



**Joint stock company
„Rigas autoelektroaparatu rupnica”**

Reg.No. 4 0003030454
Address: Klijanu str. 2, Riga, LV-1013

Interim report for 6 months of 2016

Prepared according to the legislation standards of the Republic of Latvia

(Not audited)

Riga,2016

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Information about the company

Name of the company	<i>Rigas autoelektroaparatu rupnica</i>
Legal form	<i>Joint stock company</i>
Registration number in the Register of Enterprises, place and date	<i>000303045, Riga, 22.04.1998</i>
Registration number in Commercial Register, place and date	<i>40003030454, Riga, 30.06.2004</i>
Address	<i>2, Klijanu street, Riga, Latvia, LV-1013</i>
Main activities	<i>NACE 2712 manufacture of electric equipment NACE 6820 renting and operating of own real estate</i>
Average number of employees	<i>17</i>
Board	<i>Eriks Kazha - Chairman Gunars Lubis Maksym Araslanov</i>
Council	<i>Edgars Lubis – Chairman Viktors Rojs- Deputy Chairman Zane Lube Nina Kazha Galina Kraveca</i>
Interim reporting period	<i>01.01.2016 - 30.06.2016</i>
Main shareholders	Basing on the list of shareholders prepared on April 30,2016: <ol style="list-style-type: none"> <i>1. JSC „Baltijas Holdings”-43.9 % Reg.Nr.40003148033, 2, Klijanu street, Riga</i> <i>2. „Tehprojekts”,Ltd. - 43.9% Reg.Nr. 40103020397, 12,Unijas street, Riga</i> <i>3. Other physical and legal persons 12.2%</i>
Certified auditor	<i>Aivars Rutkis Licence No 18</i>

Management report

Economic activities in the reporting period

Net turnover of the enterprise in 6 months of 2016 is 45737 EUR. It is 29, 3 % from the amount in corresponding period of the previous year.

The result of economic activities in 6 months of 2016 is loss 91320 EUR.

The company has invested great work and a lot of money in improvement and reconstruction of its real estate to improve the effectiveness of expenditure of energy. Autonomous heating system is created. Further on the company's main activity will be renting and operating of own real estate. Negotiations with potential tenants are ongoing.

Risks for the economic activities of the company

The activities of the company are not subjected to the fluctuations of foreign currencies' exchange rate because EUR are used in the deals with the purchasers as well as with the suppliers. As long as receivables from Belarus are not settled, the risk factor is the exchange rate of local currency in purchasers' country against EUR which burden their settlement on the production.

The company uses bank credit to supplement current assets. Loan interest is calculated at a floating rate that exposes the company to the risk arising from interest rate fluctuations.

Chairman of the Board: _____ E.Kazha

Members of the Board: _____ G.Lubis

_____ M. Araslanov

August 28, 2016

Statement of Management Responsibility

The Management Board of JSC „Rīgas autoelektroaparātu rūpnīca” is responsible for the preparation of the financial statements of the Company.

On the basis of information available the management of JSC „Rīgas autoelektroaparātu rūpnīca” confirms that the financial statements are prepared in accordance with the requirements of the applicable laws and regulations and gives a true and fair view on the company’s assets, liabilities, financial position and profit or loss. The management report gives a true review on the growth of the JSC „Rīgas autoelektroaparātu rūpnīca” and performance results.

On behalf of the Board,

Eriks Kazha
Chairman of the Board

August 28, 2016

BALANCE SHEET

EUR

<u>ASSETS</u>	30.06.2016	31.12.2015
<u>LONG-TERM INVESTMENTS</u>		
I. Fixed assets		
1.Land, buildings and constructions	3593753	3629546
2.Technological equipment and devices	539002	591352
I.Total	4132755	4220898
II. Long-term financial investments		
1.Participation in the capital of associated companies	12399	12630
2. Other loans and long-term debtors	89550	0
II.Total	101949	12630
Total long-term investments	4234704	4233528
<u>CURRENT ASSETS</u>		
I. Inventory		
1. Raw materials, basic materials and consumables	86190	27538
2. Finished goods and goods for sale	51449	52421
3. Advance payments for goods	222	59441
I.Total	137861	139400
II. Debtors		
1. Purchasers' debts	155782	191994
2. Other debtors	251730	268155
3. Short term loans	4500	0
4. Next period costs	33	44
II.Total	412045	460193
IV. Cash	3750	10349
Total current assets	553656	609942
TOTAL ASSETS	4788360	4843470

BALANCE SHEET

EUR

<u>LIABILITIES</u>	Notes	30.06.2016	31.12.2015.
<u>EQUITY</u>			
1. Share capital		4991713	5073262
2. Other reserves – the result of denomination		81549	
Total		5073262	5073262
3. Retained profit or losses brought forward from previous years		-2600697	-2648482
4. Profit or losses for the accounting year		-91320	47785
Total equity		2381245	2472565
<u>CREDITORS</u>			
Long term creditors			
1.Loans from credit institutions		300000	
2.Next period income		1952917	1952917
Total long term creditors		2252917	1952917
Short term creditors			
1.Loans from credit institutions		15000	
2.Other loans		1080	230750
3.Accounts payable to suppliers and contractors		76803	86662
4.Taxes and State mandatory social insurance payments		6904	2026
5. Other creditors		5410	2711
6.Next period income		43447	86894
7. Accrued obligations		5554	8945
Total short term creditors		154198	417988
Total creditors		2407115	2370905
TOTAL LIABILITIES		4788360	4843470

