

JOINT STOCK COMPANY
“KURZEMES ATSLEGA 1”
LV40003044007

Non-audited
FINANCIAL REPORT
31 March 2015

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1.Information on enterprise

State registration Nr. and date	000304400 February 1996. Dropped from Register of Companies 2004.11.06. "KURZEMES ATSLEGA 1" JSC, had been enrolled in Commercial Register June 1, 2004 with identification number Nr. 40003044007
Registration number of VAT	LV 40003044007, January 22, 1997
The name of enterprise and address	Joint stock company "KURZEMES ATSLEGA 1" Kalvenes street –27, Aizpute LV 3456, Latvia
Financial period	January 1, 2015– March 31, 2015
Members of Supervisory Council	Guntars Stekjanis – Chairman of Supervisory Council KURZEMES ATSLEGA 1", JSC, economist; Valdis Bīķis –Member of Supervisory Council Rolands Līvmanis-Member of Supervisory Council, Ulrich Ardnt Schafer - Member of Supervisory Council, Irena Burve – Member of Supervisory Council "Kurzemes Atslega 1", Chief Accountant
Members of Board	Voldemārs Magone – Member of Board, "Kurzemes Atslega 1", JSC Technical director Aldis Ozols , Member of Board, "Kurzemes Atslega 1" JSC, production director
Chairman of Board	Peteris Fridenbergs
Auditor	Certified Auditor Aivars Rutkis , Certificate Nr. 18

May 29, 2015

Aizpute

Statement of responsibility of direction.

Non-audited report of first quarter 2015 and a report of board are prepared being guided by the kindest conscience and good accounting practice. The accounting period is estimated being based on all information known to us at the moment of preparation of the financial report. Financial report gives a real and clear idea about assets, liabilities, financial situation and profits.

Responsibility for non-audited report of first quarter 2015 bears the Board of joint stock company "KURZEMES ATSLEGA 1".

The Board of AS "KURZEMES ATSLEGA 1":

Chairman of the Board	Peteris Fridenbergs
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Member of the Board	Voldemārs Magone
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Member of the Board	Aldis Ozols
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Managerial report

The action type of the Joint Stock Company “KURZEMES ATSLEGA 1” has not changed during the 1st quarter of 2015 in comparison with previous periods of time: door locks, ironware, furniture fittings, forged products, production tools etc. are still being produced.

Net turnover has reached 490456 EUR in the 1st quarter of 2015 which is down by 99185 EUR or 16.8% in comparison with the same period of the last year. The first quarter of 2015 has finalized with losses in amount of 27538 EUR.

Average number of employees during the 1st quarter of 2015 is 96.

Average number of employees during the 1st quarter of 2014 was 104.

Volume of sold production divides as follows:

- sold in local market (Latvia) – 47.4 %,
- export – 52.6 %

States	In 3 months of the 2015 EUR	%	In 3 months of the 2014 EUR	%
Latvia	232734	47.4	256749	43.5
Lithuania	98441	20.1	110647	18.8
Uzbekistan	70673	14.4	94768	16.1
Belize	0	0	58125	9.9
Estonia	53845	11	38508	6.5
Russia	15599	3.2	20036	3.4
Denmark	10530	2.1	8600	1.4
Germany	8634	1.8	0	0
Finland	0	0	2208	0.4
Total	490456	100	589641	100

To ensure financial risk management JSC “Kurzemes atslega 1” follows-up the liquidity, regularly controls the cash flow of the enterprise.

