performance compared to the forecasts.

In the circumstances of intensification of the "second wave" of crisis phenomena the one could observe increase of payment deadlines by production buyers, and vice versa, stricter requirements by suppliers of raw material and resources, including in relation to payments. In 2012 prices of raw materials grew up significantly (more than forecasted) in the Company's traditional markets.

A significant negative impact on the Company and its performance is being caused by domestic decisions on energy prices which do not seem reasonable and balanced. In 2012 compared to 2011, for example, the price of electricity increased by 2%, the price of natural gas – by 28%, heating rate – by 21.5%. It is expected that from 01.04.2013 the price of electricity will continue to grow by 6-8% due to the fact that price of the component of the so-called "renewable" and "green" energy increased by 50%. Such unreasonable and imbalanced decisions create preconditions for unprofitability of production processes in plants and their subsequent closure, due to that the position and requirements of JSC „Liepājas metalurgs" are comprehensible to the Company's Management Board.

The objective situation develops in such a manner that the value of the resources for production in Latvia is already comparable to the value of resources in other EU countries, and it can be assumed that Latvia has lost its pre-existing competitive advantage in this part. In addition, Latvia has not won competitive advantages of the European Union and CIS countries, for example, related to proximity of sales market and/or markets of raw materials, and absence of logistics and transport expenses. Besides, increase of energy resources costs actually exceeded the volume of economies acquired by the Company in the result of energy efficiency measures (buildings and equipment), therefore any long-term programs and business plans in this area are useless, inefficient and impracticable in such circumstances.

There are trends of lack of qualified personnel including engineers, designers and workers escalating, as effects of unfavorable demographic and migration processes in Latvia, as well as due to the lack of training in certain occupations.

For localization and reduction of the above adverse conditions the Company is continuing 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.

Taken together, the Company closed the year 2012 with profit.

On use of profit

According to the Council's recommendation, as well as taking into account market conditions and interests of shareholders, the Management Board intends to propose to the regular meeting of shareholders when considering an issue on the use of profit gained in 2012 to leave the profit unshared and to aim it at development of the Company, including the respective proposal into draft decisions of the regular meeting of shareholders.

STATEMENT ABOUT MANAGEMENT LIABILITY

In opinion of the Management Board, according to the information at its disposal, the annual report has been prepared in accordance with the existing legislative requirements and gives a true and fair view of financial standing of the Company and its performance, cash flow and capital. In all substantial aspects there have been demands of the legislative acts of the Republic of Latvia satisfied.

The management confirms herewith that there have not been any essential events taken place after the end of the reporting period, which could have affected the annual report of the Company for year 2012.

Management report contains truthful information.

Chairman of the Management Board
of the JSC "Ditton pievadķēžu rūpnīca" Pjotrs Dorofejevs
30 April 2013

REPORT ON CORPORATE GOVERNANCE

§ 1

By arranging corporate governance of the Issuer, the Management Board and the Council follow Principles of Corporate Governance, approved by "NASDAQ OMX Riga" and effective from June 1, 2010.

Information about application of the above-mentioned Principles regarding responsibility of the shareholders is presented to the shareholders on the annual general meeting. The shareholders may familiarize themselves with information comprised by the Principles of Corporate Governance on the web site of NASDAQ OMX Riga http://www.nasdaqomxbaltic.com/files/riga/corp_gov_May_2010_final_EN.pdf or by submitting an appropriate request to the Issuer.

Information about order and procedures of application of Principles of Corporate Governance, restrictions, exceptions and practice in 2012 has been reflected in the appendix to this report "Statement on corporate governance principles". The shareholders may familiarize themselves with information included into the appendix on the website of NASDAQ OMX Riga, in the appropriate section of the Issuer, or in CSRI-system or on the website of the Issuer on the internet.

§ 2

System of internal control is arranged in compliance with the Principles of Corporate Governance, including the institution of a revision committee. Statement of the revision committee regarding procedures of risks control and management in the course of compiling the annual report for 2012 is presented to the annual general meeting of shareholders and enclosed in its materials.

At the Issuer there exists a multi-stage system of compiling of the annual report, control and risks management at compiling the annual report.

1st stage: compiling of the annual report and internal control in subdivisions of the Issuer;

2nd stage: examining and approval of the annual report by the Management Board of the Issuer;

3rd stage: auditing of the annual report by an independent sworn auditor in accordance with the Annual Accounts Law, Law on Accounting, Commercial Law and Financial Instrument Market Law;

4th stage: examination of the annual report by the revision committee and its statement on the annual report quality and independence of the sworn auditor;

5th stage: examination of the annual report by the Council of the Issuer and its statement about activity of the Management Board and the Issuer in general reflected in this report;

6th stage: approving of the annual report in a general meeting of shareholders of the Issuer.

It is obvious that activity of the institutions mentioned in stages 3, 4 and 5 are independent of the Issuer and ensures accuracy of the annual report and independency.

§ 3

According to the requirements of Clauses 56.1 and 56.2 of Financial Instrument Market Law the Issuer provides additional information on following:

The following shareholders have a significant holding (shares percentage of the equity capital being owned or in management is indicated on the basis of the list of shareholders of JSC „Ditton pievadķēžu rūpnīca" dated 18.05.2012, taking into account the shareholders' notifications on acquisition and disposal significant holding in the Issuer's equity in accordance with Clause 61 of Financial Instrument Market Law):

- Eduards Zavadskis – 20,00%
- Vladislavs Driksne – 19,92%
- MAX Invest Holding SIA – 13,63%
- Maleks S SIA – 11,72%
- Vladimir Bagaev – 9,46%

There are no shareholders with specific control rights at the Issuer, neither restrictions to the shareholders' voting rights arising from their shares.

Order and procedures for amending documents of incorporation (Articles) and changing of the composition of the Management Board, including their rotation and/or recall are determined by and applied in accordance with Commercial Law, Civil Law, Labour Law, Law on the Enterprise Register of the Republic of Latvia, Law on Legal Force of Documents, Declaration on objectives and mission of the activity and development of JSC „Ditton pievadkezu rupnica" and evaluation of these processes, Regulations of the convening and course of shareholders' meetings and other legal acts related to these procedures.

Rights of the Management Board members are stated in Commercial Law and the Issuer's Articles, and also reflected in Regulations of the Management Board. Additional powers, including powers to issue or redeem shares, have not been granted to the Management Board members.

§ 4

The Issuer's institutions are:

- meeting of shareholders;
- Council of the Issuer;
- Management Board of the Issuer.

Each institution have its own competence (powers), rights and obligations, which are determined by laws of the Republic of Latvia, Principles of Corporate Governance, the Issuer's Articles and internal documents, including Regulations of the Management Board. Institutions are independent.

Independence of the shareholders' resolution is ensured in conformity with norms of the Commercial Law (Clauses 268, 273-286), Financial Instrument Market Law (Clauses 54, $54.^1$ - $54.^5$), Principles of Corporate Governance, Articles of the Issuer, Declaration on objectives and mission of the activity and development of JSC „Ditton pievadkezu rupnica" and evaluation of these processes, Regulations of the convening and course of shareholders' meetings and other normative acts and internal documents of the Issuer.

Council and Management Board members are independent in conformity with Commercial Law, Financial Instrument Market Law, Articles, Declaration on objectives and mission of the activity and development of JSC „Ditton pievadkezu rupnica" and evaluation of these processes, Regulations of the Council and Management Board and other normative acts and Issuer's internal documents in exercising their duties and according to legal norms are accountable in front of the shareholders.

Personal composition of the Council and the Management Board is specified on page 6 of the current annual report.

