



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

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

**Annual report
01.01.2016-31.12.2016**

Prepared according to the legislation standards of the Republic of Latvia

(Audited)

Riga,2017

CONTENT

	Page
Information about the company	3
Management report	4
Statement of management responsibility	6
Corporate governance report	7
Financial report	
Balance sheet	8
Profit or loss account	10
Statement of cash flows	11
Statement of exchanges in equity	12
Notes to financial statements	13

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	<i>Basing on the list of shareholders prepared on October 31,2016: 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>
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.

Financial performance:

	2016	2015
Earnings per share	-0,077	0,013
Gross profit margin	-553,91%	-32,42%
Return on assets	-5,85%	0,90%
Return on equity	-5,40%	0,94%
Current liquidity	1,55	1,46

Financial indicators show that, despite the commercially unsuccessful accounting year, the company has sufficient working capital to cover short-term obligations.

Events after the balance sheet date

There have not been any significant or extraordinary events between the last day of the reporting year and the day when the management signed the report that could essentially influence data or financial position of the company.

Future prospects and further development

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.

JSC “Rigas autoelektroaparatu rupnica” has neither foreign mission nor branch.

The board of JSC „Rigas autoelektroaparatu rupnica” proposes to cover the losses of 2016 in the coming years.

Chairman of the Board:



E.Kazha

Members of the Board:



G.Lubis



M. Araslanov

March 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,



Eriks Kazha
Chairman of the Board

March 27, 2017

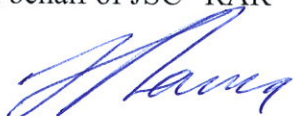
Corporate Governance report

JSC „Rigas autoelektroaparatu rupnica” Corporate Governance Report of the year 2016 is prepared according to NASDAQ Riga, JSC Corporate governance principles and recommendations on their implementation, issued in 2010. The report is worked out in accordance with the principle “observe or explain”.

The report is made by the Board of JSC „Rigas autoelektroaparatu rupnica” and revised by the Council of JSC „Rigas autoelektroaparatu rupnica”.

This report is prepared and submitted to NASDAQ OMX together with JSC “Rigas autoelektroaparatu rupnica” audited annual financial report of 2016 and published at the official web site of NASDAQ Riga.

On behalf of JSC “RAR”



E.Kazha
Chairman of the Board

March 27, 2017

BALANCE SHEET

EUR

<u>ASSETS</u>		Note No	31.12.2016	31.12.2015
<u>LONG-TERM INVESTMENTS</u>				
I. Fixed assets				
1. Land, buildings and constructions			3557959	3629546
2. Technological equipment and devices			486652	591352
I.Total	3.1		4044611	4220898
II. Long-term financial investments				
1. Participation in the capital of associated companies		3.2	13044	12630
2. Other loans and long-term debtors		3.3	58050	0
II.Total			71094	12630
Total long-term investments			4115705	4233528
<u>CURRENT ASSETS</u>				
I. Inventory				
1. Raw materials, basic materials and consumables		3.4	27555	27538
2. Finished goods and goods for sale		3.5	43602	52421
3. Advance payments for goods			1	59441
I.Total			71158	139400
II. Debtors				
1. Purchasers' debts		3.6	69140	191994
2. Other debtors		3.7	263752	268155
3. Next period costs			44	44
II.Total			332936	460193
IV. Cash			257	10349
Total current assets			404351	609942
TOTAL ASSETS			4520056	4843470

BALANCE SHEET

EUR

	Note	31.12.2016	31.12.2015
<u>LIABILITIES</u>			
<u>EQUITY</u>			
1. Share capital	4.1	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		-273713	47785
Total equity		2198852	2472565
<u>CREDITORS</u>			
Long term creditors			
1. Loans from credit institutions	4.2	195000	
2. Next period income	4.3	1866023	1952917
Total long term creditors		2061023	1952917
Short term creditors			
1. Loans from credit institutions	4.2	105000	
2. Other loans		1080	230750
3. Accounts payable to suppliers and contractors	4.4	48301	86662
4. Taxes and State mandatory social insurance payments	4.5	3221	2026
5. Other creditors	4.6	4062	2711
6. Next period income	4.3	86894	86894
7. Accrued obligations	4.7	11623	8945
Total short term creditors		260181	417988
Total creditors		2321204	2370905
TOTAL LIABILITIES		4520056	4843470

