

JOINT STOCK COMPANY

“KURZEMES ATSLEGA 1”

LV40003044007

ANNUAL REPORT

2016

(AUDITED)

FOR THE PERIOD
01 JANUARY 2016-
31 DECEMBER 2016

Aizpute
2017

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1.Information on enterprise

Name	” KURZEMES ATSLĒGA 1”
Legal status	Joint stock company
Registration number, place and date	40003044007,Riga, 29.11.1991
Register	Registration in the Commercial on 11 June 2004
Legal address	27 Kalvenes str.,Aizpute,LV3456
Main activities: NACE 2.red	2572-door locks,ironware,furniture fittings
Shareholders an their shares %	JSC”Kurzemes atslega” - 48.36% Olivers Wiederholds – 23.3 % SIA”Aizputes atslegas” – 8.5 % Others 21.46% Council and board members do not own shares.
Members of Supervisory Council	Guntars Stekjānis – Chairman of Supervisory Council Voldemārs Magone - Member of Supervisory Council Rolands Livmanis - Member of Supervisory Council Jānis Karkliņš - Member of Supervisory Council Irēna Burve - - Member of Supervisory Council
Members of Board	Agris Kārkliņš - Chairman of Board Aldis Ozols - Member of Board Ieva Niedoliņa - Member of Board
Cief account	Irēna Burve
Reporting period	01.01.2016 – 31.12..2016
Previous reporting period	01.01.2015 – 31.12.2015
Auditors	Aivars Rutkis Certified Auditor Certificate Nr.18

Managerial report

Company's action during reporting period.

The action type of the Joint Stock Company "KURZEMES ATSLEGA 1" during 2016 has not changed in comparison with previous periods of time: door locks, ironware, furniture fittings, forged products, building structures, production tools etc. are still being produced and services of galvanization provided.

The fixed capital of the JSC "KURZEMES ATSLEGA 1" is 1285401 EUR, net turnover of the 2016th 1 508 226 EUR.

Net turnover of the 2016 compared with 2015 has reduced by 357 730 EUR, what makes 19.2% of turnover of the 2015th. Export has reduced by 152 thousand. EUR or 67,7%. Decline in demand in Uzbekistan.

Supplies to the EU decreased by 26,6 thousand or 4,7%. The main export markets are Lithuania and Estonia. Realization of products in Latvia decreased by 179,4 thousand EUR or 16,7%.

According to the Central Statistical Bureau data base, the volume of construction in Latvia decreased by 19% in the first half of 2016. In some extent, it affects sales of the JSC "Kurzemes Atslega 1" basic production - locks and hinges.

Volume of sold production in 2016 divides as follows:

- sold in local market (Latvia) – 58.4%,
- EU deliveries 37,7%
- export – 3,9%

The volume of sold production in 2015 divided as follows:

- sold in local market (Latvia) – 56.8%,
- EU deliveries 30.6%
- export – 12,6%

Average number of employees in 2016 was 79, average salary in 2016 – 504 EUR, average number of employees in 2015 was 88, average salary 479 EUR. In comparison with corresponding period of previous period, average salary is up by 5,2%.

The Company's financial performance and financial situation

The 2016 has finalized with losses in amount of 228 465 EUR.

Loss per share – 0.25 EUR.

	2016	2015
Liquidity ratio		
Total ratio of liquidity	5.06	6.2
Quick ratio	0.86	1.65

Absolute liquidity ratio	0.08	0.44
Liquidity – solvency, i.e. ability to extinguish short-term obligations in time and completely.		
<i>Liability ratio</i>		
Liability ratio in balance	0.16	0
Liability ratio to equity	0.19	0.16
Equity ratio to total assets	0.84	0.86
Borrowed funds ratio	0.19	0.16
(ability to cover short-term or long-term liabilities)		
Activity ratio		
Stock Turnover ratio	1.82	1.82
<i>Profitability ratios</i>		
Sales profitability	-6.9%	0.03 %
Equity profitability	-15.1%	0.03 %

The Company has no tax and other arrears due to state and municipal budget.

Financial activity of the Company has provided mainly with its own assets, the loan facility in limit of 70000 EUR has been linked.