Note: the Issuer – JSC „Ditton pievadkezu rupnica"

Chairman of the Management Board
of the JSC "Ditton pievadķēžu rūpnīca" Pjotrs Dorofejevs
30 April 2013

COUNCIL REPORT
to the annual report for year 2012

Issued in conformity with Commercial Law and to the Company's Articles, approved by Council resolution of the JSC "Ditton pievadķēžu rūpnīca" dated 16.04.2013, Protocol No.163

The Council of joint-stock company "Ditton pievadķēžu rūpnīca" announces that the report of the Management Board of the Company to the regular meeting of shareholders and annual report for year 2012 truly reflects the commercial activity results and the financial position of the Company.

During the reporting period the Management Board managed production and economic activities of the Company and represented the Company in accordance with the laws of the Republic of Latvia in force, with the Company Articles, Declaration on objectives and mission of the activity and development of JSC „ Ditton pievadķēžu rūpnīca" and evaluation of these processes, resolutions of general meeting of shareholders and Council recommendations.

The shareholders as well as the Council members have no claims to the Management Board and its individual members, and the Council evaluates the activity of the Management Board as positive. The Company closed the year 2012 with a profit w hich co rresponds to the actual state of the Company and global economic conditions, where the influence of "the second wave" of the global economic crisis increases.

In 2012 the term of office of the Council elected in 2009 expired and in this connection there was a new composition of the Council elected in the regular meeting of shareholders dated 28 May 2012. The newly elected composition of the Council is indicated on the page 6 of this annual report.

The Council of the Company represented interests of the shareholders during the time periods between the meetings of shareholders, and according to global economic conditions in the reporting period it supervised the activities of the Management Board within the scope specified in the Company's Articles and Laws of the Republic of Latvia.

Altogether during the reporting period eight meetings of the Council were held. In four of the joint meetings of the Council and the Management Board there have been considered and approved interim financial reports of the Company for 12 months of 2011 and 3, 6, and 9 months of the year 2012.

Additionally the following issues have been considered in the Council meetings and decisions on them were made:

- convening of the regular meeting of shareholders and approving of draft resolutions;
- reviewing a budget prognosis for 2013;
- prolongation of a term of office (re-election) of the Management Board members;
- election of the management of the Council (chairperson / deputy chairpersons) due to election of a new Council composition;
- other issues related to the activity of the Company and stipulated by the Company's Articles and laws of Republic of Latvia.

Herewith the Council of the Company draws attention of the shareholders to the following important events:

In 2009 in the Council report to the annual report the Council ascertained growth of crisis appearances in the 2nd half of the year 2008 and forecasted development of this situation at least in years 2009 and 2010.

According to the aforementioned prognosis it was expected that till 2011 influence of the global crisis on economics shall essentially decrease, there will be stabilization and a certain growth of economic activity will begin in the European Union and worldwide as well. This determined goals and tasks of the Company in the crisis period, first of all, retaining potential of further development.

At the same time the Council is forced to note escalating of the signs of "the second wave" of the global economic crisis, which has been forecasted in 2009-2011 by many experts, economists and politicians. It is not ruled out that this "second wave" of the global economic crisis can last much longer and as a result cause a severe downturn in global economic activity. For more information about the signs of "the second wave" of the economic crisis in respect of the Company refer to the Management report on pages 7-9 of this annual report.

Along with this the actual development of the Company and economic efficiency on the market in 2012 appeared to be more positive, and it surpassed the forecast previously made by the Council in respect of sales volumes of the Company's production and services. As a whole the Company has consolidated its position on the world market by retaining partners, contracts and production volumes.

The Council of the Company evaluates its forecasts for outlooks of the global market and demand for the Company's products within the range from "slightly negative" to "moderately positive" in some geographic sectors of the market and depending on a product range, as the Company is fully integrated into the global economy and is not dependent on the Latvian market. The Council of the Company admits that due to the "second wave" of the global economic crisis there is a reduction of production volumes possible, for example, for the European market, due to a general decline in economic activity in this region. A good result of work will be retention of performance figures of years 2011-2012. In another geographic market sector the Company forecasts slight increase options and that will be an indicator of good Company's activity in this sector. In the same way trends for sales of the Company's products are forecasted in its main groups (automotive and industrial chains).

The Company continued its co-operation project with "Ditton Chain" SIA, which will help to bring new and improved types of production to the market. Currently a joint-development product of the companies for the European market is being tested in the laboratory of our partner (Germany) by participating of independent experts. On all aspects of collaboration and projects that have received support or are being implemented, the Company has timely informed shareholders and potential investors in compliance with principles of the Financial Instruments Market Law and "NASDAQ OMX Riga".

Taking notice of information mentioned above and the situation in the Company, the Council considers it appropriate to recommend to the Management Board to propose to the regular meeting of shareholders when considering an issue on the use of profit gained in 2012 to to leave it unshared and to aim it at development of the Company, as well as considers it appropriate to ask the shareholders to support this proposal.

Chairman of the Council — Boriss Matvejevs
30 April 2013

Translation from Latvian

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AS "Ditton pievadķēžu rūpnīca":

Report on the financial statements

1. We have audited accompanying financial statement (presented on pages 17 to 40) included into the annual report for year 2012 of AS "Ditton pievadķēžu rūpnīca". The audited financial statement comprises the Company's balance sheet as of 31 December 2012, the income statement, statement of changes in equity and cash flow statement for the year 2012, as well as a summary of significant accounting policies and other explanatory information in the appendix.

Management's responsibility for the preparation of the financial statement

2. Management is responsible for the preparation of this financial statement and fair presentation of the information supplied in accordance with Latvian Law on Annual Reports and also for such internal control which the management considers necessary in order to ensure preparation of the financial statement free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3. We are responsible for the opinion which we express on this financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance whether the financial statement is free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures are selected on the basis of the auditor's professional judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. When making this risk assessment, the auditors consider internal control designed in order to ensure preparation of the financial statement and fair presentation of the information included into it in order to determine audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate for expressing of our qualified audit opinion.

INDEPENDENT AUDITOR'S REPORT (continuation)

Basis for the qualified opinion

6. As described in the appendix 11 of the financial statement, as at 31 December 2012 in the balance sheet of AS "Ditton pievadķēžu rūpnīca" there are other non-material investments included with the book value in the amount of LVL 3 351 953 (31.12.2011.: LVL 4 469 271). In the item "Selling costs" (appendix 3) of the income statement of AS "Ditton pievadķēžu rūpnīca" for year 2012 there are amortization costs of the above non-material asset included in the amount of LVL 1 117 318 (2011: LVL 1 117 318). During the audit we did not have the opportunity to obtain sufficient and appropriate audit evidence to ascertain assumptions of AS "Ditton pievadķēžu rūpnīca" as to the use of the asset, to assess its recoverable value and to determine whether it is necessary to establish provisions relating to a possible value decrease of this asset. Therefore we do not express our opinion about the value of the aforementioned asset included into the balance sheet of AS "Ditton pievadķēžu rūpnīca" for years 2012 and 2011.
7. As of 31 December 2012 there was a debtor's debt amounting to LVL 4 786 841 (31.12.2011: LVL 1 721 032) included into trade receivables of the balance sheet of AS "Ditton pievadķēžu rūpnīca". During the audit we did not have the opportunity to obtain sufficient and appropriate audit evidence to ascertain the recoverability of this debtor's debt and to determine whether it is necessary to establish provisions relating to a possible value decrease of this asset. Therefore we do not express our opinion about the value of the said debtor's debt included into the balance sheet of AS "Ditton pievadķēžu rūpnīca" as o 31 December 2012 and 2011.
8. As of 31 December 2012 AS "Ditton pievadķēžu rūpnīca" has contingent liabilities in the amount of LVL 291 000 related to activities of AS "Ditton pievadķēžu rūpnīca" performed on 2011 and 2012. According to the assessment of the management of AS "Ditton pievadķēžu rūpnīca" as at 31 December of 2012 and 2011 there have been no provisions for the said contingent liabilities created. In our opinion, there is a significant probability that in the future for the fulfillment of contingent liabilities there will be an outflow of resources from AS "Ditton pievadķēžu rūpnīca" needed comprising economical benefits. Accordingly, in our opinion, it is necessary to make provisions for the said contingent liabilities in this financial statement in the amount of LVL 291 000. If these provisions are to be reflected in this financial statement, the profit for the reporting year would be less by LVL 167 000, retained earnings would be less by LVL 124 000 and accounts payable as at 31 December 2012 would be more by LVL 291 000.

