



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

Reg.No. 4 0003030454  
Address: Klijanu str. 18, Riga, LV-1013

**Annual report  
January 1, 2017 – December 31, 2017**

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

**(Audited)**

**Riga, 2018**

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## Information about the Company

Name of the company	Rigas autoelektroaparatu rupnica
Legal form	Joint stock company
Registration number, place and date	000303045, Riga, April 22, 1998 Deregistration in Commercial register: 40003030454, Riga, June 30, 2004
Address	18, Klijanu street, Riga, Latvia, LV-1013
Main activities	NACE 2712 manufacture of electric equipment NACE 6820 renting and operating of own real estate
Average number of employees	15
Names, surnames, positions of the members of the board	Eriks Kazha - Chairman of the Board Gunars Lubis –Member of the Board Maksym Araslanov- Member of the Board
Names, surnames positions of the members of the council	Edgars Lubis – Chairman of the Council Viktors Rojs- Deputy Chairman of the Council Zane Lube – Member of the Council Nina Kazha – Member of the Council Galina Kraveca – Member of the Council
Reporting year	January 1 – December 31, 2017
Main shareholders, registration number and address	Basing on the list of shareholders prepared on October 31, 2017: 1.JSC „Baltijas Holdings”-43.9 % Reg.Nr.40003148033, 18, Klijanu street, Riga 2.„Tehprojekts”,Ltd.- 43.9% Reg.Nr. 40103020397, 12,Unijas street, Riga 3.Other physical and legal persons 12.2%
Certified auditor	Auditors'office Gatis Sviklis Lāsma Svikle SIA Company license Nr. 202 123 -15, Kr. Valdemara str. Riga, LV-1013 Latvia  Responsible sworn auditor: Gatis Sviklis Sworn auditor's certificate Nr. 202

## Management report

### Main activities

The registered operating activities of JSC “Rīgas autoelektroaparātu rūpnīca” in 2017 were the production of control and measuring devices for motorcars and tractors and renting and management of its real property. Currently, the company has completely ceased the production and will continue to deal only with the renting of real estate.

### Economic activities in the reporting period

The Company's economic activity in 2017 wasn't successful.

Net turnover of the Company in 2017 is 5, 6 thousand EUR, including 0, 5 thousand EUR sales of production and 5, 1 thousand EUR renting of real estate.

The result of economic activities in 2017 is loss 285562 EUR.

Average number of employees in the reporting period is 15, including 3 members of the Board and 5 members of the Council.

Financial performance:

	2017	2016
Earnings per share	-0,08	-0,077
Return on assets	-6,66%	-5,85%
Return on equity	-5,72%	-5,48%
Current liquidity	0,66	1,55
Solvency indicators		
Financial dependency ratio	0,53	0,51
Ratio of commitments to equity	1,12	1,06
Share of equity in balance sheet	0,47	0,49

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. The basic concept of management is to lease as much space as possible for one tenant, and therefore negotiations with stakeholders are long-lasting. Negotiations with potential tenants are ongoing.

Because of investments in the modernisation of real estate, the company received a 315000 EUR credit from Meridian Trade Bank in 2016. In 2017, the company agreed with the bank on extending the repayment deadline until September 25, 2021. Credit liabilities are regularly executed. On December 31, 2017 the remaining amount of credit is EUR 223389.

JSC “Rīgas autoelektroaparātu rūpnīca” has neither foreign mission nor branch.

JSC “Rīgas autoelektroaparātu rūpnīca” holds a 27.5% stake in the Belarus Joint Undertaking with limited responsibility “ETON-AVTO”.

### Significant risks and uncertain conditions

The result of economic activities of the Company in 2017 is loss 285562 EUR and on December 31, 2017 the company's short-term liabilities exceeded its current assets by EUR 285562. The short-term liabilities include the next period income for the received co-financing at 86894 EUR for which the outflow of funds will not occur in 2018. The company owns a large real estate. It has invested great work and a lot of money in improvement and reconstruction to improve the effectiveness of expenditure of energy. Autonomous heating system is created. The continuation of economic activity will be ensured by entering into contracts for renting the real estate, taking into account the principle of leasing as much space as possible for a single tenant. A protocol on intentions is currently signed and the lease contracts for real estate are expected to be concluded in 2018. So the Company's management predicts it won't have liquidity problems and the Company will be able to settle with creditors within the deadline set. Therefore, the management of the Company considers that the assumption of continuation of activity is applicable in the preparation of this financial statement.