Financial risk management

To ensure financial risk management JSC “KURZEMES ATSLEGA 1” follows-up the liquidity, regularly controls the cash flow of the enterprise. Active work with collection of fiscal debts is being provided. Financial resources – credit is being attracted.

The Company’s principal financial instruments comprise loans, finance leases, cash. The main purpose of these financial instruments is to ensure financing for the Company’s operations. The Company has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its operations.

Financial Risks

The main financial risks arising from the Company’s financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk.

Foreign currency risk

The Company’s financial assets and liabilities, which are exposed to foreign currency risk, comprise cash and cash equivalents, trade receivables, trade payables and short-term and long-term borrowings. The Company is mainly exposed to foreign currency risk of USD.

Interest rate risk

The Company is exposed to the interest rate risk mainly through its short-term and long-term borrowings. The Company's policy is to ensure that the majority of its borrowings are at floating and constant rate.

Credit risk

The Company is exposed to credit risk through its trade receivables and cash. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimized.

The further development of the company and future prospects

Due to the decline in product sales market in Uzbekistan, Russia and Ukraine, and increase of prime cost Latvia (increase of salaries, electricity and metal prices), it has worked with losses. To improve the situation, the Company is looking for permanent partners with the help of LIDA. Participation in exhibition in Moscow has been planned.

A new metalworking workshop equipped with modern equipment is being created to provide building sites in Latvia and Scandinavian countries with metal ware

During the period of the last day of the accounting year till signing these financial statements, there have been no events that could substantially affect the information reflected in these financial reports and that may result in further adjustments or should be clarified.

Board of JSC "KURZEMES ATSLEGA 1"



Chairman of the Board Agris Karklins



Member of the Board Aldis Ozols



Member of the Board Ieva Niedolina

2.1 Statement of responsibility of direction.

Non-audited report of 2016 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/losses.

Responsibility for non-audited annual report of year 2016 bears the Board of joint stock company "KURZEMES ATSLEGA 1".

Board of JSC "KURZEMES ATSLEGA 1"



Chairman of the Board Agris Karklins



Member of the Board Aldis Ozols



Member of the Board Ieva Niedolina


March 22, 2017

2.2.BALANCE SHEET

ASSETS 1	Appendices	31.12.2016. EUR	31.12.2015. EUR
I. Fixed assets			
1. Land, building.		525420	540524
2. Equipment and machinery		80579	98447
3. Other fixed assets		9054	12093
4. Fixed assets development costs		5822	5822
I Total fixed assets	1	620875	656886
1. Total LONG TERM INVESTMENT		620875	656886
2. CURRENT ASSETS			
I. Inventories			
1. Raw materials	2	399772	463206
2. Work in progress		320142	287100
3. Finished goods and goods for sale	3	108850	114929
5. Advance payment for goods	4	37157	39981
I. Total inventories		865921	905216
II. Debtors			
1. Trade debtors	5	146759	187170
4. Other debtors	6	15016	52162
7. Deferred expenses	7	0	642
II. Total debtors		161775	239974
III. Securities and capital participation			
IV . Cash	8	16559	87459
2. Total current assets		1044255	1232649
Total assets		1665130	1889535

The accompanying notes on pages 13.-28. are an integral part of these financial statements


Chairman of the Board A. Karklins

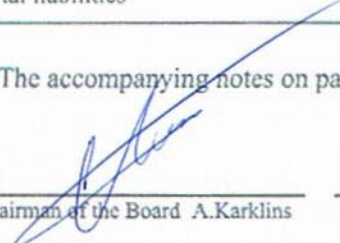

Member of the Board A. Ozols


Member of the Board I. Niedolina


Chief account I. Burve

LIABILITIES 1	Appendices	31.12.2016. EUR	31.12.2015. EUR
1.CAPITAL			
1.Share capital	9	1285401	1285401
2.Share capital reserve	10	21000	21000
3.Revaluation reserve	11	22193	22193
5.Retained profit			
a) previous years retained profit		301360	300867
current year profit		-228465	493
1Total Capital and reserves		1401489	1629954
3.CREDITORS			
1.Long term creditors			
Deferred tax	12	57148	61025
1.Total long term creditors		57148	61025
2.Short-term creditors			
4..Bank loan	13	34229	39324
5.Advances received from customers		7695	9080
6.Trade creditors	14	64187	66010
8.Amounts payable to associated companies	15	14131	1757
10.Taxes and social security payments	16	19442	23016
11.Other creditors	17	25600	26137
Accrued liabilities	18	41209	33232
2. Total short-term creditors		206493	198556
Total creditors		263641	259581
Total liabilities			
		1665130	1889535