Qualified opinion

9. In our opinion, except for the effects of possible corrections which would be necessary if we would be able to ascertain matters mentioned in the paragraph 6 and 7, and except for the effects on the financial statement of circumstances described in the paragraph 8, the abovementioned financial statement gives a true and fair view of the financial position of AS "Ditton pievadķēžu rūpnīca" as of 31 December 2012, and its financial performance and its cash flows in year 2012, in accordance with Latvian Law on Annual Reports.

INDEPENDENT AUDITOR'S REPORT (continuation)

Accentuation of circumstances

10. We draw attention to the fact that AS "Ditton pievadķēžu rūpnīca" has a significant customer concentration risk, namely, in 2012 58% of the total turnover of AS "Ditton pievadķēžu rūpnīca" or LVL 5 715 759 constituted transactions with one partner in cooperation. As at 31 December 2012 the debtors' debt of this cooperation partner in the amount of LVL 4 786 841 constituted 87% from the total receivables amount of AS "Ditton pievadķēžu rūpnīca". As described in the paragraph 7 of this report, we do not express our opinion about the value of the said debtor's debt as at 31 December 2012. In our opinion, if the cooperation with this partner would be stopped and/or AS "Ditton pievadķēžu rūpnīca" would suffer significant losses related to the recovery of the said debtor's debt, it can cause for AS "Ditton pievadķēžu rūpnīca" a significant uncertainty in connection with its ability to continue the activity in the future. This financial statement has been prepared in accordance with the going concern principle and does not include any adjustments that might be necessary if the going concern principle is not applicable. We do not express a qualified opinion on this issue.

Report on other legal and regulatory requirements

11. We got acquainted with the management report for year 2012, which is presented on pages 7-9 of the attached annual report for 2012, and we have not found significant discrepancies between the financial information reflected in this management report and in the annual report for 2012.

Deloitte Audits Latvia SIA
License No. 43

Roberts Stugis
Member of the Management Board

Jeļena Mihejenkova
Sworn Auditor of the Republic of Latvia
Certificate No. 166

Riga, Latvia
30 April 2013

INCOME STATEMENT
FOR THE YEAR 2012

1 EUR = 0,702804 LVL

	Appen-dix	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Net turnover	1	9 860 179	14 029 771	8 670 416	12 336 891
Production cost of sold products	2	-7 897 696	-11 237 409	-6 661 177	-9 478 001
Gross (loss) / profit		**1 962 483**	**2 792 362**	**2 009 239**	**2 858 890**
Selling costs	3	-1 124 327	-1 599 773	-1 119 628	-1 593 087
Administration costs	4	-639 838	-910 407	-727 939	-1 035 764
Other operating income	5	1 697	2 415	45 338	64 510
Other operating expenses	6	-104 111	-148 137	-27 635	-39 321
Other interest income and similar income	7	8 682	12 353	24 978	35 540
Interest payment and similar expanses	8	-100 966	-143 662	-104 490	-148 675
Profit before taxes		**3 620**	**5 151**	**99 863**	**142 093**
Corporate income tax	9	43 134	61 374	63 060	89 726
Other taxes	10, 25	-44 159	-62 833	-41 506	-59 058
Profit of reporting year		**2 595**	**3 692**	**121 417**	**172 761**
Index EPS		**0,000**	**0,000**	**0,016**	**0,023**

Appendixes from page 24 till 40 are integral parts of this financial statement.

On 30 April 2013 the financial statement of the Company has been signed by

Pjotrs Dorofejevss
Chairman of the Management Board

(signature)

BALANCE SHEET AS AT 31.12.2012

1 EUR = 0,702804 LVL

ASSETS	Appen-dix	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
1. Long-term investments					
I. Non-material investments					
Software licenses		1 346	1 916	549	781
Other non-material investments		3 351 953	4 769 399	4 469 271	6 359 200
Non-material investments total	11	**3 353 299**	**4 771 315**	**4 469 820**	**6 359 981**
II. Fixed assets					
Plots of land, buildings and constructions		1 211 781	1 724 209	1 748 766	2 488 270
Technological equipment and machinery		19 587	27 869	20 577	29 278
Other fixed assets and stock		21 295	30 300	39 868	56 727
Formation of fixed assets and costs of unfinished construction objects		31 222	44 425	31 222	44 425
Fixed assets total	12	**1 283 885**	**1 826 803**	**1 840 433**	**2 618 700**
III. Long-term financial investments					
Participation in the capital of other companies	13	47 200	67 160	47 200	67 160
Long-term loan	13	-	-	619 190	881 028
Assets of deferred tax	9	193 748	275 678	148 108	210 738
Long-term financial investments total		**240 948**	**342 838**	**814 498**	**1 158 926**
1. Long-term investments total		**4 878 132**	**6 940 956**	**7 124 751**	**10 137 607**
2. Current assets					
I. Reserves					
Raw materials, basic materials and subsidiary materials		774 012	1 101 320	895 385	1 274 018
Unfinished products		256 473	364 928	292 430	416 090
Finished products and goods for sale	14	258 985	368 502	243 759	346 838
Advance payments for goods		7 117	10 127	41 903	59 623
Reserves total		**1 296 587**	**1 844 877**	**1 473 477**	**2 096 569**
II. Debtors					
Trade receivables	15	5 320 705	7 570 681	2 254 213	3 207 456
Other debtors	16	203 798	289 978	301 087	428 408
Deferred expenses		581	827	-	-
Debtors total		**5 525 084**	**7 861 486**	**2 555 300**	**3 635 864**
IV. Cash (total)	17	**103 787**	**147 676**	**164 367**	**233 873**
2. Current assets total		**6 925 458**	**9 854 039**	**4 193 144**	**5 966 306**
TOTAL ASSETS		**11 803 590**	**16 794 995**	**11 317 895**	**16 103 913**

BALANCE SHEET AS AT 31.12.2012

1 EUR = 0,702804 LVL

LIABILITIES	Appen-dix	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
1. Equity capital					
Fixed capital	18	7 400 000	10 529 251	7 400 000	10 529 251
Retained earnings:					
a) retained earnings of previous years		1 079 369	1 535 804	969 052	1 378 837
b) profit of reporting year		2 595	3 692	121 417	172 761
1. Equity capital total		**8 481 964**	**12 068 747**	**8 490 469**	**12 080 849**
2. Long-term creditors:					
Loans from credit institutions	19	1 242 447	1 767 843	1 269 113	1 805 785
2. Long-term creditors total		**1 242 447**	**1 767 843**	**1 269 113**	**1 805 785**
3. Short-terms debts:					
Loans from credit institutions	20	497 585	708 000	581 991	828 099
Other loans		119 402	169 894	138 962	197 725
Advance payments received from customers		6 206	8 830	17 019	24 216
Debts to suppliers and contractors	21	1 059 504	1 507 538	452 591	643 979
Taxes and mandatory state social insurance contributions	22	186 448	265 292	162 048	230 573
Other creditors	23	113 126	160 964	119 922	170 634
Accumulated liabilities	24	96 908	137 887	85 780	122 053
3. Short-term creditors total		**2 079 179**	**2 958 405**	**1 558 313**	**2 217 279**
Creditors total		**3 321 626**	**4 726 248**	**2 827 426**	**4 023 064**
LIABILITIES TOTAL		**11 803 590**	**16 794 995**	**11 317 895**	**16 103 913**

Appendixes from page 24 till 40 are integral parts of this financial statement.

