



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

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

Interim report for 9 months of 2016

Prepared according to the legislation standards of the Republic of Latvia

(Not audited)

Riga,2016

CONTENT

	Page
Information about the company	3
Statement of management responsibility	4
Balance sheet	5
Profit or loss account	7
Statement of cash flows	8
Statement of exchanges in equity	9
Notes to financial statements:	10

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 - 30.09.2016</i>
Main shareholders	<i>Basing on the list of shareholders prepared on April 30,2016: 1. JSC „Baltijas Holdings”-43.9 % Reg.Nr.40003148033, 2, Klijanu street, Riga 2. „Tehprojekts”,Ltd. - 43.9% Reg.Nr. 40103020397, 12,Unijas street, Riga 3. Other physical and legal persons 12.2%</i>
Certified auditor	<i>Aivars Rutkis Licence No 18</i>

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

November 28, 2016

BALANCE SHEET

EUR

<u>ASSETS</u>	30.09.2016	31.12.2015
<u>LONG-TERM INVESTMENTS</u>		
I. Fixed assets		
1.Land, buildings and constructions	3575856	3629546
2.Technological equipment and devices	512827	591352
I.Total	4088683	4220898
II. Long-term financial investments		
1.Participation in the capital of associated companies	12253	12630
2. Other loans and long-term debtors	89550	0
II.Total	101803	12630
Total long-term investments	4190486	4233528
<u>CURRENT ASSETS</u>		
I. Inventory		
1. Raw materials, basic materials and consumables	27538	27538
2. Finished goods and goods for sale	47212	52421
3. Advance payments for goods	22	59441
I.Total	74772	139400
II. Debtors		
1. Purchasers' debts	121862	191994
2. Other debtors	250751	268155
3. Short term loans	4500	0
4. Next period costs	33	44
II.Total	377146	460193
IV. Cash	1642	10349
Total current assets	453560	609942
TOTAL ASSETS	4644046	4843470

BALANCE SHEET

EUR

<u>LIABILITIES</u>	Notes	30.09.2016	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		-212341	47785
Total equity		2260224	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		75262	86662
4.Taxes and State mandatory social insurance payments		4452	2026
5. Other creditors		7976	2711
6.Next period income		21723	86894
7. Accrued obligations		5412	8945
Total short term creditors		130905	417988
Total creditors		2383822	2370905
TOTAL LIABILITIES		4644046	4843470

**PROFIT OR LOSS ACCOUNT
For 9 months of 2016**

Item	EUR	
	2016 9 months	2015 9 months
Net turnover	47016	186499
Production costs of sold goods and services	243783	434667
Gross profit or loss	-196767	-248168
Sales costs	0	2175
Administrative expenses	26758	29927
Other income from economic activities	84417	294636
Other costs of economic activities	68629	37878
Interest payments and similar expenses	4604	8704
Profit or loss before income tax	-212341	-32216
Income tax		
Profit or loss after income tax	-212341	-32216
Profit or loss for the accounting period	-212341	-32216
Earnings per share	-0,060	-0,009

STATEMENT OF CASH FLOWS for 9 months of 2016

		2016	2015
		9 months	9 months
I. Cash flow from operating activities			
1	Income from sales and services	124608	563064
2	Payments to suppliers, to employees and other expenses for production	153050	362782
3	Other income or expenses for economic activities	3257	22016
4	Cash flow from gross operating activities	-25185	222298
5	Net cash flow from operating activities	-25185	222298
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	20360	557691
4	Given loans	94050	
5	Received interest	1959	
6	Net cash flow from investment activities	-71731	58803
III. Cash flow from financing			
1	Received loan	315000	67910
2	Received as financing of KPFI projects		310872
3	Repaid loans and interest	226381	768276
4	Net cash flow from financing	88619	-389494
	IV. The result from currency rate fluctuations	-410	2
	V. Cash and cash equivalents increase or decrease	-8707	-108391
	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	1642	2147

STATEMENT OF EXCHANGES IN EQUITY (EUR)

	30.09.2016.	30.09.2015.
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	-212341	-32216
In the balance sheet at the end of the accounting period	-2813038	-2680698
Equity		
In the balance sheet of the previous year	2472565	2481595
In the balance sheet at the end of the accounting period	2260224	2392564

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 9 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

November 28, 2016