## Management report (continuation)

### Financial risk management

The company's most significant financial instruments are borrowing from banks and money. The main task of these financial instruments is to ensure the financing of the company's economic activities. The company also has several other financial assets and liabilities, such as buyers and customer debts and debts to suppliers and contractors resulting from its economic activities. The company is exposed to market risk, credit risk, liquidity risk and cash flow risk in relation to its financial instruments.

Market risk is a risk that changes in market factors such as foreign exchange rates, interest rates and commodity prices will affect the company's earnings or the value of its owned financial instruments. Market risk includes currency risk and interest-rate risk.

The risk of interest rates is the risk of losses due to changes in interest rates on the company's assets and liabilities. The company is at risk of a change in market interest rates due to its long-term liabilities, which have a variable interest rate.

The company's borrowing is at a variable interest rate. The company manages the risk of interest-rate changes by regularly evaluating borrowing interest rates available on the market.

The company's activities are not directly exposed to the risk of fluctuations in foreign exchange rates because transactions with customers, as well as settlement with suppliers, are taking place in the euro. 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.

Financial resources potentially exposing the company to a certain degree of credit risk concentration are mainly cash and purchaser and customer debts. At the end of the reporting period, the company was not exposed to a significant degree of credit risk concentration because in 2017 the company has introduced and respected the credit policy by selling goods on credit only to customers with a good solvency. Considering that stocks of remaining items are small in the warehouse, the potential effect of this risk is still decreasing. The debts of buyers and customers are presented in the recoverable value. The company's partners in cash transactions are local financial institutions with an appropriate credit history.

The company respects the prudential management of liquidity and cash flow risk, ensuring that adequate credit resources are available for the settlement of commitments within the deadlines set. The management of the company manages the risk of liquidity and cash flow by continuously monitoring forecasted and actual cash flows and harmonizing the term structure of financial assets and liabilities.

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

### 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 on December 31, 2017..

### Future prospects and further development

Next year, it is intended to sell the remaining stocks of finished products from the warehouse and actively seek the possibility of leasing the buildings owned by the company.


The board of JSC „Rigas autoelektroaparatu rūpnīca” proposes to cover the losses of 2017 in the coming years.



Eriks Kazha  
Chairman of the Board



Gunars Lubis  
Member of the Board



Maksym Araslanov  
Member of the Board

March 16, 2018

## 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 law „On accountancy”, „Law On the Annual Financial Statements and Consolidated Financial Statements” 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” in compliance with the assumption that the company will continue operating further on. and gives a true and fair view on the financial situation on December 31, 2017 and its financial results and cash flow in the year ended on December 31, 2017.. 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 16, 2018

## Corporate Governance report

JSC „Rigas autoelektroaparatu rupnica” Corporate Governance Report of the year 2017 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 2017 and published at the official web site of NASDAQ Riga.

On behalf of JSC “RAR”



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E.Kazha  
Chairman of the Board

March 16, 2018

**PROFIT OR LOSS ACCOUNT**  
**For the year 2017**

	Annex	2017 EUR	2016 EUR
Net turnover		5566	48373
The cost of production of the products sold, the cost of purchase of goods sold or services provided	1	269715	316318
<b>Gross profit or loss</b>		<b>-264149</b>	<b>-267945</b>
Sales costs	2	51	-
Administrative expenses	3	21239	36905
Other income from economic activities	4	113347	108605
Other costs of economic activities	5	95859	70117
Interest payments and similar expenses	6	17611	7351
Profit or loss before income tax		-285562	-273713
Income tax		-	-
<b>Profit or loss for the accounting period</b>		<b>-285562</b>	<b>-273713</b>
 <b>Earnings per share</b>		 <b>-0,08</b>	 <b>-0,077</b>

Annexes from page 13 to 22 are an integral part of this financial statement.