On 30 April 2013 the financial statement of the Company has been signed by

Pjotrs Dorofejevs
Chairman of the Management Board

(signature)

STATEMENT OF CASH FLOW
FOR THE YEAR 2012

1 EUR = 0,702804

	Appendix	2012 LVL	2012 EUR	2011 LVL	2011 EUR
I. Cash flow of basic activity					
1. Profit before taxes		3 620	5 151	99 863	142 093
Corrections:					
Depreciation of fixed assets	12	595 036	846 660	698 328	993 631
Amortization of non-material investments	11	1 117 448	1 589 985	1 117 354	1 589 852
Income from exclusions of fixed assets, net	5	-351	-499	-1 932	-2 749
Interest income	7	-8 682	-12 353	-24 978	-35 540
Interest expense	8	100 966	143 662	104 490	148 675
2. Profit from economic activity in reporting year		1 808 037	2 572 606	1 993 125	2 835 962
Corrections:					
In Debtors		-2 993 716	-4 259 674	- 971 911	- 1 382 905
In Reserves		176 890	251 692	-217 623	-309 650
In Creditors		622 316	885 476	-548 114	-779 896
3. Cash flow of basic activity		-386 473	-549 901	255 477	363 511
4. Expenses for tax payments (tax on immovable property and corporate income tax)	25	-42 049	-59 830	-39 076	-55 600
Cash flow of basic activity net		**-428 522**	**-609 731**	**216 401**	**307 911**
II. Cash flow of investing activity					
Loans (issued) / repaid, net		619 190	881 028	-270 202	-384 463
Purchase of fixed assets		-39 415	-56 082	-47 047	-66 942
Sale of fixed assets		2 283	3 248	-	-
Interest received		30 682	43 657	-	-
Cash flow of investing activity net		**612 740**	**871 851**	**-317 249**	**-451 405**
III. Cash flow of financing activity					
Dividends paid		-11 100	-15 793	-	-
Loans received / (repaid), net		-130 632	-185 873	213 458	303 722
Interest paid		-103 066	-146 650	-102 679	-146 099
Cash flow of financing activity net		**-244 798**	**-348 316**	**110 779**	**157 624**

STATEMENT OF CASH FLOW FOR THE YEAR 2012
(continuation)

CONSOLIDATED DATA ON CASH INCOME AND EXPENSES

1 EUR = 0,702804 LVL

	Appen-dix	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Cash flow of basic activity		-428 522	-609 731	216 401	307 911
Cash flow of investing activity		612 740	871 850	-317 249	-451 405
Cash flow of financing activity		-244 798	-348 316	110 779	157 624
Increase of cash and cash equivalents		-60 580	-86 197	9 931	14 130
Balance of cash and cash equivalents at the beginning of reporting year		164 367	233 873	154 436	219 743
Balance of cash and cash equivalents at the end of reporting year	17	103 787	147 676	164 367	233 873

Appendixes from page 24 till 40 are integral parts of this financial statement.

On 30 April 2013 the financial statement of the Company has been signed by

Pjotrs Dorofejevs
Chairman of the Management Board

(signature)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2012

(LVL)

	Equity capital	Profit of reporting year	Retained profit of previous years	Equity capital TOTAL
	LVL	LVL	LVL	LVL
31.12.2010	**7 400 000**	**379 900**	**589 152**	**8 369 052**
Profit of 2010 transferred to retained profit of previous years	-	-379 900	379 900	**-**
Profit of reporting year	-	121 417	-	**121 417**
31.12.2011	**7 400 000**	**121 417**	**969 052**	**8 490 469**
Profit of 2011 transferred to retained profit of previous years	-	-121 417	121 417	**-**
Dividends paid	-	-	-11 100	**-11 100**
Profit of reporting year	-	2 595	-	**2 595**
31.12.2012	**7 400 000**	**2 595**	**1 079 369**	**8 481 964**

Appendixes from page 24 till 40 are integral parts of this financial statement.

On 30 April 2013 the financial statement of the Company has been signed by

Pjotrs Dorofejevs
Chairman of the Management Board

(signature)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2012

(EUR)

1 EUR = 0,702804 LVL

	Equity capital	Profit of reporting year	Retained profit of previous years	Equity capital TOTAL
	EUR	**EUR**	**EUR**	**EUR**
31.12.2010	**10 529 251**	**540 549**	**838 288**	**11 908 088**
Profit of 2010 transferred to retained profit of previous years	-	-540 549	540 549	-
Profit of reporting year	-	172 761	-	**172 761**
31.12.2011	**10 529 251**	**172 761**	**1 378 837**	**12 080 849**
Profit of 2011 transferred to retained profit of previous years	-	-172 761	172 761	-
Dividends paid	-	-	-15 794	**-15 794**
Profit of reporting year	-	3 692	-	**3 692**
31.12.2012	**10 529 251**	**3 692**	**1 535 804**	**12 068 747**

Appendixes from page 24 till 40 are integral parts of this financial statement.

On 30 April 2013 the financial statement of the Company has been signed by

Pjotrs Dorofejevs
Chairman of the Management Board

(signature)

APPENDIX TO THE ANNUAL REPORT

Principles of bookkeeping and methods of evaluation

The annual report is prepared in conformity with requirements of Law On Accounting and Annual Accounts Law. Statement on profit and loss is prepared in conformity with the method of turnover expenses.

Items of the annual report are evaluated in conformity with the following accounting principles:

a) it is accepted that the Company will be working further;

b) the same evaluation methods are used as in the last year;

c) the evaluation of items is made with due foresight, i.e.

- in the report there is the profit included received before the day of working up of balance sheet;
- all expected sums of risk and loss which have appeared in the accounting period, or in the previous years, are taken into account, also then, if they became known during time between date of balance and day of working up of the annual report;
- all sums of deterioration and depreciation are estimated and taken into account, no matter if the fiscal year is finished with profit or loss;

d) income and expenses related to the accounting period are taken into account irrespective of the settlement date and date of reception or making out a bill. Expenses are coordinated with incomes in the reporting period;

e) components of items of assets and liabilities have been evaluated separately;

the balance of the beginning of the reporting period coincides with balance of the closing of the previous year;

f) economic bargains are reflected considering their economic contents and essence, but not the legal form.

The bookkeeping was kept in 2012 on united bookkeeping accounts, which have been approved on 13 May, 1993, detailing the plan of accounts in conformity with features of economic activity of the Company.

The bookkeeping register of the synthetic accounting is the Ledger, where the records are made from the statements of grouping of economic activity operations. Kinds of registers of the analytical accounting are books, cards, lists etc..

The reporting year is from 01 January 2012 till 31 December 2012.