BALANCE SHEET on 31 March 2015

ASSETS	Note nr	31.03.2015 EUR	31.03.2014 EUR
1.LONG TERM INVESTMENT			
1.Development costs		0	0
2.Concesions, patents, licences		0	0
Total		0	0
I. Intangible fixed assets			
II. Fixed assets			
1. Land, building.		551857	567280
2.Equipment and machinery		116366	138549
3.Other fixed assets		14594	31128
4.Fixed assets development costs		6732	0
5.Prepayment for fixed assets			
Total fixed assets		689549	736957
Total LONG TERM INVESTMENT		689549	736957
2.CURRENT ASSETS			
1.Inventories			
1.Raw materials		534060	492907
2.Work in progress		285030	243878
3.Finished goods and goods for sale		122143	136675
5.Advance payment for goods		31719	29128
Total inventories		972952	902588
II. Debtors			
1.Trade debtors		171557	155378
4.Other debtors	1	34803	14645
7.Deferred expenses		81	355
Total debtors		206441	170378
III. Securities and capital participation			
IV . Cash		36318	98482
Total current assets		1215711	1171448
Total assets		1905260	1908405

LIABILITIES	Note nr	31.03.2015 EUR	31.03.2014 EUR
1.CAPITAL			
1.Share capital	2	1285401	1306401
2.Reserves			
a)Revaluation reserve		22193	22193
b)legal reserves		21000	
Total reserves		43193	22193
3.Retained profit			
a) previous years retained profit		296284	275585
b)current year profit		-27538	9303
Total Capital and reserves		1597340	1613482
2.PROVISIONS		25256	33552
3.CREDITORS			
<i>1.Long term creditors</i>			
1.Other loans			0
2.Amounts payable to associated companies			0
3.Deferred tax	3	62700	63824
4.Deferred income		0	0
Total long term creditors		62700	63824
<i>2.Short-term creditors</i>			
1. Other loans		5754	0
2. Bank loan	4	42118	0
3.Advances received from customers		18596	15911
4.Trade creditors		92083	102782
5.Amounts payable to associated companies	5	2064	8939
6.Taxes and social security payments	6	26955	30551
7.Other creditors	7	24449	29794
8.Deferred income		0	0
10.Deferred liabilities		7945	9570
Total short-term creditors		219964	197547
Total creditors		282664	261371
Total liabilities		1905260	1908405

Chairman of Board:

Peteris Fridenbergis

Members of Board :

Voldemārs Magone

Aldis Ozols

PROFIT AND LOSS ACCOUNT on 31 March 2015

N.	Item	Note nr.	31.03.2015 EUR	31.03.2014 EUR
1	Net sales	1	490456	589641
2	Cost of sales	2	-485479	-535995
3	Gross profit(loss)		4977	53646
4	Distribution expenses	3	-10891	-13010
5	Administration expenses	4	-22745	-23830
6	Other operating income	5	8174	3614
7	Other operating expenses	6	-5280	-5559
8	Income from participation in subsidiary capital			
10	Income from other interest and similar incomes		0	0
11	Long term investments and short-terms bond write-off			
12	Interest paid and similar expense		-443	-260
13	Operating profit(loss)		-26208	14601
14	Extraordinary income			
15	Extraordinary expenses			
16	Profit(loss) before taxes		-26208	14601
16	Corporate income tax			
17	Other taxes		-1330	-5298
18	Net profit(loss) for the year		-27538	9303

Losses per stock 31.03.2015 -0.02 EUR

Profit per stock 31.03.2014 - 0.01 EUR

Chairman of Board:

Peteris Fridenbergs

Members of Board :

Voldemārs Magone

Aldis Ozols

Cash flow statement 31 March 2015
(Cash flow statement, prepared using indirect method)

Indices	Appendices	31.03.2015 EUR	31.03.2014 EUR
1	2	3	4
I. Operation activities			
1. Profit or loss before extraordinary items and txes		-26208	14601
Correction		7374	13508
a) Wear and tear of fixed assets;		13215	13774
b) Profit or from fluktuacion currency exchange rate;		-6284	-526
c) Interest payments and similar expenses		443	260
2. Profit or loss before corrections of changes of current assets and short-term liabilities		-18834	28109
Adjustments:		7967	320
a) Increase or decrease of residues of debts of debtors;		-19802	-20248
a) Increase or decrease of residues of resources;		28449	19492
c) Increase or decrease of residues of debts to be paid to suppliers, contractors and other credotors		-680	1076
3. The gross cash flow of dasic activity		-10867	28429
4. Expenses for interest payments		-443	-260
5. Expenses for payments of enterprise income tax		103	-2152
6. Expenses for fixed asset tax payments		-1330	-5298
Cach flow before extraordinary intems		-12537	20719
The net cash flow of basic activity		-12537	20719
II. Investing activities			
1. Purchase of fixed assets and nonmaterial investments		0	-1529
The net cash flow used in investing activities		0	-1529
III. Financing activities			
1. Loans received		27005	-30212
The net cash flow financing activity		27005	-30212
IV. The result of exchange rate fluctuations of foreign currency			
		6284	526
V. The net cash flow of year of account			
		20752	-10496
VI. The reminder of currency and its equivalents at the beginning of year af account			
		15566	108978
VII. The reminder of currency and its equivalents at the end of year af account			
		36318	98482