The accompanying notes on pages 13.-28. are an integral part of these financial statements


Chairman of the Board A.Karklins


Member of the Board A.Ozols


Member of the Board I.Niedolina


Chief account I.Burve

2.3 PROFIT AND LOSS ACCOUNT

Item	note	31.12.2016.	31.12.2015.
	Nr.	EUR	EUR
Net sales	19	1508226	1865956
Cost of sales	20	1611876	1733640
Gross profit		-103650	132316
Distribution expenses	21	55086	37131
Administration expenses	22	81470	91819
Other operating income	23	40800	20970
Other operating expenses	24	31382	21378
Operating profit		-230788	2958
Income from other interest and similar incomes		0	0
Interest paid and similar expense	25	1554	1330
Profit before tax		-232342	1628
Deferred tax income		3877	1675
Enterprise income tax		0	-2810
Net profit for the year		-228465	493

The accompanying notes on pages 13.-28 are an integral part of these financial statements


 Chairman of the Board A.Karklins


 Member of the Board A.Ozols


 Member of the Board I.Niedolina


 Chief account I.Burve

2.4. Cash flow statement.

(Cash flow statement, prepared using indirect method)

Indices	Appendices	31.12.2016.	31.12.2015.
		EUR	EUR
I. Operation activities			
1. Profit or loss before extraordinary items and taxes.		-232342	1628
Corrections:			
a) Wear and tear of fixed assets;		52497	52127
b) Value cancellation of long-term investments;		0	0
c) Formation of reserves (except the reserves for unreliable debt);		0	-3211
d) Profit or loss from fluctuation of foreign currency exchange rate;		-1378	-5701
e) Interest received			
f) Proceeds from partnership in capital of subsidiary company and associated enterprises		1332	1326
g) Proceeds from no securities and loans, that have been made long-term investment			0
2. Profit or loss before corrections of effects of changes of current assets and short-term liabilities		-179891	46169
Adjustments:			
a) Increase or decrease of residues of debts of debtors;		78199	-52781
b) Increase or decrease of residues of resources;		39296	96185
c) Increase or decrease of remains of debts to be paid to suppliers, contractors and other creditors.		13033	-33603
3. The gross cash flow of basic activity.		-49363	55970
4. Expenses for payments of enterprise income tax		0	-660
6. The net cash flow of basic activity		-49363	55310
II. Investing activities			
1. Purchase of shares or parts of related or associated enterprises.		-16487	-6249
9. Net cash flow used in investing activities		-16487	6249
III. Financing activities			
2. Loans received		-5096	18457
3. Financial aids, pump-priming, presents or donations received			
4. Expenses for repayment of loans		-1332	-1326
7. Net cash flow of financing activity		-6428	17131
IV. The result of exchange rate fluctuations of foreign currency.		1378	5701
V. The net cash flow of year of account		-70900	71893
VI. The remainder of currency and its equivalents at the beginning of year of account.		87459	15566
VII. The remainder of currency and its equivalents at the end of year of account.		16559	87459

Chairman of the Board A.Karklins

Member of the Board A.Ozols

Member of the Board I.Niedolina

Chief account I.Burve


2.5 STATEMENT OF CHANGES IN EQUITY

Year 2016

(EUR)

	Share capital	Share capital reserve	Revaluation reserve	Year of account retained profit	Prior period retained profit	Total
As of 31 December 2014	1285401	21000	22193	25282	275585	1629461
Year 2014. of account profit (loss)	0	0	0	493	0	493
As of 31 December 2015	1285401	21000	22193	493	3002867	1629954
Year 2014 of account profit (loss)	0	0	0	-493	493	0
Current year profit	0	0	0	-228465	0	-228465
As of 31.december 2016	1285401	21000	22193	-228465	301360	1401489


Chairman of the Board A.Karklins


Member of the Board A.Ozols


Member of the Board I.Niedolina


Chief account I.Burve

Annexes to the Annual Accounts

Accounting policy.

Figures are set out in the Financial Statements in EUR.