## BALANCE SHEET on December 31, 2017

### ASSETS

#### LONG-TERM INVESTMENTS

##### Intangible investments

Patents, licenses and similar rights

##### Total intangible investments

##### Fixed assets

Land, buildings and constructions

Technological equipment and devices

##### Total fixed assets

##### Long-term financial investments

Participation in the capital of associated companies

Other loans

##### Total long-term financial investments

##### Total long-term investments

#### CURRENT ASSETS

##### Inventory

Raw materials, basic materials and consumables

Finished goods and goods for sale

Advance payments for goods

##### Total inventory

##### Debtors

Purchasers' debts

Other debtors

Next period costs

##### Total debtors

##### Cash

##### Total current assets

##### TOTAL ASSETS

Annex	31.12.2017 EUR	31.12.2016 EUR
	77	-
7	77	-
	3486371	3557959
	381952	486652
8	3868323	4044611
9	11465	13044
10	43600	58050
	55065	71094
	3923465	4115705
	17301	27555
	34289	43602
	3	1
11	51593	71158
12	64737	300777
13	16182	32115
14	776	44
	81695	332936
	666	257
	133954	404351
	4057419	4520056

Annexes from page 13 to 22 are an integral part of this financial statement.

## BALANCE SHEET on December 31, 2017

### LIABILITIES

	Annex	31.12.2017 EUR	31.12.2016 EUR
<b><u>EQUITY</u></b>			
Share capital	16	4991713	4991713
Other reserves – the result of denomination		81549	81549
Retained profit or losses brought forward from previous years		-2874410	-2600697
Un-distributed profit or losses for the accounting year		-285562	-273713
<b>Total equity</b>		<b>1913290</b>	<b>2198852</b>
<b><u>CREDITORS</u></b>			
<b>Long term creditors</b>			
Loans from credit institutions	17	163389	195000
Next period income	18	1779129	1866023
<b>Total long term creditors</b>		<b>1942518</b>	<b>2061023</b>
<b>Short term creditors</b>			
Loans from credit institutions	17	60000	105000
Other loans		1080	1080
Accounts payable to suppliers and contractors	19	11077	48301
Taxes and State mandatory social insurance payments	20	21207	3221
Other creditors	21	17218	4062
Next period income	18	86894	86894
Accrued obligations	22	4135	11623
<b>Total short term creditors</b>		<b>201611</b>	<b>260181</b>
<b>Total creditors</b>		<b>2144129</b>	<b>2321204</b>
<b>TOTAL LIABILITIES</b>		<b>4057419</b>	<b>4520056</b>

Annexes from page 13 to 22 are an integral part of this financial statement.

## STATEMENT OF CASH FLOWS for the year 2017

	2017 EUR	2016 EUR
<b>I. Cash flow from operating activities</b>		
1 Income from sales and services	81549	179032
2 Payments to suppliers, to employees and other expenses for production	-123195	-218034
3 Other income or expenses for economic activities	11874	3964
4 Cash flow from gross operating activities	-29772	-35038
<b>5 Net cash flow from operating activities</b>	<b>-29772</b>	<b>-35038</b>
<b>II. Cash flow from investment activities</b>		
1 Sales of intangible and fixed assets	86832	42050
2 Given loans	-	-94050
3 Proceeds from the loan repayment	30050	4500
4 Received interest	3991	3155
<b>5 Net cash flow from investment activities</b>	<b>120873</b>	<b>-44345</b>
<b>III. Cash flow from financing</b>		
1 Received loan	-	315000
2 The loan repayment expenses	-76611	-234818
3 Paid interest	-13732	-10481
<b>4 Net cash flow from financing</b>	<b>-90343</b>	<b>69701</b>
<b>IV. The result from currency rate fluctuations</b>	<b>-349</b>	<b>-410</b>
<b>V. Cash and cash equivalents increase or decrease</b>	<b>409</b>	<b>-10092</b>
<b>VI. Cash and cash equivalents at the beginning of the reporting period</b>	<b>257</b>	<b>10349</b>
<b>VII. Cash and cash equivalents at the end of the reporting period</b>	<b>666</b>	<b>257</b>

Annexes from page 13 to 22 are an integral part of this financial statement.

## STATEMENT OF EXCHANGES IN EQUITY IN 2017

	31.12.2017	31.12.2016
	EUR	EUR
<b>Share capital</b>		
In the balance sheet of the previous year	4991713	5073262
Denomination of shares from lats to euro		-81549
In the balance sheet at the end of the accounting period	4991713	4991713
<b>Other reserves (the result of denomination)</b>		
In the balance sheet of the previous year	81549	0
Exchanges of the reserve		81549
In the balance sheet at the end of the accounting period	81549	81549
<b>Retained profit</b>		
In the balance sheet of the previous year	-2874410	-2600697
Increase /decrease in retained earnings	-285562	-273713
In the balance sheet at the end of the accounting period	-3159972	-2874410
<b>Equity</b>		
In the balance sheet of the previous year	2198852	2472565
In the balance sheet at the end of the accounting period	1913290	2198852

Annexes from page 13 to 22 are an integral part of this financial statement.