Data reflected in these financial reports is expressed in national currency – in Latvian lats (LVL), and in Euro (EUR) as well. All monetary items of assets and liabilities and shareholders' equity are counted in lats at the rate of the Latvian bank on last day of reporting year.

	31.12.2012	**31.12.2011**
USD	1 USD = 0,531000 LVL	1 USD = 0,544000 LVL
EUR	1 EUR = 0,702804 LVL	1 EUR = 0,702804 LVL
RUB	1 RUB = 0,017400 LVL	1 RUB = 0,017000 LVL

In the result of fluctuation in exchange rate of foreign currencies, the received profit or loss is reflected in the income statement for the appropriate period.

Long-term and short-term items

In the long-term items there are the sums indicated, whose receipt, payment or write-off terms come later than one year after the termination of the proper reporting year. The sums, which have to be received, paid or written off during one year, are specified in short-term items.

Intangible assets

Intangible non-current assets are stated at cost and amortised over their estimated useful lives on a straight-line basis. Amortisation period covers 5 years. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are immediately recognised in the income statement where the carrying value of intangible non-current assets exceeds their recoverable amount.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any impairment in value, if there is such. The cost of items comprises their purchase price, including import duties and any directly attributable costs of bringing the assets into working condition for their intended use. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	% p.a.
Land and buildings	10
Technological equipment	10-50
Other tangible assets	10-40

Depreciation is calculated starting with the following month after the tangible non-current asset is put into operation or engaged in commercial activity.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement in the cost of sales caption.

Recognition of book value of fixed assets is terminated when the asset is disposed of or when no economic benefits are expected from its use in future. Any profit or loss arising from derecognition of the asset (which is calculated as the difference between the net disposal proceeds and the carrying value) is recognized in the income statement in the year when the asset is derecognised.

Costs related to capital improvements of the leased property are capitalized and reflected as fixed assets. Depreciation of these assets is calculated by the straight-line method over the shortest period of the useful life of capital improvements and lease.

Trade and other receivables

Trade receivables are accounted by sales value less provisions for doubtful accounts receivable. The company creates provisions for unsecured accounts receivable, on the basis of an individual assessment of the accounts receivable. Debts are written off when the retrieval is considered as impossible.

Inventories

Raw materials are stated at cost. Cost comprises purchase price plus expenses directly attributable to the purchase. Raw materials are stated as the lower of cost and the market price. Provisions are made for slow moving inventories. Inventories are valued using the FIFO method. Work in progress is valued at the direct cost of materials used. The cost of finished goods is valued at manufacturing costs and includes direct manufacturing costs - cost of materials and direct labour costs, other manufacturing costs - energy, ancillary materials, equipment and maintenance costs, depreciation and general manufacturing costs – service costs related to manufacturing.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less.

Loans and borrowings

Loans and borrowings are recognized initially at the amount of proceeds received, net of transaction costs incurred. In subsequent periods, loans and borrowings are stated at amortized cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of borrowings.

Borrowing costs

Borrowing costs are expensed in the period to which they are attributable. Amounts are disclosed in the profit and loss statement as interest and similar expense.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Investments in capital of other parties

Investments in capital of other parties are valued at cost. Cost method is investment accounting method when investments are accounted based on costs incurred. Investor recognizes income only when investor receives from investee distribution of accrued profit resulting after the date of acquisition. Receiving distribution exceeding profit, such excess is considered as a recovery of an investment and accounted as a decrease in the cost of an investment.

In cases when the value of the investment has significantly decreased as a result of conditions which cannot be considered temporary, the accounting value of the investment is decreased to the recoverable value.

Leases
Leases of fixed assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The equipment acquired under finance leasing contracts is depreciated over the useful life of the assets.
All other leases are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the profit and loss statement on a straight-line basis over the lease term.

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. Revenue is recognized on an accrual basis, Revenue is recognized at the moment of sale when the risks are transferred to the buyer.

Expenses
Expenses are recognised in the period to which they relate irrespective of the date of payment.

Accruals for unused vacations
The amount of accrued liabilities is calculated by multiplying employee's average salary, including social tax, in the reporting year and the number of accrued unused vacation days as at the last day of the reporting year.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is expected that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Corporate income tax
Corporate income tax includes current and deferred taxes. Current corporate income tax is applied at the rate of 15% on taxable income generated by the Company during the taxation period.

Deferred corporate income tax arising from temporary differences in the timing of the recognition of items in the tax returns and these financial statements is calculated using the liability method. The principal temporary timing differences arise from differing rates of accounting and tax depreciation on the Company's non-current assets, the treatment of temporary non-taxable provisions and reserves, as well as tax losses carried forward for the subsequent five years.

The deferred corporate income tax liability is stated in the balance sheet as non-current liabilities.

In cases where the total result of deferred tax asset should be included in the assets of the balance sheet, it is included in the annual report only when its recovery is surely expected.

Application of estimates and key assumptions

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- The Company assesses accounts receivable and loans and evaluates their retrieval, when necessary creating provisions for doubtful accounts receivable and loans. The Company's management has assessed accounts receivable and believes that there is no need to make additional provisions as of 31 December 2012.

- The Company evaluates book value of fixed assets and non-material investments and assess whether there are any signs which indicate that recoverable value of assets is lower than their book value. Management of the Company calculates and recognizes loss from impairment of assets and non-material investments based on estimates on their future use. The Company's management believes that there is no need for significant adjustments of value of fixed assets and non-material investments as of 31 December 2012.

- At the end of each reporting year the Company makes evaluation of the useful lives of fixed assets. This assessment and hence the calculated depreciation may vary.

(1) Net turnover

Net turnover is income that was gained during the year from sale of produced and purchased products of the Company, as well as income from services rendered without VAT less discounts.

Breakdown of net turnover according to geographical markets:

1 EUR = 0,702804 LVL

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Market				
Eastern countries	6 486 467	9 229 411	5 389 397	7 668 421
Western countries	2 632 894	3 746 271	2 800 708	3 985 049
Latvia	740 818	1 054 089	480 311	683 421
TOTAL	**9 860 179**	**14 029 771**	**8 670 416**	**12 336 891**

(2) Production costs of sold products

In the item there are the costs for achievement of turnover indicated.

1 EUR = 0,702804 LVL

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Type of costs				
Material costs	5 090 723	7 243 446	3 625 249	5 158 264
Salary costs for production staff	1 042 732	1 483 674	1 167 619	1 661 372
Electricity costs	634 022	902 132	726 736	1 034 052
Depreciation of fixed assets	517 767	736 716	568 954	809 549
Mandatory state social insurance contributions	248 126	353 051	279 143	397 185
Heating and gas costs	178 444	253 903	153 344	218 189
Material delivery costs	75 681	107 684	69 241	98 521
Water costs	33 863	48 183	34 786	49 496
Current repair expenses	24 255	34 512	65 227	92 810
Insurance costs	16 951	24 119	15 195	21 620
Environment protection costs	6 725	9 569	5 766	8 204
Stock changes	-19 277	-27 429	-110 942	-157 856
Other production costs	47 684	67 849	60 859	86 595
TOTAL	**7 897 696**	**11 237 409**	**6 661 177**	**9 478 001**

(3) Selling costs

1 EUR = 0,702804 LVL

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Amortization of non-material investments*	1 117 318	1 589 801	1 117 318	1 589 800
Other	7 009	9 972	2 310	3 287
TOTAL:	**1 124 327**	**1 599 773**	**1 119 628**	**1 593 087**

*Refer to appendix 11 of this financial statement.

