



**Joint Stock Company
„Rīgas autoelektroaparātu rūpnīca”**

Reg.No. 40003030454
Adress: 18 Klijānu street, Riga, LV-1013

**Annual report
1 January 2019 – 31 December 2019**

Prepared according to the legislation standards of the Republic of Latvia

(audited)

Riga, 2020

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Information on the Company

Name of the Company	Rīgas autoelektroaparātu rūpnīca
Legal status of the Company	Joint stock company
Number, place and date of registration	000303045, Riga, 7 October 1991
	Registered in Commercial register: 40003030454, Riga, 30 June 2004
Address	18 Klijānu street, Riga, Latvia, LV-1013
Main activities	NACE 6820 renting and operating of own real estate
Average number of employees	11 (including the members of the Board and Supervisory Council)
Names and positions of Board members	Ēriks Kaža – Chairmen of the Board Gunārs Lubis – Member of the Board
Names and positions of Supervisory Council members	Edgars Lubis – Chairman of the Supervisory Council Viktors Rojs – Deputy Chairman of the Supervisory Council Līga Lube – Member of the Supervisory Council Nina Kaža – Member of the Supervisory Council Gaļina Kraveca – Member of the Supervisory Council
Financial year	1 January – 31 December 2019
Names of shareholders, shareholding, number and address	AS „Baltijas Holdings” - 43.9 % Reg.No. 40003148033, 18 Klijānu street, Riga AS „Tehprojekts” - 43.9% Reg.No. 40103020397, 12 Ūnijas street, Riga Other physical and legal persons - 12.2%
Name and address of the certified audit company and certified auditor in charge	Revidentu birojs Gatis Svīklis Lāsma Svīkle SIA Licence No. 181 Kr. Valdemāra iela 123 - 15 Riga, LV - 1013 Latvia Certified auditor in charge: Gatis Svīklis Certificate No. 202

Report of the Management

Type of operations

The registered operating activity of AS “Rīgas autoelektroaparātu rūpnīca” in 2019 was rental and management activities of its own real estate. In earlier years, the Company produced control and measuring devices for motorcars and tractors. Currently the Company has completely ceased the production, but it is still selling the production from its warehouse.

Economic activities in the reporting period

Net turnover of the Company in 2019 is EUR 13,2 thousand, including EUR 2,5 thousand sales of production and EUR 10,5 thousand renting of real estate.

The net result of economic activities in 2019 is loss of EUR 122 348.

Average number of employees in the reporting period is 11, including 2 members of the Board and 5 members of the Supervisory Council.

Financial performance:

	2019	2018
Earnings (+) or loss (-) per share, EUR	-0,034	-0,032
Return on assets	-3,41%	-3,00%
Return on equity	-2,45%	-2,28%
Current liquidity	0,23	0,41

Solvency indicators

Financial dependency ratio	0,53	0,52
Liabilities to equity	1,14	1,10
Share of equity in balance sheet	0,47	0,48

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. Despite the interest shown, rent agreements have not been signed in 2018. Negotiations with potential tenants are ongoing.

Because of investments in the modernisation of real estate, the Company received a EUR 315 000 credit from Meridian Trade Bank (now – AS Industra 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, 2019, the remaining amount of credit is EUR 103 389.

The Company has neither foreign mission nor branch.

AS “Rīgas autoelektroaparātu rūpnīca” holds a 27.5% stake in the Belarus Joint Undertaking with limited responsibility “ETON-AVTO”, legal address: Belarus, Minsk region, Zodino, Kuznecnaja 20.

Material risks and uncertainties

The result of economic activities of the Company in 2019 is a loss of EUR 122 348 and on December 31, 2019, the Company's short-term liabilities exceeded its current assets by EUR 202 564. The short-term liabilities include the next period income for the received co-financing of EUR 86 894 for which the outflow of funds will not occur in 2020. 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 to a single tenant. The lease contracts for real estate are expected to be concluded in 2020. The Company's management predicts it will not 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 going concern principle is applicable in the preparation of these financial statements.

Report of the Management (continued)

Financial risk management

The most significant financial instruments of the Company are borrowings from banks and cash. The aim of these financial instruments is to finance the operating activities of the Company. The Company also has a number of other financial instruments, such as trade receivables and trade creditors, arising directly from its operations. The Company is exposed to market risk, credit risks, liquidity risk and cash flow risk in relation to its financial instruments.

The 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. The 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 of 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 variable interest rates.

The Company's borrowings have variable interest rates. The management of the Company manages the interest rate risk by regularly monitoring the market interest rates available.

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.

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 2019 the Company has respected the credit policy by selling goods on credit only to customers with a good solvency. Considering that stocks of remaining inventory 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 pursues a prudent liquidity risk management maintaining sufficient credit resources that allow settling liabilities when they fall due. The management of the Company manages the liquidity and cash flow risk by monitoring forecasted and actual cash flows and by matching term structure of financial assets and liabilities.