## ANNEX TO FINANCIAL STATEMENTS

### Accounting policy

#### (a) Information about the company

The legal address of JSC “Rīgas autoelektroaparātu rūpnīca” is 18, Klijānu street, Rīga. The company is registered in Commercial Register and its' registration number is 40003030454. It is a public joint stock company. Its' main shareholders are JSC “Baltijas Holdings”, which owns 43,9% of share capital and Ltd. “Tehprojekts” which also owns 43,9% of share capital. The members of the board are Eriks Kazha (Chairmen of the board), Gunars Lubis (Member of the board) and Maxim Araslanov (Member of the board). The auditor of the company is Auditors'office Gatis Sviklis Lāsmā Svikle Ltd. and the responsible sworn auditor Gatis Sviklis.

#### (b) Bases for the preparation of the financial report

The report is prepared in accordance with the law „On accountancy”, „Law On the Annual Financial Statements and Consolidated Financial Statements” 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” in compliance with the assumption that the company will continue operating further on. On December 31, 2017 the Company complies with the small company category.

Profit or loss account is prepared in accordance with the function of expenses.

Statement of cash flows is prepared using the direct method.

#### (c) Principle of continuing the activity

The result of economic activities of the Company in 2017 is loss 285562 EUR and on December 31, 2017 the company's short-term liabilities exceeded its current assets by EUR 285562. The short-term liabilities include the next period income for the received co-financing at 86894 EUR for which the outflow of funds will not occur in 2018. The company owns a large real estate. It has invested great work and a lot of money in improvement and reconstruction to improve the effectiveness of expenditure of energy. Autonomous heating system is created. The continuation of economic activity will be ensured by entering into contracts for renting the real estate, taking into account the principle of leasing as much space as possible for a single tenant. A protocol on intentions is currently signed and the lease contracts for real estate are expected to be concluded in 2018. So the Company's management predicts it won't have liquidity problems and the Company will be able to settle with creditors within the deadline set. Therefore, the management of the Company considers that the assumption of continuation of activity is applicable in the preparation of this financial statement.

#### (d) Revenue recognition and net turnover

The net turnover is the total value of goods sold during the reporting period, as well as revenue from rent, minus value added tax.

Revenue from the sales of goods is recognized when the buyer has accepted the goods according to the terms of delivery of the goods. Revenue from services shall be recognized when they are provided.

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.

#### (e) Cash unit and foreign currency revaluation

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

Transactions in foreign currency are converted into euro at the rate on the day of the transaction (at the beginning of the day), which is estimated on the bases of conciliation procedure of the system of European Central Bank and other banks and is published on the internet site of European Central Bank.

On the last day of the reporting period, all monetary asset and liability items are translated into euro at the exchange rate published at the end of the day on the internet site of European Central Bank.

Foreign currency	31.12.2017	31.12.2016
USD/1 EUR	1,1993	1,0541

Gains and losses as a result of recalculation of the settlement of foreign currency transactions and foreign currency monetary assets and liabilities are included in the profit or loss account for the period.



#### **(f) Intangible investments and fixed assets**

Intangible investments and fixed assets are recorded at acquisition, net of accumulated depreciation. Acquisition value include the costs that are directly associated with the acquisition of the fixed asset are intangible investment. The acquisition value of purchased computer licenses include the acquisition cost of the license and the costs incurred during the implementation..

The land is not subject to the depreciation calculation. Other assets are depreciated on a straight-line basis over the useful life of intangible investments and fixed assets. To retract the acquisition value of the fixed asset and intangible investment until its estimated net book value at the end of its useful life, the management has detected the following rates:

	<b>% per year</b>
Intangible assets	20
Buildings and engineering structures	1-8,3
Technological equipment and devices	14-50
Other fixed assets and inventory	10-20

In cases where the value of an intangible investment or fixed asset balance is higher than its recoverable value, the value of the intangible investment or fixed asset in question shall be immediately written off to its recoverable value. The value to be recovered shall be the highest of the fair value of the intangible investment or fixed asset concerned, minus the cost of sale, or the values of use.