STATEMENT OF CHANGES IN EQUITY
31 March 2015

(EUR)

	Share capital	Reserve	Revaluati on reserve	Retained profit	Prior period retained profit	Total
As of 31 December 2013	1306401		22193	-40227	315812	1604179
Current year profit				40227	-40227	
	-21000	21000				
As of 31 December 2014	1285401	21000	22193	20699	275585	1624878
Current year profit				-20699	20699	
Retained profit				-27538		-27538
As of 31 March 2015	128504	21000	22193	-27538	296284	1597340

Accounting policy

I. General principles

Annual report items are evaluated according to the following principles:

- 1) assuming the company will continue to function;
- 2) used the same evaluation methods as in the previous financial year;
- 3) evaluation was made with proper caution, taking into consideration the following conditions:
 - a) the report reflects only the profit by the balance day
 - b) all foreseeable risk amounts and losses, incurred during the financial year or in previous years, are taken into account, even if they became known in the period between the day of balance sheet and the annual report preparation date.
 - c) calculated and taken into account all the write-down adjustments and depreciation amounts, irrespective of whether the financial year is closed with a profit or loss;
- 4) receipts and expenditures related to financial year are included into profit and loss account, irrespective of payment date and date of issue or receipt of the invoice. the costs are consistent with receipts during corresponding reporting period;
- 5) item components of the assets and liabilities were valued separately;
- 6) the opening balance of the financial year is consistent with closing balance of the prior year;
- 7) indicated all items that have a significant impact on user rating of the annual report or decision making;
- 8) economic activities of the company are recorded and reflected in the annual report, taking into account their economic content and entity, not only the legal form.
- 9) accounting in the company is done in EUR. All dealings in foreign currencies are converted into EUR, using the currency rates officially determined by the Bank of Latvia at the day of corresponding deal.

	31.03.2015
USD	1.0759

- 10) compared to the previous reporting period, accounting and valuation methods used by the Company have not been changed

II. Earning recognition and net turnover

11) Net turnover is the total value of finished production and goods for sale as well as services provided without discounts and VAT during the year.

12.1) Other earnings are recognized at the moment of their origin or at the moment when legal rights on such earnings arise.

12.2) Other interest receivable and similar income is income that is not directly from the economic activity.

III. Fixed assets

13) All fixed assets originally estimated at the purchase value, excluding depreciation

14) Depreciation are calculated linear, accordingly confirmed parameters, using the following rates determined by administration:

	(% year)
Building, construction	2
Transmission equipment	5
Non industrial buildings	2
Technological equipment	10
The power equipment	14.3
Computers	20
Transport	14.3
Instrument	20
Inventory	10

IV. Debts of debtors

15) The debts of debtors in the balance presented in net value, deducting special reserve for debts of doubtful and hopeless debtors from the initial cost. Special reserves for debts of doubtful and hopeless debtors are made, when the administration suggests that the retrieval of these specially marked debts of debtors is doubtful

V. Financial leasing

16) Such fixed assets as vehicles and technological equipment that have been purchased on financial lease involving the take-over of the related risks, have been booked according to their non-lease sales price. Lease interest and similar payments have been included in the profit or loss account of the year they have come into existence.