General Principles.

The financial statements have been prepared in accordance with laws of the Republic of Latvia "On Accounting and the Annual Accounts and consolidated annual accounts of the law" , " and the "Financial Instruments Market Law", Regulations no 775 issued by the Cabinet of Ministers of the Republic of Latvia."

Profit and Loss are accounted in accordance with the vertical form method(classified after expenses function) . The cash flow statement is prepared using the indirect method

Applied accounting 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.

Compared to the previous reporting period, accounting and valuation methods used by the Company have not been changed

	31.12.2016	31.12.2015
USD	1.0541	1.0887

Usage of estimates

During preparation of financial statements Company's board has made a number of estimates and assumptions that affect residuals of separate items, included into balance and receipt and expenditure of the financial statement as well as possible amount of liabilities. Future events may affect mentioned estimates and assumptions. Any change of such estimates and assumptions impact on Company's performance is presented in financial statements when determinable.

Long-term and short-term items

Long-term items include amounts with the receipt, payment or write-off terms due more than one year after the end of the accounting year. The amounts received, paid or written-off during the year are shown in short-term items

Earning recognition and net turnover

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.

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

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

Fixed assets

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

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

Debts of debtors

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

Inventory.

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

Cash and cash equivalents

For the cash flow purposes cash and cash equivalents consist of the remaining cash, current bank accounts and short-term deposits with a maturity of up to 90 days.

Accrued liabilities.

Accrued liabilities shall be clearly aware of the amount of liabilities to suppliers and contractors for the current year, goods or services for which the supply or purchase of the company's contract terms and conditions or other reasons the balance sheet date has not received a corresponding billing document. The commitment amount is calculated based on the relevant contract price and the actual receipt of good or services supporting documents.

Due to the new "Annual report and consolidated annual report of the Law" came into force the estimated liabilities to employees for the reporting year of unused vacation days have been reclassified from Accruals on the balance sheet item "Accrued liabilities"

Corporate income tax

Corporate income tax is calculated for the reporting year in accordance with regulatory requirements of the Republic of Latvia.

Deferred tax is calculated using the liability method on all temporary differences between assets and liabilities in the financial statements and its values for the tax calculation purposes. Deferred tax is calculated using the tax rates, that are in force at the date of the balance sheet, which are expected during the periods, when temporary differences smooth out. Temporary differences primarily arise from the use of different rates of depreciation of the fixed assets, as well as tax losses that are transferred to subsequent tax periods. A deferred tax asset is recognized if there is a high probability, that a taxable profit will be acquired, which will be object to the deductible temporary differences.

Provisions

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

Reclassifications

In 2016 the company carried out the income statement reclassification of items according to the annual accounts and consolidated annual report requirement of the law

Items 2015	data after reclassification	reclassification	data before reclassification
Other tax	0	(5226)	5226
Cost of sales	1733640	(5226)	1728414
Other provisions	0	(22045)	22045
Accrued liabilities	33232	22045	11187

When preparing annual report of the 2016th, according to provisions of the "The Law on Annual reports and Consolidated annual reports", the Company has departed from principles of recognition, valuation and presentation of financial statement items when reflecting deferred tax liabilities in financial statements, on the basis of conditions mentioned in 4th and 5th paragraphs of the 13th Section of the Law, due to the fact that without displaying this information the true and fair principle is not complied. Company has recognized the deferred tax in previous periods, its amount is significant. "Income Taxes", the International Accounting standard No.12, is being applied to the calculation of deferred t

Deferred tax liabilities are the corporate income tax amounts to be paid in the next accounting years and relates to temporary differences, which are subject to this tax.

Deferred income tax is calculated using the liability method in respect of the temporary differences between the asset and liability amounts in the financial statements and their values for tax purposes, caused by time displacement.

Deferred tax is calculated by applying the statutory 15% tax rate. These temporary differences have mainly occurred by using different intangible assets and depreciation rates of fixed assets for accounting and tax purposes, from provisions for slow-moving inventory and unused vacations, from provisions for doubtful debts where by management estimation will satisfy the criteria of article 9 of the "Law On Corporate Income Tax", as well as from tax losses carried over to subsequent taxable periods. In cases where the total deferred tax result is shown in the balance assets, it is to be included in the financial statements only if recovery is definite.