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

Subsequent events

After the end of the reporting year, in March 2020 limitations arising from the spread of the coronavirus have been put in place in the Republic of Latvia and in other countries. The development of the situation is not predictable therefore an economic uncertainty prevails. The management of the Company is constantly contemplating the situation. Currently the management of the Company does not experience significant adverse consequences arising from the situation. Nevertheless, these assumptions are based on the publicly available information and the real outcomes of the situation might differ from the management's assumptions. Except for the above, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2019.

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 or selling the buildings owned by the Company.

The board of AS „Rīgas autoelektroaparātu rūpnīca” proposes to cover the losses of 2019 from the profit of the following years.



Ēriks Kaža
Chairman of the Board



Gunārs Lubis
Member of the Board

26 March 2020

Statement of Management Responsibility

The Board of AS „Rīgas autoelektroaparātu rūpnīca” is responsible for the preparation of the financial statements of the Company.

On the basis of information available to the Board of AS „Rīgas autoelektroaparātu rūpnīca”, the financial statements are prepared in accordance with the “Law on Accounting” and “Law on Annual Reports and Consolidated Annual Reports” of the Republic of Latvia and the MK regulation No 775 “The application rules of the Law on Annual Reports and the Consolidated Annual Reports”, on a going concern basis and give a true and fair view of the financial position of AS Rīgas autoelektroaparātu rūpnīca” as at December 31, 2019, and of its financial performance and its cash flows for the year then ended. The Report of the Management gives a true information on the Company's development and operating results.

On behalf of the Board,



Ēriks Kaža
Chairman of the Board

26 March 2020

Corporate Governance Report

AS „Rīgas autoelektroaparātu rūpnīca” Corporate Governance Report of the year 2019 is prepared according to NASDAQ Riga, AS Corporate governance principles and recommendations on their implementation, issued in 2010. The report is worked out in accordance with the principle “respect or explain”.

The report is made by the Board of AS „Rīgas autoelektroaparātu rūpnīca” and revised by the Council of AS „Rīgas autoelektroaparātu rūpnīca”.

This report is prepared and submitted to NASDAQ Riga, AS together with AS “Rīgas autoelektroaparātu rūpnīca” audited annual financial report of 2019 and published at the official web site of NASDAQ Riga, AS www.nasdaqbaltic.com.

On behalf of the Board,



Ēriks Kaža
Chairman of the Board

26 March 2020

PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 EUR	2018 EUR
Net turnover		13 191	17 377
Cost of sales	1	256 646	251 974
Gross profit or loss		-243 455	-234 597
Administrative expenses	2	25 924	22 104
Other operating income	3	159 309	167 873
Other operating expenses	4	949	14 359
Interest received		263	-
Interest expenses and similar expenses	5	11 592	10 477
Profit or loss before corporate income tax		-122 348	-113 664
Corporate income tax for the reporting year		-	-
Profit or loss for the accounting period		-122 348	-113 664
Profit (+) or loss (-) per share		-0,034	-0,032

Notes on pages 13 to 22 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2019

ASSETS	Note	31.12.2019 EUR	31.12.2018 EUR
Long-term investments			
Intangible assets			
Patents, licenses and similar rights		41	59
Total intangible assets	6	41	59
Fixed assets:			
Land, buildings and engineering structures		3 343 209	3 414 789
Equipment and machinery		172 553	277 252
Other fixed assets		480	-
Total fixed assets	7	3 516 242	3 692 041
Long – term financial investments			
Investments in associated companies	8	12 289	12 005
Other loans	9	-	3 935
Total long-term financial investments		12 289	15 940
Total long-term investments		3 528 572	3 708 040
Current assets			
Inventories			
Raw materials and consumables	10	5 166	5 169
Finished goods and goods for sale	10	28 088	28 238
Advances for goods receivable		1	1
Total inventories		33 255	33 408
Debtors			
Trade debtors	11	25 466	28 043
Other debtors	12	23	15 900
Deferred expenses	13	384	549
Total debtors		25 873	44 492
Cash and bank	14	415	747
Total current assets		59 543	78 647
TOTAL ASSETS		3 588 115	3 786 687

Notes on pages 13 to 22 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2019

LIABILITIES	Note	31.12.2019 EUR	31.12.2018 EUR
Shareholders' funds			
Share capital	15	4 991 713	4 991 713
Other reserves – the result of denomination		81 549	81 549
Previous years' retained earnings or accumulated loss		-3 273 636	-3 159 972
Current year's profit or loss		-122 348	-113 664
Total shareholders' funds		1 677 278	1 799 626
Creditors			
Long-term creditors			
Loans from credit institutions	16	43 389	103 389
Deferred income	17	1 605 341	1 692 235
Total long-term creditors		1 648 730	1 795 624
Short-term creditors			
Loans from credit institutions	16	60 000	60 000
Other loans		62 350	-
Trade creditors	18	21 846	9 877
Taxes and the state compulsory social insurance contributions	19	7 481	17 069
Other creditors	20	18 357	12 564
Deferred income	17	86 894	86 894
Accrued liabilities	21	5 179	5 033
Total short-term creditors		262 107	191 437
Total creditors		1 910 837	1 987 061
TOTAL LIABILITIES		3 588 115	3 786 687