PROFIT OR LOSS ACCOUNT
For the year 2016

Item	Note No	EUR	
		2016	2015
Net turnover		48373	567347
Production costs of sold goods and services	5.1	316318	751275
Gross profit or loss		-267945	-183928
Sales costs		0	2535
Administrative expenses	5.2	36905	48948
Other income from economic activities	5.3	108605	607735
Other costs of economic activities	5.4	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		-273713	47785
Profit or loss for the accounting period		-273713	47785
Earnings per share		-0,077	0,013

STATEMENT OF CASH FLOWS for the year 2016

	2016	2015
I. Cash flow from operating activities		
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
5 Net cash flow from operating activities	-35038	229568
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	42050	559244
4 Given loans	94050	
5 Proceeds from the loan repayment	7655	
6 Net cash flow from investment activities	-44345	60356
III. Cash flow from financing		
1 Received loan	315000	67910
2 Received as financing of KPMI projects		310872
3 The loan repayment expenses	245299	768863
4 Net cash flow from financing	69701	-390081
IV. The result from currency rate fluctuations	-410	-32
V. Cash and cash equivalents increase or decrease	-10092	-100189
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	257	10349

STATEMENT OF EXCHANGES IN EQUITY (EUR)

	31.12.2016	31.12.2015
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	-273713	47785
In the balance sheet at the end of the accounting period	-2874410	-2600697
Equity		
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

1.The company provides information

1.1.Average number of employees in the reporting period is 17.

1.2.The accounting policy and compliance with the assumption that the company will continue operating further on:

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”.

The financial statements give a true and fair view on the company’s assets, liabilities, financial position and profit or loss. To provide a true and fair view of the 2016, the amounts which exceed 3000 EUR are explained.

Accounting principles

The accounting policy of the Company was developed to ensure that the information:

- is applicable for decision making;
- is credible and fairly presents the results of activities and the financial position;
- reveals economic essence of a deal;
- is not prejudiced;
- is prudent;
- keeps going concern principle;
- is complete in all essential aspects.

The financial statements are prepared in accordance with the following general principles:

- assume that the company will continue operations (the going concern principle);
The company owns a large real estate. It 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 continuation of economic activities will be ensured by the conclusion of contracts for the leasing of real estate, observing the principle to rent out more areas to one tenant.
- use the same accounting policies and estimation methods, which were applied in the previous accounting year;
- the financial statement items are recognized and measured using the precautionary principle, in particular taking into account the following conditions:
 - financial report includes only the profit gained up to the balance sheet date,

- shall take into account all the commitments, as well as the expected risk amounts and losses that accrued during the reporting year or previous years, even if they have become known during the period between the balance sheet date and the date when the annual accounts shall be signed
- any impairment of assets and depreciation amounts shall be calculated and taken into account, regardless of whether the year is a loss or a profit;
- the balance sheet and the profit or loss account items shall be indicated according to the accrual principle, namely, revenue and expenditure shall be indicated, taking into account the timing, not the cash receipt or disbursement date. Revenue and expenditure related to the accounting year shall be included regardless of the payment date or the date of receipt of the invoice;
- costs shall be coordinated with the revenue over the appropriate accounting period;
- the item amounts in the balance sheet at the beginning of the reporting year (opening balances) are the same as the item amounts in the balance sheet at the end of the previous year (ending balances);
- balance sheet asset items and liability items shall be evaluated separately;
- the amounts in the items of balance sheet or in the profit or loss account shall be revealed regarding their content and essence, not just their legal form.

Change of accounting policy

The company changes its accounting policy only if:

- a) a regulatory framework has been changed;
- b) due to the change in circumstances the existing accounting policy no longer meets the requirement for a true and fair view.

