



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

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

**Interim report for the period  
01.01.2016-31.12.2016**

**Prepared according to the legislation standards of the Republic of Latvia**

**(Not audited)**

**Riga,2017**

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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>
Reporting period	<i>01.01.2016 - 30.06.2016</i>
Main shareholders	Basing on the list of shareholders prepared on October 31,2016: <i>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>
Report prepared by	<i>Dace Lama  Chief accountant of the enterprise</i>

## Management report

### Economic activities in the reporting period

Net turnover of the enterprise in 2016 is 48,4 thousand EUR, including 43,3 thousand EUR sales of production and 5,1 thousand EUR renting of real estate.

The result of economic activities in 2016 is loss 273713 EUR.

Average number of employees in the reporting period is 17.

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. The property has become competitive. Further on the company's main activity will be renting and operating of own real estate. Negotiations with potential tenants are ongoing, seeking to rent out more areas to one tenant.

### 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.

The company believes that it will have sufficient cash resources to ensure its liquidity.

Chairman of the Board: \_\_\_\_\_ E.Kazha

Members of the Board: \_\_\_\_\_ G.Lubis

\_\_\_\_\_ M. Araslanov

February 27, 2017

## **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,

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Eriks Kazha  
Chairman of the Board

February 27, 2017

**BALANCE SHEET**

**EUR**

<u>ASSETS</u>	31.12.2016	31.12.2015
<b><u>LONG-TERM INVESTMENTS</u></b>		
<b>I. Fixed assets</b>		
1.Land, buildings and constructions	3557960	3629546
2.Technological equipment and devices	486651	591352
<b>I.Total</b>	<b>4044611</b>	<b>4220898</b>
<b>II. Long-term financial investments</b>		
1.Participation in the capital of associated companies	13044	12630
2. Other loans and long-term debtors	58050	0
<b>II.Total</b>	<b>71094</b>	<b>12630</b>
<b>Total long-term investments</b>	<b>4115705</b>	<b>4233528</b>
<b><u>CURRENT ASSETS</u></b>		
<b>I. Inventory</b>		
1. Raw materials, basic materials and consumables	27555	27538
2. Finished goods and goods for sale	43602	52421
3. Advance payments for goods	1	59441
<b>I.Total</b>	<b>71158</b>	<b>139400</b>
<b>II. Debtors</b>		
1. Purchasers' debts	69140	191994
2. Other debtors	263752	268155
3. Next period costs	44	44
<b>II.Total</b>	<b>332936</b>	<b>460193</b>
<b>IV. Cash</b>	257	10349
<b>Total current assets</b>	<b>404351</b>	<b>609942</b>
<b>TOTAL ASSETS</b>	<b>4520056</b>	<b>4843470</b>

**BALANCE SHEET**

**EUR**

**LIABILITIES**

	31.12.2016	31.12.2015.
<b><u>EQUITY</u></b>		
1. Share capital	4991713	5073262
2. Other reserves – the result of denomination	81549	
<b>Total</b>	<b>5073262</b>	<b>5073262</b>
3. Retained profit or losses brought forward from previous years	-2600697	-2648482
4. Profit or losses for the accounting year	-273713	47785
<b>Total equity</b>	<b>2198852</b>	<b>2472565</b>
<b><u>CREDITORS</u></b>		
<b>Long term creditors</b>		
1.Loans from credit institutions	195000	
2.Next period income	1866023	1952917
<b>Total long term creditors</b>	<b>2061023</b>	<b>1952917</b>
<b>Short term creditors</b>		
1.Loans from credit institutions	105000	
2.Other loans	1080	230750
3.Accounts payable to suppliers and contractors	48301	86662
4.Taxes and State mandatory social insurance payments	3221	2026
5. Other creditors	4062	2711
6.Next period income	86894	86894
7. Accrued obligations	11623	8945
<b>Total short term creditors</b>	<b>260181</b>	<b>417988</b>
<b>Total creditors</b>	<b>2321204</b>	<b>2370905</b>
<b>TOTAL LIABILITIES</b>	<b>4520056</b>	<b>4843470</b>

**PROFIT OR LOSS ACCOUNT**  
**For the year 2016**

Item	EUR	
	2016	2015
Net turnover	48373	567347
Production costs of sold goods and services	316318	751275
<b>Gross profit or loss</b>	<b>-267945</b>	<b>-183928</b>
Sales costs	0	2535
Administrative expenses	36905	48948
Other income from economic activities	108605	607735
Other costs of economic activities	70117	315827
Interest payments and similar expenses	7351	8712
Profit or loss before income tax	-273713	47785
Income tax		
Profit or loss after income tax	<b>-273713</b>	<b>47785</b>
<b>Profit or loss for the accounting period</b>	<b>-273713</b>	<b>47785</b>
<b>Earnings per share</b>	<b>-0,077</b>	<b>0,013</b>