(4) Administration costs

1 EUR = 0,702804 LVL

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Administration salary	344 084	489 587	362 725	516 111
Mandatory state social insurance contributions	80 558	114 624	85 684	121 917
Depreciation and amortization	77 400	110 130	129 410	184 134
Security expenses	49 830	70 902	49 830	70 902
Expenses on business trips	11 304	16 084	19 585	27 867
Communication services costs	11 126	15 831	10 803	15 372
Expenses relating to annual report and audit*	9 309	13 246	8 504	12 100
Bank services	5 162	7 345	5 627	8 006
Office expenses	1 092	1 553	967	1 376
Other administration costs	49 973	71 105	54 804	77 979
TOTAL:	**639 838**	**910 407**	**727 939**	**1 035 764**

* Deloitte Audits Latvia SIA provided the Company only annual report audit services for the year 2012.

(5) Other incomes of economic activity

1 EUR = 0,702804 LVL

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Income from sale of fixed assets net	351	499	1 932	2 750
Income from exchange rate differences, net	-	-	11 668	16 602
Decrease of provisions for reserves with slow turnover speed (appendix 14)	-	-	5 025	7 149
Income from remission of penalty	-	-	19 012	27 052
Other income	1 346	1 916	7 701	10 957
TOTAL:	**1 697**	**2 415**	**45 338**	**64 510**

(6) Other operating expenses

1 EUR = 0,702804 LVL

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Loss from exchange rate differences, net	52 217	74 298	-	-
Increase of provisions for unsecured debts (appendix 15)	23 440	33 352	10 161	14 458
Penalties	6 590	9 377	-	-
Provisions for reserves with slow turnover speed, net	2 127	3 026	-	-
State fee on entrepreneurship risk	1 057	1 504	1 112	1 581
Training expenses	409	582	546	777
Fixed assets selling costs	-	-	1 932	2 750
Other operating expenses	18 271	25 998	13 884	19 755
TOTAL:	**104 111**	**148 137**	**27 635**	**39 321**

(7) Other interest income and similar income

1 EUR = 0,702804

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Interest income from loans	8 682	12 353	24 978	35 540
TOTAL:	**8 682**	**12 353**	**24 978**	**35 540**

(8) Interest payment and similar expenses

1 EUR = 0,702804

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Interest payment for loans	100 966	143 662	104 490	148 675
TOTAL:	**100 966**	**143 662**	**104 490**	**148 675**

(9) Corporate income tax

1 EUR = 0,702804 LVL

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Corporate income tax for the reporting year	-2 506	-3 566	-	-
Deferred tax	45 640	64 940	63 060	89 726
TOTAL:	**43 134**	**61 374**	**63 060**	**89 726**

(9) Corporate income tax (continuation)

Calculation of deferred tax

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Depreciation of fixed assets, 15%	184 038	261 862	139 424	198 382
Accrued liabilities for vacations, 15%	8 021	11 413	7 314	10 407
Provisions for stocks with slow turnover speed, 15%	1 689	2 403	1 370	1 949
Assets of deferred tax	**193 748**	**275 678**	**148 108**	**210 738**

Accrued losses for purposes of corporate income tax amounted to LVL 292 290 (EUR 415 891) as at 31 December 2011. In 2012 they were fully used By calculating deferred tax as at 31 December 2012, accumulated tax losses of the Company have not been taking into account due to precautionary principle.

(10) Other taxes

1 EUR = 0,702804 LVL

	2012 LVL	2012 EUR	2011 LVL	2011 EUR
Immovable property tax (land)	4 616	6 568	4 881	6 945
Immovable property tax (buildings)	39 543	56 265	36 625	52 113
TOTAL	**44 159**	**62 833**	**41 506**	**59 058**

(11) Intangible assets

1 EUR = 0,702804 LVL

	Other non-material investments*		Software licenses		Intangible assets total	
	LVL	EUR	LVL	EUR	LVL	EUR
Initial value 31.12.2011	**5 586 589**	**7 949 000**	**40 420**	**57 513**	**5 627 009**	**8 006 513**
Acquired	-	-	928	1 320	928	1 320
31.12.2012	5 586 589	7 949 000	41 348	58 833	5 627 937	8 007 833
Accumulated amortization 31.12.2011	**1 117 318**	**1 589 800**	**39 871**	**56 731**	**1 157 189**	**1 646 531**
Charged amortization	1 117 318	1 589 801	130	186	1 117 448	1 589 985
31.12.2012	2 234 636	3 179 601	40 002	56 917	2 274 638	3 236 518
Book value as at 31.12.2011	**4 469 271**	**6 359 200**	**549**	**781**	**4 469 820**	**6 359 981**
Book value as at 31.12.2012	**3 351 953**	**4 769 399**	**1 346**	**1 916**	**3 353 299**	**4 771 315**

* According to the Purchase contract from 29.12.2010 (entered into force on the basis of the shareholder's decision approved on 31.05.2011) between the Company and a non-resident of the Republic of Latvia (legal person), the parties agreed that the last passes on to, but the Company takes over from this person the market (i.e. receives control) on the territory of RF and CIS states belonging to this company for sales of the Company's products and pays for it, by determining acquisition value of non-material investments on the basis of external and internal estimates and calculations and business prognosis for next five years in the amount of LVL 5 586 589. Other non-material investments are subject to amortization within 5 years by a straight-line method. Amortization is included into the item "Selling costs" of the income statement (appendix 3).

(12) Fixed assets

(LVL)

	Land plots, buildings and constructions	Equipment and machinery	Other fixed assets and inventory	Formation of fixed assets	Total
Initial value					
31.12.2011	**8 061 344**	**5 491 838**	**482 871**	**31 222**	**14 067 275**
Purchased	-	15 697	22 791	-	38 488
Disposals	-	304 621	10 981	-	315 602
31.12.2012	8 061 344	5 202 914	494 681	31 222	13 790 161
Accumulated depreciation 31.12.2011	**6 312 578**	**5 471 261**	**443 003**	**-**	**12 226 842**
Charged depreciation	536 985	16 687	41 364	-	595 036
Disposals	-	304 621	10 981	-	315 602
31.12.2012	6 849 563	5 183 327	473 386	-	12 506 276
Book value as at 31.12.2011	**1 748 766**	**20 577**	**39 868**	**31 222**	**1 840 433**
Book value as at 31.12.2012	**1 211 781**	**19 587**	**21 295**	**31 222**	**1 283 885**

(EUR)

1 EUR = 0,702804 LVL

	Land plots, buildings and constructions	Equipment and machinery	Other fixed assets and inventory	Formation of fixed assets	Total
Initial value 31.12.2011	**11 470 260**	**7 814 180**	**687 063**	**44 425**	**20 015 928**
Purchased	-	22 336	32 429	-	54 765
Disposals	-	433 437	15 624	-	449 061
31.12.2012	11 470 260	7 403 079	703 868	44 425	19 621 632
Accumulated depreciation 31.12.2011	**8 981 990**	**7 784 902**	**630 336**	**-**	**17 397 228**
Charged depreciation	764 061	23 745	58 856	-	846 662
Disposals	-	433 437	15 624	-	449 061
31.12.2012	9 746 051	7 375 210	673 568	-	17 794 829
Book value as at 31.12.2011	**2 488 270**	**29 278**	**56 727**	**44 425**	**2 618 700**
Book value as at 31.12.2012	**1 724 209**	**27 869**	**30 300**	**44 425**	**1 826 803**

As at 31 December 2012 the fixed assets of the Company with the initial value 7 902 845 LVL (11 244 735 EUR) (as at 31.12.2011: 7 897 069 LVL (11 236 517 EUR)) were fully depreciated.