Subsequent costs are included in the asset book value or recognized as a separate asset only when there is a high probability that in future economic benefits associated with this item will flow to the company and the cost of such item may be determined. Such costs are written off during the remaining useful life of the asset. When capitalizing the cost of installed parts, the residual value of the replaced parts are written off and included in the profit or loss account.

The current repair and maintenance costs are included in the calculation of profit or loss for the period in which they are incurred.

Profit or loss from the disposal of fixed assets is calculated as the difference between the balance sheet value of the fixed asset and the revenue from the sale and included in the profit or loss account in the period in which they are incurred.

#### **(g) Stock**

Items are listed at the lowest cost or net sales value. The cost is calculated using the weighted average price method. Net sales value is the sales price of the normal company in the course of operation, minus the cost of completing and selling items. In cases where the net sales value of the items is below their cost, the stocks are created to reduce their value to net sales value.

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.

#### **(h)Accounts receivable and loans**

Receivables and loans on the balance sheet are reported at amortized acquisition value, minus savings for impairment. A reduction in the value shall be made in cases where there is objective evidence that the company will not be able to receive the receivables and loans at full value according to pre-established repayment deadlines. The amount of the stocks is the difference between the amount of accounting receivables and loans and their recoverable value. The amount of accruals is included in the profit or loss calculation.

#### **(i)Operational Lease - The Company is a tenant.**

Assets leased to an operational lease are presented in the composition of the fixed assets in the acquisition value, minus depreciation. Depreciation shall be calculated on the basis of a linear method for the useful life period of the fixed assets concerned, to write off the value of the fixed asset to its estimated residual value at the end of the useful life period, using the rates determined for similar fixed assets of the company. Rental receipts from operating leases and prepayments received from customers are included in the profit or loss calculation following the linear method during the lease period.



#### (j) Investments in the Capitals of Associate Societies

Investments in the capitals of associate companies are listed in the value of the acquisition minus the impairment losses. The company recognises income only if it receives a share of earnings from an associate company after the acquisition date. Amounts received exceeding this profit shall be considered as a recovery of the investment and shall be posted as a reduction in the value of the investment acquisition.

Where there is objective evidence that the value of the balance sheet has decreased in the investment associates, the impairment losses shall be calculated as the difference between the value of the investment balance and its recoverable value. The value to be recovered shall be determined as the largest of the following two indicators: the fair values of the investment minus the cost of sale and the values of use. Losses from the decline in the value of the investment may be reversed if, after the last time acknowledged losses on impairment, estimates that were used to determine the value reduction have changed.

#### (k) Subsidy

Grants received for special types of capital investment shall be listed as the income of the next periods, which shall be progressively included during the period of useful life of the fixed assets received or granted for grants. Grants for expenditure shall be recognised in revenue during the same period as the expenditure incurred, provided that all conditions relating to the receipt of the grant are fulfilled.

#### (l) Borrowings

Initially, borrowings are recognised in the amount of funds received, minus the costs associated with the receipt of borrowings. In subsequent periods, borrowings are presented at amortised acquisition value, which is determined using the effective interest rate of borrowing. The difference between the amount of funds received, minus the costs related to the receipt of borrowings and the value of the redemption of the borrowing, is gradually included in the profit or loss calculation.

#### (m) Accrued unused vacation costs

The estimated amount of provisions for unused vacations are calculated by multiplying the average wage per day during the last 6 months of the year 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.

#### (n) Cash and cash equivalents

Cash and cash equivalents consist of cash current bank account balances.

#### (o) Taxes

The annual corporate tax costs of the accounting year are included in the financial statement on the basis of the calculations made by the management under the tax legislation of the Republic of Latvia.

#### (p) Related parties

The related parties shall be considered the shareholders of the Company, The members of the Board, the members of The Council, their close family members as the companies where those persons have control or significant influence.

#### (r) Requalification of items

According to the rules of regulatory acts adopted, changes have been made to the classification of items in the accounting year compared to the previous period. Reclassification has no impact on the financial result. In the financial statement, benchmarks for the preceding period are classified according to the principles of the reference year and are comparable.