The regulatory framework has been changed if compared with the previous year. After entering into force the new law „The law on annual accounts and consolidated annual accounts” the company shall not calculate and reveal in the balance sheet the deferred tax assets or the deferred tax liabilities.

Up to this, in line with the precautionary principle, the company’s policy was not to reveal the result of deferred income tax if it would be reflected in the assets. Therefore the changes of policy did not affect the balance sheet of the previous year.

Foreign currency

The financial statements are calculated in Latvian national currency – euro (EUR)

Foreign currency is converted into EUR in accordance with the European Central Bank exchange rate for the last day of reporting period.

Foreign currency	31.12.2016	31.12.2015
USD	1,0541	1,0887
RUR	64,30000	80,6736

The result of fluctuation in foreign exchange rates is reflected as a profit or a loss in the profit or loss account.

Fixed assets

Fixed assets are recorded at the cost of acquisition. Depreciation of fixed assets is calculated using the straight-line method. The fixed assets are reflected in the balance sheet in net value. The removal of a fixed asset is revealed in accountancy in the year when it is disposed or liquidated. The revenue and costs from the dispose or liquidation of a fixed asset include in the profit or loss account in net value.

Long-term financial investments

Investments in the capital of the associated company are recorded at the cost.

The value of shares, obtained on foreign currency, is converted into EUR in accordance with the European Central Bank exchange rate for the last day of reporting period.

The company shall recognize revenue only when it receives distribution of cumulated profit from the associated company.

Stock

Stocks initially are valued at purchase price or production cost.

The weighted average price method is used for calculations of balance value of the stock, used amounts or production cost. On the date of balance sheet inventory balance value shall be corrected to adjust it either to the cost of acquisition or production cost price or to the lowest market price depending upon which of these indicators is the lowest. Long stored inventory items shall be valued in conformity with net sale value. The reduction of value of stocks recognize as costs in the accounting year in which the relevant reduction of value is established. The carrying value of the items of inventory recognize as costs in the accounting year when the inventory is sold.

Stock of materials and purchased parts is estimated using weighted average prices.

The stock of finished goods is valued in accordance with net sale value.

Accounts receivable

The accounts receivable are indicated in the balance sheet in conformity with the accounting register data. If there arise any doubts about the possibility to recover them, the company may create accruals in the reporting year in amount of doubtful debts simultaneously including the same amount as costs in the profit or loss account. In this case the debtor debt balances shall be shown in the balance sheet at their net value, which is calculated excluding the balances of the established bad debt reserves from the accounting value of the debts according to the data of the register.

Creditors

The creditors shall be recorded in the balance sheet in short-term creditors and long-term creditors depending on debt payment or settlement date. The long-term creditors include those amounts of obligations the payment of which is due more than 12 months after the end of the accounting year and which have arisen because of financing of long-term investments and business assets or to cover obligations which are not included in short-term creditors. The short-term creditors include amounts becoming due within the next 12 months after the reporting year and other liabilities arising in the normal operating cycle.

Co-financing

Received co-financing of capital investments is treated as deferred income and gradually included in revenues during the useful life of fixed assets.

Accrued obligations

Balance sheet item “Accrued obligations” include clearly known liabilities to suppliers and contractors on the goods or services received during the accounting year for which the invoice is not yet received on the balance sheet date. These amounts shall be calculated on the bases the price specified in the contract and the actual supporting document on receipt of goods or services.

The estimated amount of provisions for unused vacations is also revealed as accrued obligations. It is calculated by multiplying the average wage per day of each of the employees in the reporting year by the amount of his accrued but not used vacation days at the end of the reporting year.

Revenue recognition principles

The net turnover is the total value of goods sold during the reporting period, as well as revenue from rent, what applies to this period.

Revenue from the sales of goods is recognized when the buyer has received the item and signed the consignment note.

Revenue from services is recognized when the service is provided and invoiced.

Revenue arising from the use by others of enterprise assets is recognized when it is believable that the enterprise will receive economic benefits from the transaction and the amount of revenue can be reliably measured.

Costs recognition principles

Costs are recognized in accordance with the accrual principle in the period in which they have incurred regardless of the invoice date.