VI Inventory

17) All values of raw are evaluated accordingly their purchasing prices. Production in progress is evaluated accordingly the standard production costs. The finished goods are evaluated accordingly standard production costs. For calculation of stock value the average weight method is used (FIFO method.) The valuation of inventories in financial accountancy is being done using continuous inventory method

VII Provisions

18)Provisions for the liabilities have been made to cover the expenses of non-used holidays. These provisions for such liabilities have been represented according to their estimated value - as provisions for they are prospective by nature and they refer to the reporting year as well as to the previous years while the date of payment of such liabilities is not known at the time of reporting

Information for the “Balance sheet”

1. Other debtors

Kind of debtor	31.03.2015 EUR	31.03.2014 EUR
Debtors of service	6072	5698
The overpaid taxes	0	2151
Other debtors	28731	6796
Total	34803	14645

2. The share capital consists of 918144 equities

- in public returns 656356 ,
- in closed register 261788.

48.36% (443976 equities)of share capital belongs to A/S

“KURZEMES ATSLEGA ”, reg.40003253124.

28.2% (258470 equities) of share capital belongs to Oliver Wiederhold

3.Other borrowings (long term creditors)

Creditors	31.03.2015 EUR	31.03.2014 EUR
Deferred tax	62700	63824
Total	62700	63824

4. Borrowings from credit institutions

Creditors	31.03.2015 EUR	31.03.2014 EUR
A/S DNB bank	42118	0

5. Liabilities to associated Enterprises

Business partner	31.03.2015 EUR	31.03.2014 EUR
A/S "Kurzemes atslega"	2064	8939

6. Taxes and Obligatory payments of the state social insurance

Kind of taxes	31.03.2015 EUR	31.03.2014 EUR
Income tax of inhabitants	6107	6324
Obligatory payments of the state social insurance	14429	15604
Other tax	6419	8623
Total	26955	30551

7. The rest of creditors

Kind of creditors	31.03.2015 EUR	31.03.2014 EUR
Wages for March	22839	25039
Other creditors	1610	4755
Total	24449	29794

Information for the "Profit and loss account"

1. Net sales

Modus operandi	31.03.2015 EUR	31.03.2014 EUR
Incomings from production of locks and ironmongery	452062	551177
Incomings from sales of goods in shop	7053	6390
Incomings from rendering of services	12250	12018
Incomings from rendering of public facilities	19091	20056
Total	490456	589641

2. Production costs of sales

The main elements of expenses	31.03.2015 EUR	31.03.2014 EUR
Material costs	237996	320563
Wages	113859	118065
Obligatory payments of the state social insurance	26337	27339
Electrical energy	24538	30462
Costs of depreciation of fixed	11913	13774
Received services	16724	12543
The rest of expenses	23202	25419
Expenses in total	454569	548165
Changes of remains of unfinished production	5049	-2436
Changes of remains of self-made punches, molds and materials	-3306	-5654
Changes of remains of complete product	29167	-4080
Total	485479	535995

3. Distribution expenses

The main elements of expenses	31.03.2015 EUR	31.03.2014 EUR
Wages	3635	3686
Social expenses	831	845
Marketing Services	6336	8479
Expenditure on advertising	89	0
Total	10891	13010

4. Administration expenses

The main elements of expenses	31.03.2015 EUR	31.03.2014 EUR
Wages	17247	17351
Social expenses	4000	4025
Communication expenses	443	597
Cost for bank account services	341	397
Other expenses	714	1460
Total	22745	23830

5. The rest of incomes for economic activity

Sort of revenue	31.03.2015 EUR	31.03.2014 EUR
Sales of current assets	1178	2884
Profits from increase in exchange rates fluctuations	6284	526
Other incomes	712	204
Total	8174	3614

6. The rest of expenses for economic activity of enterprise

Heads of expenditure	31.03.2015 EUR	31.03.2014 EUR
Harm recompense	4149	4276
Expenses for social sphere	240	263
Expenses, unrelated with economic activity, donations	891	154
Other expenses	0	866
Total	5280	5559

Chairman of Board:

Peteris Fridenbergs

Members of Board :

Voldemārs Magone

Aldis Ozols