

JOINT STOCK COMPANY

**‘KURZEMES ATSLEGA 1’
LV40003044007**

**FINANCIAL REPORT FOR FIRST 9MONTHS
OF THE YEAR 2017
(NON-AUDITED)**

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1.Information on enterprise.

Name	” KURZEMES ATSLEGA 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 %	<p>JSC”Kurzemes atslega”- 48.36% Olivers Wiederholds – 19.82 % SIA”Aizputes atslegas” – 8.5 % Liepājas rajona SIA firma”Gutta”-5.3% Others -18.02% Council and board members do not own shares.</p>
Members of Supervisory Council	<p>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</p>
Members of Board	<p>Agris Kārklīņš - Chairman of Board (to 21.07.2017) Peteris Fridenbergs-Chairman of Board (of 21.07.2011) Aldis Ozols - Member of Board Ieva Niedoliņa - Member of Board(to 11.05.2017) Agris Rastihins - Member of Board (of 11.05.2017 to 21.07.2017) Aiga Ozola –Member of Board (of 21.07.2017)</p>
Cief account	Irēna Burve
Reporting period	01.01.2017 – 30.09.2017
Previous reporting period	01.01.2016 – 30.09.2016
Auditors	<p>SIA”Nexia Audit Advice (License no 134) Certified auditor Marija Jansone (Certificate Nr.25)</p>

Managerial report

Joint Stock Company "KURZEMES ATLEGA 1" produces door locks, ironware, furniture fittings, forged products, production tools etc.

The fixed capital of the JSC "KURZEMES ATLEGA 1" is 1285401 EUR, net turnover has 1302276 EUR.

During the nine months of the 2017 net turnover is up by 145425 EUR or 12.5% in comparison with the same period of the 2016. Losses for 9 months of the 2017 is 102450 EUR. Losses per share 0.11 EUR.

Volume of sold production divides as follows:

9 months of the 2017

- sold in local market (Latvia) – 57.5%,
- EU deliveries 36.2%
- export – 6.3%

States	30.09.2017 EUR	%	30.09.2016 EUR	%
Latvia	748677	57.5	658291	56.9
Lithuania	309050	23.7	256382	22.2
Uzbekistan	72639	5.6	58859	5.1
Estonia	132414	10.2	141741	12.2
Russia	9068	0.7	6436	0.5
Other	30428	2.3	35425	3.1
Total	1302276	100	1157134	100

9 months of the 2016

- sold in local market (Latvia) – 56.9 %,
- EU deliveries 37.5%
- export – 5.6 %

Number of employees in 9 months of the 2017 is 88, average salary 553 EUR.

Number of employees in 9 months of the 2016th was 79, average salary 506.4 EUR. In comparison with corresponding period of previous period, average salary is up by 9.2%.

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.

The market research continues with the aim to diversify the range of production.

The cooperation with the leading Latvian construction companies continues, in order to acquire the production of new building structures.

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:

Peteris Fridenbergs

Board members:

Aldis Ozols

Aiga Ozola

Statement of responsibility of direction.

Non-audited report of the first 9 months 2017 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.

Responsibility for non-audited report of the first 9 months 2017 bears the Board of joint stock company "KURZEMES ATSLEGA 1".

The Board of AS "KURZEMES ATSLEGA 1":

Chairman of the Board:

Peteris Fridenbergs

Board members:

Aldis Ozols

Aiga Ozola

BALANCE SHEET FOR 9 MONTHS OF 2017

ASSETS 1	Row code	30.09.2017. EUR	30.09.2016. EUR
1.LONG TERM INVESTMENT			
1.Concesions, patents, licenses		0	0
2. Expenses of development		0	0
Total		0	0
I. Intangible fixed assets			
II. Fixed assets			
1. Land, building.		515402	529191
2.Equipment and machinery		69775	60717
3.Other fixed assets		9213	8334
4.Fixed assets development costs		5822	21670
5.Prepayment for fixed assets		0	0
II Total fixed assets		600212	619912
1.Total LONG TERM INVESTMENT		600212	619912
2.CURRENT ASSETS			
1.Inventories			
1.Raw materials		403603	494852
2.Work in progress		262990	284687
3.Finished goods and goods for sale		114396	122112
5.Advance payment for goods		27971	7476
I. Total inventories		808960	909127
II. Debtors			
1.Trade debtors	1	188600	152878
4.Other debtors		25030	28494
7.Deferred expenses		0	0
II. Total debtors		213630	181372
III. Securities and capital participation			
IV . Cash		8583	68705
2.Total current assets		1031173	1159204
Total assets		1631385	1779116