Appendices to balance sheet

1.Fixed assets (EUR)

	Land	Buildings	Technological equipment	The rest capital assets	originatio n of capital assets	Total
Purchase prices 31.12.2014.	23924	988353	1154040	137060	6732	2310109
To put into operation	0	0	6610	549	0	7159
Disposed	0	0	0	0	910	910
Purchase prices 31.12.2015.	23924	988353	1160650	137609	5822	2316358
Depreciation 31.12.2014.	0	456586	1029385	121375	0	1607345
Calculated	0	15167	32819	4141	0	52127
Disposed	0					
Depreciation 31.12.2015.	0	471753	1062203	125516	0	1659472
Balance sheet value 31.12.2014	23924	531767	124656	15685	6732	702764
Balance sheet value 31.12.2015.	23924	516600	98447	12093	5822	656886
Purchase prices 31.12.2015.	23924	988353	1160650	137609	5822	2316358
To put into operation	0		14997	1490	0	16487
Disposed	0	0	14443	6231	0	20674
Purchase prices 31.12.2016.	23924	988353	1161204	132868	5822	2312171
Depreciation 31.12.2015.	0	471753	1062203	125516	0	1659472
Calculated	0	15104	32864	4529	0	52497
Disposed	0	0	14443	6231	0	20674
Depreciation 31.12.2016.	0	486857	1080624	123814	0	1691295
Balance sheet value 31.12.2015.	23924	516600	98447	12093	5822	656886
Balance sheet value 31.12.2016.	23924	501496	80580	9054	5822	620876

1.2 Fixed asset liquidation

	31.12.2016. EUR	31.12.2015. EUR
Fixed asset acquisition value	20674	0
Accumulated depreciation	20674	0
Loss from liquidation of fixed assets	0	0

Cadastre value of the buildings

Property	Cadastre No.	Cadastre value EUR	Balance sheet value EUR
Coal – woodchip place-shed	64050100122011	2367	5061
Joinery building	64050100122012	6293	10666
Lean -garage	64050100122008	6801	7726
Production building No.2	64050100122002	15096	17753
Engineering-technical building	64050100122003	6047	2067
Building of Grinding shop, Electroplating shop and Clubhouse	64050100122005	32914	24984
Repair shop	64050100122006	18279	15659
Storehouse of electrolytic components	64050100122007	32713	8983
Boiler house	64050100122010	11213	43228
Aid post of factory	64050100122013	9101	4080
Warehouse	64020100122014	25379	10710
Warehouse	64050100122015	8315	328
The main production building with compressor substation	64050100122016	117855	273653
Office building	64050100122017	37055	11018
Neutralization building	64050100122018	2345	12043
Gatehouse	64050100122019	332	0
Sawmill building	64050100122020	5762	2375
Transformer substation	64050100220021	1930	1593
Plot:, Kalvenes 27,Aizpute 42695 m2(93/100)	64050100206	20727	23924
Garage-outhouse	64050100122009	1793	2280
Total		454166	478131

2.Rawv materials,direct, materials

Item	31.12.2016. EUR	31.12.2015. EUR
Raw materials	191961	185873
Low-value materials and inventory	23249	23908
Press-form	184562	254235
Total	399772	463206

3.Finished production and goods

Item	31.12.2016. EUR	31.12.2015. EUR
Finished products in warehouse	89734	94140
GOODS in store	19116	20789
Total	108850	114929

4. Advance payment for goods.

Item	31.12.2016. EUR	31.12.2015. EUR
Diesel	218	285
Material	36939	39696
Total	37157	39981

5. Trade debtors

Item	31.12.2016. EUR	31.12.2015. EUR
Trade debtors accounting value	168604	209993
Provisions doubtful debt	21845	22823
Trade debtors net value	146759	187170

Change in provision for doubtful receivables

	Trade debtors (EUR)
Provisions 31.12.2015.	22823
Provisions decrease	1111
provisions increase	133
Provisions 31.12.2016.	21845

6. Other debtors

Item	31.12.2016. EUR	31.12.2015. EUR
The overpaid taxes	4030	0
Personnel debts	420	163
Public utilities payment	6956	5657
Other debts	3610	46342
Total	15016	52162

7. Deferred expenses.

Item	31.12.2016. EUR	31.12.2015. EUR
Insurance expenses	0	642
Subscription	0	0
Total	0	642

8. Money resources

Item	31.12.2016. EUR	31.12.2015. EUR
Money resources in cash department	786	990
Money resources in bank	15773	86469
Total	16559	87459

9. The share capital consists of 918144 equities with nominal value 1.40 EUR:

- in public returns 656356 ,or 71.5%
- in closed register 261788, or 28.5%

48.36% (443976 equates)of share capital belongs to A/S "KURZEMES ATSLEGA ", reg.no.40003253124.