**PROFIT OR LOSS ACCOUNT
For 6 months of 2016**

Item	EUR	
	2016 6 months	2015 6 months
Net turnover	45737	156048
Production costs of sold goods and services	176615	338262
Gross profit or loss	-130878	-182214
Sales costs	0	2114
Administrative expenses	19399	24182
Other income from economic activities	62694	260005
Other costs of economic activities	1957	34281
Interest payments and similar expenses	0	0
Profit or loss before income tax	1780	8693
Income tax	-91320	8521
Profit or loss after income tax		
Profit or loss for the accounting period	-91320	8521
Earnings per share	-0,026	0,002

STATEMENT OF CASH FLOWS for 6 months of 2016

		2016		2015
		6 months		6 months
I. Cash flow from operating activities				
1	Income from sales and services	91554		544262
2	Payments to suppliers, to employees and other expenses for production	120101		341312
3	Other income or expenses for economic activities	3257		18610
4	Cash flow from gross operating activities	-25290		221560
5	Net cash flow from operating activities	-25290		221560
II. Cash flow from investment activities				
1	Revenue from disposal of shares of affiliated or associated enterprises			190200
2	Purchase of intangible and fixed assets			689088
3	Sales of intangible and fixed assets	19360		557655
4	Given loans	94050		
5	Received interest	758		
6	Net cash flow from investment activities	-73932		58767
III. Cash flow from financing				
1	Received loan	315000		67910
2	Received as financing of KPFI projects			310872
3	Repaid loans and interest	222356		768276
4	Net cash flow from financing	92644		-389494
	IV. The result from currency rate fluctuations	-21		3
	V. Cash and cash equivalents increase or decrease	-6599		-109164
	VI. Cash and cash equivalents at the beginning of the reporting period	10349		110538
	VII. Cash and cash equivalents at the end of the reporting period	3750		1374

STATEMENT OF EXCHANGES IN EQUITY (EUR)

	30.06.2016.	30.06.2015.
Share capital		
In the balance sheet of the previous year	5073262	5073262
Denomination of shares from lats to euro	-81549	
In the balance sheet at the end of the accounting period	4991713	5073262
Long-term investment revaluation reserve		
In the balance sheet of the previous year	0	56815
Exchanges of long-term investment revaluation reserve	0	-56815
In the balance sheet at the end of the accounting period	0	0
Other reserves (the result of denomination)		
In the balance sheet of the previous year	0	0
Exchanges of the reserve	81549	0
In the balance sheet at the end of the accounting period	81549	0
Retained profit		
In the balance sheet of the previous year	-2600697	-2648482
Increase /decrease in retained earnings	-91320	8521
In the balance sheet at the end of the accounting period	-2692017	-2639961
Equity		
In the balance sheet of the previous year	2472565	2481595
In the balance sheet at the end of the accounting period	2381245	2433301

NOTES TO FINANCIAL STATEMENTS

General principles

The report is prepared in accordance with the law „On accountancy”, „The law on annual accounts and consolidated annual accounts” and Regulations No.775 issued by the Cabinet of Ministers of the Republic of Latvia “The rules for application of the law on annual accounts and consolidated annual accounts”.

Profit or loss account is prepared in accordance with methods of turnover expenses.

Statement of cash flows is prepared using the direct method.

This interim financial report is prepared following the same accounting policies and the same methods for estimates that were used preparing the most recent annual report.

Share capital

Share capital is 4991712, 60 EUR. There are 36565509 shares. Nominal value of a share is 1.40 EUR.

Pledged assets

Upon the bank credit of 315000 EUR, real estate on Klijanu street 2 is pledged as security.

The correction of figures of the previous year

- 1) In accordance with Regulations No.775 issued by the Cabinet of Ministers of the Republic of Latvia “The rules for application of the law on annual accounts and consolidated annual accounts”, the estimated liabilities to employees for accrued unused vacation days shall be revealed as “accrued obligations”.

Liabilities for vacations of 2015 are calculated in total 6358 EUR.

	In the report for 6 months of 2016 on 31.12.2015.	In the report in 2015 on 31.12.2015
<u>PROVISIONS</u>		
1.Other provisions	0	6358
Total provisions	0	6358

Short term creditors

7.Accrued obligations	8945	2587
Total short term creditors	417988	411630

- 2) In accordance with „The law on annual accounts and consolidated annual accounts”, real estate tax is no longer a separate item in the profit or loss account, therefore it is included in the production costs of sold goods and services. The figures of the previous period are adjusted accordingly.

Chairman of the Board _____ E.Kazha

Members of the Board _____ G.Lubis

_____ M.Araslanov

August 28, 2016