The item "Production costs of sold goods and services" reveal the cost of production or the cost of acquisition of sold goods and the cost of provided services, including the real estate tax.

The item "Sales costs" include the costs which have arisen during the process of sales, transportation or storage and shall refer to the accounting year.

The item "Administrative expenses" means the part of the staff and other operating costs, which have occurred during the reporting period in the process of management, control and administration of the company.

Loan costs associated with the loans, are included in expenses in the period to which they relate and are listed under "interest payments and similar costs".

Significant assumptions and estimates

In accordance with Latvian legislative requirements, management shall make estimates and assumptions when preparing the financial statements. Actual results may differ from these estimates.

The period of use of the fixed assets

The management of the company defines asset useful life based on historical information and assessing the current condition of the asset.

Recoverable value of debts

The recoverable value is evaluated separately for each client. The management has evaluated the receivables and acknowledged that they are actually recoverable in full value.

Inventory valuation

In inventory valuation the management relies on knowledge, taking into account the basic information and assumptions on probable future events and circumstances – sales probability and potential sales value. The management has recognized that the inventory is valued in accordance with the lowest sales price.

1.3. Pledged assets

Upon the bank credit of 315000 EUR, real estate on Klijanu Street 2 is pledged as security. Loan repayment date is April 15, 2019. The outstanding amount on 31.12.2016 is 300000 EUR.

1.4. Events after the balance sheet date

There have not been any significant or extraordinary events between the last day of the reporting year and the day when the management signed the report that could essentially influence data or financial position of the company.

2. The correction of figures of previous accounting 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
<u>PROVISIONS</u>		
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

3. Comment on items of Assets in the balance sheet

3.1. Fixed assets

Items	Land	Buildings and constructions	Equipment and machinery	Other fixed assets and inventory	Total
Historical cost on January 1, 2016	88826	3839771	959191	21759	4909547
Disposals			200418	5220	205638
Historical cost on December 31, 2016	88826	3839771	758773	16539	4703909

Accumulated depreciation on January 1, 2016	0	299051	367839	21759	688649
Charge for the year		71587	104700		176287
Disposals			200418	5220	205638
Accumulated depreciation On December 31, 2016	0	370638	272121	16539	659298

Net book value on January 1, 2016	88826	3540720	591352	0	4220898
Net book value on December 31, 2016	88826	3469133	486652	0	4044611

3.2. Long-term financial investments

	Participation in the capital of associated companies
Value in balance sheet on 01.01.2016.	12630
Changes in the currency exchange rate	414
Value in balance sheet on 31.12.2016.	13044

3.3. Other loans and long-term debtors

No.	Value on 01.01.2016.	Changes during the reporting period	Value on 31.12.2016.
1.	0	+58050	58050

The loan was given on 2016. Its repayment period exceeds one year, therefore the residual amount is split and reflected in two items of the balance sheet:

Other loans and long-term debtors	58050
Included in other short-term debtors	<u>31500</u>
The total amount of loan	89550

3.4. Raw materials and consumables

Stock in the volume of 27555 EUR consists of purchased materials in total of 5179 EUR and components in total of 22376 EUR. Balances are assessed using the weighted average price method.

3.5. Finished goods and goods for sale

The stock in volume of 43602 EUR consists of selfmanufactured products. Balances are assessed using the net sales price.

3.6. Purchasers' debts

On 31.12.2016 the purchasers' debt 69140 EUR is a debt of 5 customers for the sold products manufactured in the company. Compared with the previous year, the receivables decreased by 64%. The management of the company has evaluated the receivables and acknowledged that they are actually recoverable in full value.

3.7. Other debtors

	31.12.2016	31.12.2015
Sold real estate	133784	156474
Sales of fixed assets	40550	40550
Sales of materials and components	57252	55592
Loan*)	31500	0
Overpaid value added tax	615	5637
Other	51	9902
Total	263752	268155

The management of the company has evaluated these receivables and acknowledged that they are actually recoverable in full value.