23.3% - (213695 equates) of share capital belongs to Oliver Kai Wiederhold

8.5%-(78117 equates) of share capital belongs to SIA "Aizputes atslēgas" reg.no.42103001587

Information about limitations concerning share expropriation rights.

Restrictions for expropriation of shares or specific consent reception for shares disposal have not been set.

Shareholders' rights and agreements.

Regulated by laws and regulations of the Republic of Latvia, the Companys' Statutes does not define any special limitations or Company does any information about agreements between shareholders.

Powers of the Board Members and special agreements.

According to the Statutes of the JSC "Kurzemes Atslega 1", the Company shall be represented either by chairman of the Board alone or other two Board members together.

There is no agreement between the Company and the Board members concerning the compensation of resignation.

Regulations of Board Members elections and Statute amendments .

Regulated by laws and regulations of the Republic of Latvia ,the Company's Statutes does not define any special limitations or regulations related to the elections of Board members and Statute amendments.

10. Share capital reserve(denomination reserve)

Item	Long-term investment revaluation reserve (EUR)
Balance 31.12.2015.	21000
increase	0
decrease	0
Balance 31.12.2016.	21000

11. Long-term investment revaluation reserve.

Item	Long-term investment revaluation reserve (EUR)
Balance 31.12.2015.	22193
increase	0
decrease	0
Balance 31.12.2016.	22193

12. Deferred tax liabilities

Item	31.12.2016. EUR	31.12.2015. EUR
Deferred tax liabilities	61025	62700
Incomes of reduction Deferred tax liabilities	3877	1675
Total	57148	61025

13. Bank credit (short term)

Item	31.12.2016. EUR	31.12.2015. EUR
AS DNB BANKA	34229	39324

For the guarantee of increase in a limit of the credit for AS DNB the commercial mortgage on resources in volume 97 986 EUR is given out.

14. Liabilities to suppliers and contractors (short-term)

Item	31.12.2016. EUR	31.12.2015. EUR
Trade payables in Latvia	45701	52347
Trade payables in Lithuania	3386	13208
Liabilities for services	15100	568
Total	64187	66010

15. Liabilities to associated (Enterprises short term)

Item	31.12.2016. EUR	31.12.2015. EUR
A.S "KURZEMES ATSLĒGA" reģ.nr.40003123254	14131	1757

16. Movement taxes 2016. EUR

Kind of taxes	balance 31.12.2015. EUR	calculated 2016. EUR	paid 2016. EUR	balance 31.12.2016. EUR
Obligatory payments of the state social insurance	13589	158964	159499	13054
Income tax of inhabitants	5858	71746	71655	5949
Value added tax	1145	39062	41417	-1210
real estate tax	0	5388	5388	0
Enterprise income tax	1930	0	4750	-2820
Tax to natural resources	462	1280	1337	405
Business risk fee	32	387	387	32
Total	23016	276827	284433	15410

Int.al.:

Overpayment taxes 4030

Liability taxes 19440

17. The rest of creditors.

Kind of creditors	31.12.2016. EUR	31.12.2015. EUR
Wages for December	21377	21855
harm recompense	1367	1354
Deduction from wages	0	40
Other creditors	2856	2888
Total	25600	26137

18. Accrued liabilities.

Item	31.12.2016. EUR	31.12.2015. EUR
Expenses of audit of the year	1420	1420
JSC Latvenergo	8078	8138
Accrued liabilities unused vacation costs	31308	22045
Other	403	1629
Total	41209	33232

Appendices for profit and loss account

19. Net sales

Modus operandi	31.12.2016. EUR	31.12.2015. EUR
Incomings from production of locks and ironmongery	1 416 407	1750816
Incomings from rendering of services	91819	115140
Total:	1508226	1865956