Customers relating to the other sales and services classified in previous years as "Other debtors" shall be classified as "Purchasers' debts" for 2017. For the data to be comparable, the figures of 31 December 2016 are reclassified.

Impact of reclassification of items on financial result	In the report of 2017 31.12.2016 EUR	Reclassification EUR	In the report of 2016 31.12.2016 EUR
Purchasers' debts	300 777	+231 637	69 140
Other debts	32 115	-231 637	263 752
	<b>332 892</b>	<b>-</b>	<b>332 892</b>
Impact on balance total		<b>-</b>	

## Annex - profit or loss account for the year 2017 (continuation)

	2017 EUR	2016 EUR
<b>(1) The cost of production of the products sold, the cost of purchase of goods sold or services provided</b>		
Costs of materials and sub-components including transport expenses, custom fees and import duties	4147	38466
Salaries	23514	34749
Social security payments	4979	6673
Costs of energy resources	15409	11522
Services related to the process of production	170	301
Depreciation of fixed assets	176288	176287
Real estate tax	43537	43537
Different other operating costs	1671	4783
	<b>269715</b>	<b>316318</b>
<b>(2) Sales cost</b>		
Other sales cost	51	-
	<b>51</b>	<b>-</b>
<b>(3) Administrative expenses</b>		
Salary and social security payments	6636	15854
Social security payments	1567	3622
Office maintenance costs	1705	1389
Bank services	1041	3603
Payments to Stock exchange	7120	7120
Annual report expenditure	2300	2140
Other administrative expenses	870	3177
	<b>21239</b>	<b>36905</b>
<b>(4) Other income from economic activities</b>		
Income from sales of fixed assets	-	16000
Remuneration for the use of intellectual property	15000	-
Income from sales of materials	4032	-
Income from sales of scrap metal	7131	3197
Next period income referable to reporting period	86894	86894
Net profit from foreign exchange rate fluctuations	-	1708
Other income	290	806
	<b>113347</b>	<b>108605</b>
<b>(5) Other costs of economic activities</b>		
Accruals for dubious debts of buyers and customers	82924	-
Fines	2633	333
Changes of material stock	10302	67321
Other expenses	-	2463
	<b>95859</b>	<b>70117</b>
<b>(6) Interest payments and similar costs</b>		
Net losses from foreign exchange rate fluctuations	7896	-
Interest payments	9715	7351
	<b>17611</b>	<b>7351</b>



## Annex – Balance sheet on December 31, 2017 - Assets (continuation)

### (7)Intangible investments

	Patents, licenses and similar rights	Total
Obtained	91	91
31.12.2017	91	91
Depreciation		
Calculated in 2017	14	14
31.12.2017	14	14
Residual balance value on 31.12.2017	77	77

### (8)Fixed assets

	Land	Buildings and constructions	Technological equipment and devices	Other fixed assets and inventory	Total
Historical cost					
31.12.2016	88 826	3 839 771	758 773	16 539	4 703 909
Written off	-	-	-7 910	-9 850	-17 760
31.12.2017	88 826	3 839 771	750 863	6 689	4 686 149
Depreciation					
31.12.2016	-	370 638	272 121	16 539	659 298
Calculated in 2017	-	71 588	104 700	-	176 288
Written off	-	-	-7 910	-9 850	-17 760
31.12.2017	-	442 226	368 911	6 689	817 826
Residual balance value					
31.12.2016	88 826	3 469 133	486 652	-	4 044 611
Residual balance value					
31.12.2017	88 826	3 397 545	381 952	-	3 868 323

**(9) Participation in the capital of foreign companies**

	Participation in the capital of associated companies	Total
	EUR	EUR
<b>Historical cost</b>		
31.12.2016.	12 630	12 630
Proceeds from Exchange rate changes	414	414
<b>31.12.2016</b>	<b>13 044</b>	<b>13 044</b>
<b>Changes in investment value</b>		
31.12.2017		
Loss from exchange rate changes	-1 579	-1 579
<b>31.12.2017</b>	<b>11 465</b>	<b>11 465</b>
<b>Balance sheet value on 31.12.2016</b>	<b>13 044</b>	<b>13 044</b>
<b>Balance sheet value on 31.12.2017</b>	<b>11 465</b>	<b>11 465</b>