LIABILITIES 1	Row code	30.09.2017. EUR	30.09.2016. EUR
1.CAPITAL			
1.Share capital	2	1285401	1285401
3.Revaluation reserve		22193	22193
4.Reserves			
a)legal reserves		21000	21000
4.Total reserves			
5.Retained profit			
a) previous years retained profit		72895	301360
current year profit		(102540)	(125458)
1Total Capital and reserves		1298949	1504496
3.CREDITORS			
1.Long term creditors			
Deferred tax	3	57148	61025
1.Total long term creditors		57148	61025
2.Short-term creditors			
3. Other loans		0	0
4..Bank loan		26724	24600
5.Advances received from customers		30911	16717
6.Trade creditors		105074	95297
8.Accounts payable to associated companies	4	16461	0
10.Taxes and social security payments	5	30386	21016
11.Other creditors	6	26320	25797
Deferred income			
Deferred liabilities		39412	30168
2. Total short-term creditors		275288	213595
Total creditors		332436	274620
Total liabilities		1631385	1779116

Chairman of the Board:

Peteris Fridenbergs

Board members:

Aldis Ozols

Aiga Ozola

4. Profit and loss account

N.	Item	line No	30.09.2017.	30.09.2016.
			EUR	EUR
1	Net sales	1	1302276	1157134
2	Cost of sales	2	(1288847)	(1183653)
3	Gross profit		13429	(26519)
4	Distribution expenses	3	(51969)	(36077)
5	Administration expenses	4	(64577)	(62548)
6	Other operating income	5	32659	25714
7	Other operating expenses	6	(30771)	(21234)
8	Income from participation in subsidiary capital		0	0
10	Income from other interest and similar incomes		0	0
11	Long term investments and short-terms bond write-off		0 0	0 0
12	Interest paid and similar expense		(1311)	(733)
13	Operating profit		(102540)	(121397)
14	Extraordinary income		0	0
15	Extraordinary expenses		0	0
16	Profit before taxes		(102540)	(121397)
16	Corporate income tax		0	0
17	Other taxes		0	(4061)
18	Net profit for the year		(102540)	(125458)

Chairman of the Board:

Peteris Fridenbergs

Board members:

Aldis Ozols

Aiga Ozola

2.3.Cash flow statement.

(Cash flow statement, prepared using indirect method)

Indices	Appendices	30.09.2017.	30.09.2016.
		EUR	EUR
I. Operation activities			
1. Profit or loss before extraordinary items and taxes.		(102540)	(121397)
Corrections:			
a) Wear and tear of fixed assets;		22968	42287
b) Value cancellation if long-term investments;			
c) Formation of reserves (except the reserves for unreliable debt);			
d) Profit or loss from fluctuation of foreign currency exchange rate;		5155	1248
e) Interest received		1310	733
f) Proceeds from partnership in capital of subsidiary company and associated enterprises			
g) Proceeds from no securities and loans, that have been made long-term investment			
2. Profit or loss before corrections of effects of changes of current assets and short-term liabilities		(73107)	(77129)
Adjustments:			
a) Increase or decrease of residues of debts of debtors;		(51885)	59262
b) Increase or decrease of residues of resources;		56961	(3911)
c) Increase or decrease of remains of debts to be paid to suppliers, contractors and other creditors.		76300	31634
3. The gross cash flow of basic activity.		8269	9856
4. Expenses for payments of enterprise income tax		0	(2680)
5. Expenses for fixed asset tax payments		0	(4061)
6. The net cash flow of basic activity		8269	3115
II. Investing activities			
1 Purchase of fixed assets and nonmaterial investments		(2275)	(5164)
9. Net cash flow used in investing activities		(2275)	(5164)
III. Financing activities			
2. Loans received		(7505)	(14724)
3. Financial aids, pump-priming, presents or donations received			
4. Expenses for repayment of loans		(1310)	(733)
7. Net cash flow of financing activity		(8815)	(15457)
IV. The result of exchange rate fluctuations of foreign currency.		(5155)	(1248)
V. The net cash flow of year of account		(7976)	(18754)
VI. The reminder of currency and its equivalents at the beginning of year of account.		16559	87459
VII. The reminder of currency and its equivalents at the end of year of account.		8583	68705

JSC "KURZEMES ATSLEGA 1"
 reg.No.40003044007
 Taxpayer No.LV40003044007
 Address : Kalvenes str.27,Aizpute

STATEMENT OF CHANGES IN EQUITY

FOR 9 MONTHS OF 2017

(EUR)

	Share capital	Revaluation reserve	Reserves	Retained profit	Total
As of 31.December 2015	1285401	22193	21000	301360	1629954
Current year profit				(228465)	(228465)
Reserve					
dividend paid					
As of 31.December 2016	1285401	22193	21000	72895	1401489
dividend paid					
Current year profit				(102790)	(102790)
Reserves					
As of 30 September 2017	1285401	22193	21000	(29895)	1298699

Information for the ‘Balance sheet’.