*)see also note No 3.3

4. Comment on items of Liabilities in the balance sheet

4.1. Information concerning the shares

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

Information pursuant to the requirements set out in Financial Instrument Market Law section 56.¹ -information to be additionally included in the financial statements

Regulatory requirements	Compliance
Information on the capital structure, share categories, the rights and obligations arising from each category of the shares and the percentage of the share capital, by specifying separately the number of the shares which are not included in regulated markets	Total amount of issued shares is 3565509. 1762786 are bearer' shares, which are circulated in the regular market. 1802723 are registered shares, which are not involved in regular markets. All the shares have equal rights.
Details on the restrictions applicable to share transfers or the need to get the consent of the company or other shareholders for the alienation of the shares	None
Persons who have directly or indirectly acquired a substantial holding in the company, as well as their interests	JSC "Baltijas Holdings" 43,9% Ltd. "Tehprojekts" 43,9%
Shareholders who have special control rights; description of the rights	None
The manner in which the company will use the voting rights arising from the shares of employees if they are not used by employees themselves	Such category of shares does not exist
Shareholders' agreement, which is known to the company and can result in restrictions on the transfer of the shareholders' equity or voting rights to other persons, including the terms and conditions providing for a prior approval of such transfer	None
Terms governing the election of Board members, changes in the composition of the Board and amendments of Articles of Association	In accordance with the Articles of Association and legislative requirements
The authority of the members of the board, including the authority to issue or to repurchase shares	The authority of the members of the board are determined in the Commercial Law. The members of the Board are not authorised to issue or to repurchase shares without the authorisation of the shareholders' meeting
All significant agreements and contracts, concluded by the company under which in the case of change of the control they will become effective, the term of which will expire or which will be modified, as well as the effect of their entry into force, termination or amendment	None
All agreements between the company and its members of the board, providing for the payment of compensation in the event of the loss of the office, when they are dismissed without sufficient cause or when they are dismissed after expressing the offer to repurchase the shares.	None

4.2. Loans from credit institutions which are covered with security

The outstanding amount of bank credit on 31.12.2016. is 300000 EUR. Real estate on Klijanu Street 2 is pledged as security. Loan repayment date is April 15, 2019.

The loan was taken on 2016. Its repayment period exceeds one year, therefore the residual amount is split and reflected in two items of the balance sheet:

Long-term loans from credit institutions	195000
Short-term loans from credit institutions	<u>105000</u>
The total amount of loan	300000

4.3. Next period income

The company has received KPFI funding under the projects for reconstruction of the office building according to low energy consumption requirements, as well as for industrial building and administrative buildings to improve energy efficiency. Received co-financing of capital investments is treated as deferred income and gradually included in revenues during the useful life of fixed assets. Therefore the residual amount is reflected in two items of the balance sheet:

	31.12.2016	31.12.2015
Reconstruction of the office building according to low energy consumption requirements	965221	983665
Reduction of greenhouse effect gas emissions, improving energy efficiency in the industrial building	605796	655711
Improving of energy efficiency in the administrative building	381900	400435
Total	1952917	2039811
Long- term creditors-next period income	1866023	
Short- term creditors-next period income	86894	

4.4. Accounts payable to suppliers and contractors

	31.12.2016	31.12.2015
For materials and components	40796	78168
For received services	7505	8494
Total	48301	86662

Compared with the previous year, the payables decreased by 44%.

4.5. Taxes

	31.12.2016	31.12.2015
Personal income tax	1403	737
The mandatory state social insurance contributions	1812	1226
Business risk fee	6	6
Cars' tax for enterprises	0	57
Total	3221	2026

4.6. Other creditors

Calculated, but yet unpaid salaries 4062 EUR.


4.7. Accrued obligations


	31.12.2016	31.12.2015
In the reporting year received services, on which the invoice is not yet received on the balance date	3153	2587
Estimated amount for accrued unused vacation days	8470	6358
Total	11623	8945


5. Comments to profit or loss account

	<u>2016</u>	<u>2015</u>
5.1 Production costs of sold goods and services	316318	751275
-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
5.2 Administrative expenses, total :	36905	48948
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
5.3 Other income from economic activities	108605	607735
- 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


5.4 Other costs of economic activities:	70117	315827
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"

March 27, 2017