Cadastral value of landed property on 31 December 2012 was 310 041 LVL (441 149 EUR) (as at 31.12.2011: 307 772 LVL (437 920 EUR)). Cadastral value of buildings on 31 December 2012 was 2 535 589 LVL (3 607 818 EUR) (as at 31.12.2011: 2 636 182 LVL (3 750 949 EUR).

On 8 March 2010 the Company received statement of certified real estate appraisers about valuation of the Company's immovable property at the amount of 5 000 000 LVL (7 114 359 EUR).

As of 31 December 2012 immovable property (buildings and structures) of the Company with book value 1 211 781 LVL (1 724 209 EUR) has been pledged as a loan security in favour of Latvian commercial bank (appendixes 19 and 20).

(13) Participation in equity of other companies and long-term loans

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Participation in the capital of Ditton Chain SIA, 15% from the fixed capital	47 200	67 160	47 200	67 160
Long-term loans to Ditton Chain SIA	-	-	619 190	881 028
TOTAL	**47 200**	**67 160**	**666 390**	**948 188**

* Information on loans granted to SIA „Ditton Chain" as at 31.12.2011.:

Security	Currency	Fixed annual interest rate	Repayment	Maximum limit
Without security	LVL	4.00 %	Up to 31.12.2013	325 000 LVL
Without security	EUR	4.00 %	Up to 31.12.2017	1 000 000 EUR

In accordance with the Agreement No.1 to Loan Contract No.2010/DPR/DCH 05.01.2010 term of loan repayment issued to SIA „Ditton Chain" is up to 31 December 2013. According to the clause 3.3 of the mentioned contract and Cooperation Agreement, section X subsection G, the borrower is entitled to settle accounts fully within the set period or before the deadline. The outstanding loan balance as at 31.12.2011 in the amount of LVL 619 190 has been repaid by SIA „Ditton Chain" in instalments within the time period from 01.01.2012 till 31.07.2012.

(14) Finished products and goods for sale

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Finished products for sale	258 985	368 502	243 759	346 838
Stocks with slow turnover speed	11 261	16 023	9 134	12 997
Provisions for stocks with slow turnover speed	-11 261	-16 023	-9 134	-12 997
TOTAL:	**258 985**	**368 502**	**243 759**	**346 838**

Provisions for stocks with slow turnover speed:

As at beginning of year	9 134	12 997	14 159	20 146
Increase/(decrease) (appendix 5 and 6)	2 127	3 026	(5 025)	(7 149)
As at end of year	11 261	16 023	9 134	12 997

(15) Trade receivables

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Book value of trade receivables	5 433 032	7 730 508	2 343 100	3 333 931
Provisions for doubtful accounts receivable	-112 327	-159 827	-88 887	-126 475
TOTAL:	**5 320 705**	**7 570 681**	**2 254 213**	**3 207 456**

(15) Trade receivables (continuation)

Provisions for doubtful accounts receivable:

As at beginning of year	88 887	126 475	78 726	112 017
Increase (appendix 6)	23 440	33 352	10 161	14 458
As at end of year	112 327	159 827	88 887	126 475

Note: For diversification of commercial risks and optimization of co-operation with the debtors the Company has taken legal actions, including optimization and renewal of contractual obligations, in the result of which the leading supplier and the Company's regional dealers (debtors) have guaranteed settlements with the Company by their activity, property and cash.

(16) Other debtors

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Value added tax (VAT) overpayment* (appendix 25)	19 533	27 793	161 810	230 235
VAT from non-paid bills	92 538	131 670	46 932	66 778
Overpayment of corporate income tax (appendix 25)	-	-	1 317	1 874
Accrued interest income	113	161	22 113	31 464
Payments for rent and electricity	54 601	77 690	-	-
Other	37 013	52 664	68 915	98 057
TOTAL:	**203 798**	**289 978**	**301 087**	**428 408**

(17) Cash and cash equivalents

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Cash in bank	101 777	144 816	162 839	231 699
Cash in paying counter	2 010	2 860	1 528	2 174
Book value	**103 787**	**147 676**	**164 367**	**233 873**

	Currency	31.12.2012 LVL	31.12.2012 EUR	Currency	31.12.2011 LVL	31.12.2011 EUR
LVL	-	5 309	7 554	-	29 064	41 354
USD	50 073	26 589	37 833	81	44	62
EUR	68 234	47 955	68 234	192 457	135 259	192 457
RUB	1 375 510	23 934	34 055	-	-	-
TOTAL:		**103 787**	**147 676**		**164 367**	**233 873**

(18) Fixed capital

The fixed capital of the Company is 7 400 000 LVL, which divides into 7 400 000 public bearer shares. The nominal value of each share is 1 LVL and each share entitles to one vote. The shareholders who own over 5% from the shares of the whole capital of the Company as at 31.12.2012 and at 31.12.2011 were:

NAME	Shares owned, % 31.12.2012	Shares owned, % 31.12.2011
Vladislavs Driksne	19,92	20,39
Eduards Zavadskis	20,00	20,00
MAX Invest Holding SIA	13,63	13,16
Maleks S SIA	11,72	11,10
Pavels Samuilovs	-	9,46
Vladimirs Bagajevs /Vladimir Bagaev/	9,46	-

(19) Long-term loans from credit institutions

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Loan from JSC "Citadele banka" (long-term part)	**1 242 447**	**1 767 843**	**1 269 113**	**1 805 785**

For information about the loan refer to appendix 20 of this financial statement.

(20) Short-term loans from credit institutions

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Credit line from JSC "Citadele banka"	421 682	600 000	421 682	600 000
Loan from JSC "Citadele banka" (short-term part)	75 903	108 000	160 309	228 099
TOTAL:	**497 585**	**708 000**	**581 991**	**828 099**

As at 31.12.2012 information on loans received from JSC "Citadele banka" is following:

Number and date on the contract	Currency	Limit	Interest rate	Repayment term
Loan No.CI2010-2.3/1 dated 10.09.2010	EUR	2 300 000 EUR	6 months Euribor + 3.95 %	09.09.2015
Credit line No.CI2011-2.3/218 dated 25.11.2011	EUR	600 000 EUR	6 months Euribor + 4.00 %	24.11.2013

Loan security is a commercial pledge on all fixed assets, stocks and all rights to demand of the Company as a community of things at the moment of pledging, as well as on future constituents of the community of things. In accordance with the terms of this credit contract, the Company and SIA "Ditton Chain" (resident of the Republic of Latvia) undertake to ensure total DSCR (debt-service coverage ratio) ratio not less than 1.5. According to estimations of the Company's management this requirement has been fulfilled. The actual DSCR ratio was 7,3 in 2012, and in 2011 – 1,6.