**STATEMENT OF CASH FLOWS for the year 2016**

	<b>2016</b>	<b>2015</b>
<b>I. Cash flow from operating activities</b>		
1 Income from sales and services	179032	683167
2 Payments to suppliers, to employees and other expenses for production	218034	477330
3 Other income or expenses for economic activities	3964	23731
4 Cash flow from gross operating activities	-35038	229568
<b>5 Net cash flow from operating activities</b>	<b>-35038</b>	<b>229568</b>
<b>II. Cash flow from investment activities</b>		
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	42050	559244
4 Given loans	94050	
5 Proceeds from the loan repayment	7655	
<b>6 Net cash flow from investment activities</b>	<b>-44345</b>	<b>60356</b>
<b>III. Cash flow from financing</b>		
1 Received loan	315000	67910
2 Received as financing of KPFI projects		310872
3 The loan repayment expenses	245299	768863
<b>4 Net cash flow from financing</b>	<b>69701</b>	<b>-390081</b>
<b>IV. The result from currency rate fluctuations</b>	<b>-410</b>	<b>-32</b>
<b>V. Cash and cash equivalents increase or decrease</b>	<b>-10092</b>	<b>-100189</b>
<b>VI. Cash and cash equivalents at the beginning of the reporting period</b>	<b>10349</b>	<b>110538</b>
<b>VII. Cash and cash equivalents at the end of the reporting period</b>	<b>257</b>	<b>10349</b>

## STATEMENT OF EXCHANGES IN EQUITY (EUR)

	31.12.2016.	31.12.2015.
<b>Share capital</b>		
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
<b>Long-term investment revaluation reserve</b>		
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
<b>Other reserves (the result of denomination)</b>		
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
<b>Retained profit</b>		
In the balance sheet of the previous year	-2600697	-2648482
Increase /decrease in retained earnings	-273713	47785
In the balance sheet at the end of the accounting period	-2874410	-2600697
<b>Equity</b>		
In the balance sheet of the previous year	2472565	2481595
In the balance sheet at the end of the accounting period	2198852	2472565

## NOTES TO FINANCIAL STATEMENTS

### Bases for the preparation of the report

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”.

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 the year 2016 on 31.12.2015.	In the report in 2015 on 31.12.2015
<b>PROVISIONS</b>		
Other provisions	0	6358
Total provisions	0	6358

### Short term creditors

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.

<u>Items</u>	In the report for the year 2016 on 31.12.2015.	In the report in 2015 on 31.12.2015
Production costs of sold goods and services	751275	711123
Real estate tax	0	40152

<u>Explantation on the revenue and expenditure items</u>	<u>2016</u>	<u>2015</u>
<b>Production costs of sold goods and services</b>	<b>316318</b>	<b>751275</b>
-costs of materials and sub-components including transport expenses, custom fees and import duties	38466	249057
-salaries and social security payments	37877	235879
- provisions for vacations	3545	
- electric power	11522	33073
-services related to the process of production	301	6914
- depreciation	176287	171857
- real estate tax	43537	40152
-different other operating costs	4783	14343
<b>Administrative expenses, total :</b>	<b>36905</b>	<b>48948</b>
including - salaries and social security payments	18675	26007
- provisions for vacations	801	
- communication expenses	1389	1504
- bank services	3603	960
- payments to Stock exchange	7120	7114
- other administrative expenses	5317	13363
<b>Other income from economic activities</b>	<b>108605</b>	<b>607735</b>
- income from sales of fixed assets	16000	293594
-remuneration for the use of intellectual property		40000
- sales of materials		21971
- sales of scrap metal	3197	9545
-revaluation investing in property		150900
-the reduction of provisions included in revenue		2747
- next period income referable to reporting period	86894	85349
- other income	2514	3629
<b>Other costs of economic activities:</b>	<b>70117</b>	<b>315827</b>
including- exchange rate of foreign currency		23268
- written off working capital	67321	
- changes of material stock		286315
- other expenses	2796	6244

Chairman of the Board \_\_\_\_\_ E.Kazha

Members of the Board \_\_\_\_\_ G.Lubis

\_\_\_\_\_ M.Araslanov

Report is prepared by

\_\_\_\_\_ Dace Lama

Chief accountant of  
JSC ”Rigas autoelektroaparatu rupnica”

February 27, 2017