**(10) Other loans and long-term debtors**

	2017	2016
	EUR	EUR
At the beginning of the reporting year	89550	0
Given loans in the reporting year	0	94050
Loans repaid in the reporting year	30050	4500
At the end of the reporting year	<b>59500</b>	<b>89550</b>
Including		
-short-term loans	15900	31500
-long-term loans - receivable between 1 and 5 years	43600	58050
	<b>59500</b>	<b>89550</b>

**(11) Inventory**

	31.12.2017	31.12.2016
	EUR	EUR
<b>Raw materials, basic materials and consumables</b>		
Material	5202	5179
Consumables	12099	22376
<b>Total</b>	<b>17301</b>	<b>27555</b>
<b>Finished goods and goods for sale</b>		
	34 289	43 602
	<b>34 289</b>	<b>43 602</b>

**(12) Purchasers' debts**

Accounting value of customers' debts	101217	300777
S Accruals for bad and dubious customer debts services	36480	-
	<u>64737</u>	<u>300 777</u>

**(13) Other debtors**

Loan to related company*)	15900	31500
Overpaid value added tax	282	615
	<u>16182</u>	<u>32115</u>

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

\*) see also note No (10)

**(14) Next period costs**

„LMT” guarantee deposit	34	34
For using a domain	10	10
Property insurance	732	0
	<u>776</u>	<u>44</u>

**(15) Cash**

Funds in banks	666	257
	<u>666</u>	<u>257</u>

## Annex – Balance sheet on December 31, 2017 - Liabilities (continuation)

### (15)Share capital

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.<sup>1</sup> -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 is 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 case or when they are dismissed after expressing the offer to repurchase the shares.	None

### (17)Loans from credit institutions which are covered with security

Loans from credit institutions	31.12.2017 EUR	31.12.2016 EUR
Loan from AS Meridian Trade Bank		
-short-term part of the loan	60000	105000
-long-term part of the loan – repayable between 1 and 5 years	163389	195000
	<u>223389</u>	<u>300000</u>



In April 2016, the company received a credit of EUR 315,000. The credit shall be repaid by 25 September 2021. Interest rate is 7,275% a year plus an increase in the EURIBOR rate. Credit repayment and interest payments shall be made once a month.

Real estate on Klijānu Street 2 is pledged as security in favour of Meridian Trade Bank. On December 31, 2017 its balance value is EUR 3486371 (on December 31, 2016: EUR 3557969). This collateral contract is concluded on April 18, 2016.

#### (18) Next period income

The company has received KPFI (Climate change financial instrument) 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.

	31.12.2017 EUR	31.12.2016 EUR
Reconstruction of the office building according to low energy consumption requirements	946777	965221
Reduction of greenhouse effect gas emissions, improving energy efficiency in the industrial building	555881	605796
Improving of energy efficiency in the administrative building	363365	381900
	<u>1866023</u>	<u>1952917</u>
Including: Long- term creditors-next period income	<b>1779129</b>	<b>1866023</b>
Short- term creditors-next period income	<b>86894</b>	<b>86894</b>

#### (19) Accounts payable to suppliers and contractors

For materials and components	3662	40796
For received services	7415	7505
	<u>11077</u>	<u>48301</u>

#### (20) Taxes and social insurance contributions

Personal income tax	5289	1403
The mandatory state social insurance contributions	7853	1812
Business risk fee	4	6
Estate tax	8061	0
	<u>21207</u>	<u>3221</u>

#### (21) Other creditors

Salaries	17195	4020
Other creditors	23	41
	<u>17218</u>	<u>4061</u>

#### (22) Accrued obligations

In the reporting year received services, on which the invoice is not yet received on the balance date	2417	3153
Estimated amount for accrued unused vacation days	1718	8470
	<u>4135</u>	<u>11623</u>

#### (23) Average number of employees

Employees	7	9
Board	3	3
Council	5	5

**(24) 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.

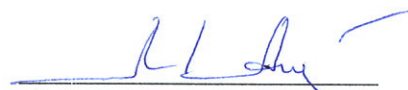
The company's 2017 financial statement, reflected in pages 8 to 22, are signed on 16 March 2018 by:



Eriks Kazha  
Chairman of the board



Gunars Lubis  
Member of the board



Maksym Araslanov  
Member of the board

Report is prepared by

\_\_\_\_\_  
Dace Lama  
Chief accountant of  
JSC "Rigas autoelektroaparatu rupnica"

March 16, 2018