1. Trade debtors.

	30.09.2017. EUR	30.09.2016. EUR
Trade debtors	210445	175701
Reserve for debts	21845	22823
Net Value trade debtors	188600	152878

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

- in public returns 656356 ,
- in closed register 261788.

48.36% (443976 equities) of share capital belongs to A/S ‘KURZEMES ATSLEGA’, reg.40003253124.

17.3% (158454 equities) of share capital belongs to Oliver Wiederhold

8.5% (78117 equities) of share capital belongs to SIA ‘Aizputes atslēga’

6.8%(62098 equities) of share capital belongs to SIA ‘Gutta’

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 Company’s 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.

3. Other borrowings (long term creditors)

Creditors	30.09.2017. EUR	30.09.2016. EUR
Deferred tax	57148	61025
Deferred income	0	0
Total	57148	61025

4. Accounts payable to associated companies

Creditors	30.09.2017. EUR	30.09.2016. EUR
AS "Kurzemes atslēga"	16461	0

5. Taxes and Obligatory payments of the state social insurance

Kind of taxes	30.09.2017. EUR	30.09.2016. EUR
Income tax of inhabitants	6516	6190
Obligatory payments of the state social insurance	14027	13435
Value added tax	9649	1219
Other tax	194	172
Total	30386	21016

6. The rest of creditors.

Kind of creditors	30.09.2017. EUR	30.09.2016. EUR
Wages for September	21558	21530
Other creditors	4762	4267
Total	26320	25797

Information for the "Profit and loss account".

1. Net sales

Modus operandi	30.09.2017. EUR	30.09.2016. EUR
Incomings from production of locks and ironmongery	1186445	1071039
Incomings from sales of goods in shop	22592	24930
Incomings from rendering of services	67334	34189
Incomings from rendering of public facilities	25905	26976
Total:	1302276	1157134

2. Production costs of sales.

The main elements of expenses	30.09.2017. EUR	30.09.2016. EUR
Material costs	619416	594584
Wages	340354	301405
Obligatory payments of the state social insurance	79715	69066
Electrical energy	71778	68314
Costs of depreciation of fixed	22968	42287
Environment protection expenses	50306	39050
The rest of expenses	7938	5839
Import duty	2077	4128
Services received	42690	64050
Expenses in total	1237242	1188723
Correction of expenses		
Changes of remains of unfinished production	57151	2412
Changes of remains self-made fixed assets	0	0
Changes of remains of self-made punches, molds and materials	0	(299)
Changes of remains of complete product	(5546)	(7183)
Total	1288847	1183653

3. Distribution expenses

The main elements of expenses	30.09.2017. EUR	30.09.2016. EUR
Wages	10945	8285
Social expenses	2546	1932
Marketing services	25883	22439
The rest of expenses	12595	3421
Total	51969	36077

4. Administration expenses.

The main elements of expenses	30.09.2017. EUR	30.09.2016. EUR
Wages	47715	47421
Social expenses	9993	11222
The rest of expenses	1183	1068
Telecommunication service	2196	1073
Cash turnover expenses	3490	1764
Total	64577	62548

5. The rest of incomes for economic activity

Sort of revenue	30.09.2017. EUR	30.09.2016 EUR
Sales of current assets	32298	24906
Sales of Fixed assets	361	803
The rest of incomes	0	5
Total	32659	25714

6. The rest of expenses for economic activity of enterprise

Heads of expenditure	30.09.2017. EUR	30.09.2016. EUR
Expenses for social sphere	948	967
Losses from exchange rate fluctuations	11587	2051
Expenses, unrelated with economic activity, donations	5517	5533
Harm recompense	12368	12329
Other expenses	351	354
Heads of expenditure	30771	21234

Chairman of the Board:

Peteris Fridenbergs

Board members:

Aldis Ozols

Aiga Ozola