(21) Debts to suppliers and contractors

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
For materials	548 967	781 110	201 285	286 403
For services	510 537	726 428	251 306	357 576
TOTAL:	**1 059 504**	**1 507 538**	**452 591**	**643 979**

(22) Taxes and social security payments

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Mandatory state social insurance contributions	127 340	181 188	53 920	76 721
Personal income tax	41 504	59 055	98 759	140 521
Immovable property tax	14 540	20 689	9 226	13 127
Corporate income tax	2 506	3 566	-	-
Nature resources tax	471	670	56	80
State fee on entrepreneurship risk	87	124	87	124
TOTAL:	**186 448**	**265 292**	**162 048**	**230 573**

(23) Other creditors

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Settlements of salaries for December	62 036	88 269	70 784	100 717
Labor union member's fee 0,2% from salary	37 290	53 059	35 338	50 281
Debts for purchased shares	13 800	19 636	13 800	19 636
TOTAL:	**113 126**	**160 964**	**119 922**	**170 634**

(24) Accumulated liabilities

1 EUR = 0,702804 LVL

	31.12.2012 LVL	31.12.2012 EUR	31.12.2011 LVL	31.12.2011 EUR
Unused vacations	53 476	76 089	48 758	69 376
Electricity	19 840	28 230	19 726	28 068
Gas	9 062	12 894	2 668	3 796
Interest for loan	6 501	9 250	8 601	12 238
Auditing services	5 102	7 259	5 102	7 259
Transport services	2 150	3 059	626	890
Environment protection	434	618	-	-
Communication services	308	438	276	393
Customs warehouse services	35	50	23	33
TOTAL:	**96 908**	**137 887**	**85 780**	**122 053**

(25) Tax movement chart

Type of tax	Tax liabilities as at 31.12.2011	Charged in year 2012	Fines charged in 2012	Paid in year 2012	Fines paid in 2012	Transfer-red from /to other taxes	Tax liabilities as at 31.12.2012
	LVL	LVL	LVL	LVL	LVL	LVL	LVL
VAT	-161 810	146 206	-	-646 451	-	642 522	-19 533
State entrepreneurial risk fee	87	1 057	-	-1 057	-	-	87
Corporate income tax	-1 317	2 506	-	-	-	1 317	2 506
Immovable property tax for buildings and facilities	9 226	39 543	1 407	-35 518	-1 288	-	13 370
Mandatory state social insurance contributions	53 920	478 772	709	-15 207	-64	-390 790	127 340
Personal income tax	98 759	248 954	1 149	-50 150	-4 159	-253 049	41 504
Natural resources tax	56	1 731	-	-1 316	-	-	471
Immovable property tax for land	-	4 616	16	-3 462	-	-	1 170
TOTAL:	**-1 079**	**923 385**	**3 281**	**-753 161**	**-5 511**	**-**	**166 915**
Including (Overpayment) (appendix 16)	**-163 127**						**-19 533**
Liabilities (appendix 22)	**162 048**						**186 448**

Type of tax	Tax liabilities as at 31.12.2011	Charged in year 2012	Fines charged in 2012	Paid in year 2012	Fines paid in 2012	Transfer-red from /to other taxes	Tax liabilities as at 31.12.2012
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
VAT	-230 235	208 032	-	-919 817	-	914 227	-27 793
State entrepreneurial risk fee	124	1 504	-	-1 504	-	-	124
Corporate income tax	-1 874	3 566	-	-	-	1 874	3 566
Immovable property tax for buildings and facilities	13 127	56 265	2 002	-50 538	-1 832	-	19 024
Mandatory state social insurance contributions	76 721	681 231	1 009	-21 638	-90	-556 045	181 188
Personal income tax	140 521	354 230	1 635	-71 357	-5 918	-360 056	59 055
Natural resources tax	80	2 463	-	-1 873	-	-	670
Immovable property tax for land	-	6 568	23	-4 926	-	-	1 665
TOTAL:	**-1 536**	**1 313 859**	**4 669**	**-1 071 653**	**-7 840**	**-**	**237 499**
Including (Overpayment) (appendix 16)	**-232 109**						**-27 793**
Liabilities (appendix 22)	**230 573**						**265 292**

(26) Average number of employees

	2012	2011
Average number of persons employed by the Company during the year	337	358

(27) Remuneration Report of the Council and Management Board members

1 EUR = 0,702804 LVL

	Council		Management Board		TOTAL	
	LVL	EUR	LVL	EUR	LVL	EUR
Salaries and remuneration	13 899	19 776	25 718	36 593	39 617	56 369
Mandatory state social insurance contributions	3 348	4 764	6 196	8 816	9 544	13 580
TOTAL	**17 247**	**24 540**	**31 914**	**45 409**	**49 161**	**69 949**

(28) Going concern principle

The Company closed the year 2012 with profit in the amount of LVL 2 595 (EUR 3 692). In the existing circumstances the Company is continuing 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 Company intends to close the year 2013 without losses.

This financial statement has been prepared in accordance with the going concern principle and does not include any adjustments that might be necessary if the going concern principle is not applicable.

More detailed information about the Company's business principles, goals and mission are set out in the Management Report (pages 7-9) and the Council report (pages 12-13) of this Annual Report, and also in the Declaration on objectives and mission of the activity and development of JSC "Ditton pievadķēžu rūpnīca" and evaluation of these processes approved by shareholders, refer to the Company's website www.dpr.lv .

(29) Events after the end of reporting period

In the time period from the last day of the reporting year till the day of signing of this financial statement there have not been any significant events, which would significantly influence the financial standing of the Company as at 31 December 2012.

(30) Eventual liabilities and pledges

On 10.09.2010 the Company concluded Credit contract Nr.CI2010-2.3/1 with JSC "Citadele banka". In conformity with the Credit contract there is a commercial pledge on the whole property as a community of things fixed in favour of the JSC "Citadele banka", as well as there is a financial pledge fixed on all settlement accounts opened in JSC "Citadele banka" in favour of the JSC "Citadele banka". The pledge serves as a security of received credit resources. Along with the Credit contract are have been Pledge Agreement No. CI2010-2.3/2-IE1, Pledge Agreement No. CI2010-2.3/2-IE2 and Commercial Pledge Agreement No.CI2010-2.3/2-KL4 concluded.

(30) Eventual liabilities and pledges (continuation)

On 25.11.2011 the Company concluded a Credit Line Agreement No.CI2011-2.3/218 with the JSC „Citadele banka".

- Pledge Agreement Nr.CI2011-2.3/218-IE1: subject of the pledge – immovable property under cadastral No. 0500 507 1401 (buildings and constructions), Mendelejeva Str. 11, Visku Str. 17, Daugavpils;

- Pledge Agreement Nr.CI2011-2.3/218-IE2: subject of the pledge – immovable property under cadastral No. 0500 007 1402 (land), Visku Str.17, Daugavpils;

- Commercial Pledge Agreement No.CI2011-2.3/218-KL3: subject of the pledge: movable property of the JSC „Ditton pievadķēžu rūpnīca", commercial pledge registration deed No.100154408;

- Commercial Pledge Agreement No.CI2011-2.3/218-KL4: subject of the pledge: movable property of SIA „Ditton Chain" (pledgor SIA „Ditton Chain"), commercial pledge registration deed No.100154409;

- Guarantee Agreement Nr.CI2011-2.3/218-GL-7; subject: guarantee; guarantor SIA „Ditton Chain".

The Company has also granted a security for the partner's SIA "Ditton Chain" liabilities by concluding with JSC "Citadele banka" Pledge Agreement No.CI2010-2.3/2-IE1, Pledge Agreement No.CI2010-2.3/2-IE2, Commercial Pledge Agreement No.CI2010-2.3/2-KL4 and Guarantee Agreement No.CI2010-2.3/2-GL8, maximum amount of the guarantee is 4 400 000 EUR (3 092 337,61 LVL)..

Taking into account that SIA „Ditton Chain" has issued mutual guarantees in respect of JSC „Ditton pievadķēžu rūpnīca", and SIA „Ditton Chain" has also received credit funds, which are actually invested into the immovable property of JSC „Ditton pievadķēžu rūpnīca", in case, if contractual obligations become terminated regardless of reasons, investment made by SIA „Ditton Chain" remain at disposal of JSC „Ditton pievadķēžu rūpnīca" without any compensation to SIA „Ditton Chain".

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