No.	Code of the state	Name of the state	Selling	
			2016 (EUR)	2015 (EUR)
1.	LV	Latvia	880.2	1059.5
2.	LT	Lithuania	344.5	346.8
3.	UZ	Uzbekistan	58.9	212.1
4.	EE	Estonia	171.9	175.3
5.	UA	Ukraine	10.8	0
6.	RU	Russia	13.4	23
7.	DE	Germany	4.9	25
8.	DK	Denmark	20.8	23
9.	FI	Finland	2.8	1.3
		Total	1508.25	1866

20. Production costs of sales.

The main elements of expenses	31.12.2016. EUR	31.12.2015. EUR
Material costs	753001	879303
Wages	405628	422790
Obligatory payments of the state social insurance	92981	97538
Electrical energy	92635	88871
Costs of depreciation of fixed	52497	51105
Wear of low value stock	1127	932

Costs of depreciation of press-form	69900	3252
Import duty	4694	4971
Received services	88475	75026
Environment protection expenses	8094	8062
Accrued liabilities vacations	9264	0
Property tax	5385	5226
The rest of expenses	57131	65793
Total	1640812	1702869
Correction of expenses		
Changes of remains unfinished production	-330473	2979
Changes of remains of self-made punches, molds and materials	-299	-7040
Changes of remains of complete product	4406	34832
TOTAL	1611876	1733640

21. Distribution expenses

The main elements of expenses	31.12.2016. EUR	31.12.2015. EUR
Wages	10789	13449
Social expenses	2522	3135
The rest of expenses	6750	537
Marketing Services	35025	20010
Total	55086	37131

22. Administration expenses.

The main elements of expenses	31.12.2016. EUR	31.12.2015. EUR
Wages	60389	68790
Social expenses	14272	16179
The rest of expenses	5389	5430
Provisions	1420	1420
Total	81470	91819

23. The rest of incomes for economic activity

Sort of revenue	31.12.2016. EUR	31.12.2015. EUR
Sales of current assets	37108	11343
The rest of incomes	0	3212
Others income	3692	5701
	0	714
Total	40800	20970

24. The rest of expenses for economic activity of enterprise.

The main elements of expenses	31.12.2016. EUR	31.12.2015. EUR
Expenses for social sphere	1290	1229
Expenses, unrelated with economic activity, donations	1065	2171
provision for doubtful receivables	16429	1111
harm recompense	133	16339
Other expenses	12465	528
Total	31382	21378

25. Interest, interest cover

	31.12.2016. EUR	31.12.2015. EUR
Interest	1331	1326
interest cover	223	4
Total	1554	1330

26. General note

	2016.EUR	2015.EUR
The average annual number of employees	79	88
Personnel expenses Total	587873	623110
- wages	477868	506023
social insurance	110005	117087
- inter alia		
Production personnel		
- wages	405628	422790
social insurance	92981	97538
Total	498609	520328
The personnel of administration		
- wages	60390	68790
social insurance	14272	16179
Total	74662	84969
i.a. Compensation of board		

- compensation	9448	11635
- social insurance	2150	2543
Total	11598	14178
Compensation of Supervisory Council		
- compensation	8892	8892
- social insurance	2533	2021
Total	11425	10913
The personnel of sales		
- compensation	10789	13449
- social insurance	2522	3135
Total	13311	16584
The personal for social sphere		
- compensation	1061	994
- social insurance	230	235
Total	1291	1229

27. Remuneration the Sworn Auditor


Item	2016 . EUR	2015 . EUR
Zvērināts revidents Aivars Rutkis	1420	1420
Total	1420	1420

28. Transactions with associated persons

Name of the associated person	Materials purchased from associated person in	Services provided and goods sold to the associated company in
	2016. EUR	2016. EUR
JSC "KURZEMES ATSLĒGA" Registration No. 40003123254	117176	10683
Among it		
Long-term debts to associated enterprise	0	0
Short-term debts to associated enterprise	117176	10683

During the period of the last day of the accounting year till signing these financial statements, there have been no events that could substantially affect the information reflected in these financial reports and that may result in further adjustments or should be clarified


Chairman of the Board A.Karklins


Member of the Board A.Ozols


Member of the Board I.Niedolina


Chief account I.Burve

March 22, 2017