Notes on pages 13 to 22 form an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2019

I. Cash flows from operating activities		Note	2019	2018
			EUR	EUR
1.	Income from sales and services		19 110	68 192
2.	Payments to suppliers, to employees and other operating expenses		104 186	108 638
3.	Other income or expenses for economic activities		50 500	4 468
4.	Gross cash generated from operations		-34 576	-35 978
5.	Net Cash flows from operating activities		-34 576	-35 978
II. Cash flows from investing activities				
1.	Proceeds from sale of fixed assets and intangible assets		21 471	67 952
2.	Received repayment of the issued loans		19 836	39 400
3.	Interest received		263	3 704
4.	Net cash generated from investing activities		41 570	111 056
III. Cash flows from financing activities				
1.	Loans received		65 850	-
2.	The loan repayment expenses		63 500	61 080
3.	Interest paid		9 676	13 917
4.	Net cash used in financing activities		-7 326	74 997
V. Net increase in cash and cash equivalents			-332	81
VI. Cash and cash equivalents at the beginning of the reporting year			747	666
VII. Cash and cash equivalents at the end of reporting year			415	747

Notes on pages 13 to 22 form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2019

	31.12.2019 EUR	31.12.2018 EUR
Share capital		
At the beginning of reporting year	4 991 713	4 991 713
At the end of reporting year	4 991 713	4 991 713
Other reserves (the result of denomination)		
At the beginning of reporting year	81 549	81 549
At the end of reporting year	81 549	81 549
Retained earnings		
At the beginning of reporting year	-3 273 636	-3 159 972
Increase / decrease in retained earnings	-122 348	-113 664
At the end of reporting year	-3 395 984	-3 273 636
Equity		
Previous year balance	1 799 626	1 913 290
Balance at the end of the year	1 677 278	1 799 626

Notes on pages 13 to 22 form an integral part of these financial statements.

NOTES

ACCOUNTING POLICIES

(a) Information on the Company

The legal address of AS "Rīgas autoelektroaparātu rūpnīca" is Klijānu iela 18, Rīga. The Company is registered in Commercial Register with common registration number 40003030454. The Company is a listed company and its main shareholders are AS "Baltijas Holdings" (43.9%) and SIA "Tehprojekts" (43.9%). The Board of the Company consists of Ēriks Kaža (Chairman of the Board), Gunārs Lubis (Member of the Board). The Company's auditor is the certified audit company Revidentu birojs Gatis Sviklis Lāsma Svikle SIA and certified auditor in charge Gatis Sviklis.

(b) Financial statements preparation basis

Financial statements are prepared in accordance with the Law on Accounting and Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia and the MK regulation No 775 The application rules of the Law on Annual Reports and the Consolidated Annual Reports, on a going concern basis. In accordance with section 3 (6) of the Law on Annual Reports and Consolidated Annual Reports, the Company meets the criteria of a large company. The Company's shares are listed on the NASDAQ stock exchange.

The profit and loss account is prepared in accordance with the expense function method.

Statement of cash flow is prepared using direct method.

Accounting policies used by the Company are consistent with those used in the previous reporting period.

(c) Going concern

The result of economic activities of the Company in 2019 is a loss of EUR 122 348 and on December 31, 2019, the Company's short-term liabilities exceeded its current assets by EUR 202 564. The short-term liabilities include the next period income for the received co-financing of EUR 86 894 for which the outflow of funds will not occur in 2020. 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 to a single tenant. The lease contracts for real estate are expected to be concluded in 2020. The Company's management predicts it will not 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 going concern principle is applicable in the preparation of these financial statements.

(d) Net sales and income recognition

Net sales represent income from rent and the total of goods and services sold during the year net of value added tax. Sales of services are recognised in the accounting period in which the services are rendered. Sales of goods are recognised when the customer has accepted the goods in accordance with the goods delivery terms.

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

(e) Currency unit and revaluation of foreign currency

All amounts in these financial statements are expressed in the Latvian official currency - euro (EUR).

Foreign currency transactions have been translated into euro applying the exchange rate valid at the beginning of the day of transaction determined by the conversion procedure between central banks of the European System of Central Banks and other central banks and which is published on the European Central Bank's website.

On the last day of the reporting period all monetary assets and liabilities were translated into euros in accordance with the rates (at the end of the day) published on the European Central Bank's website.

Currency	31.12.2019	31.12.2018
USD / 1 EUR	1,123	1,145

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(f) Intangible assets and fixed assets

Intangible assets and fixed assets are recorded at historical cost net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the intangible assets and fixed assets. The cost of software licences includes the purchase cost and costs related to their implementation in use.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives using the following rates set by management:

	% gadā
Intangible assets	20
Buildings and engineering structures	1-8,3
Technological equipment and devices	14-50
Other fixtures and fittings	10-20

Where the carrying amount of an intangible or a fixed asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and the value in use of the related intangible or fixed asset.

Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the related asset. When capitalising the cost of mounted spare parts, the carrying value of the part replaced is written off to the profit and loss account.

Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Gains or losses on disposals are determined by comparing carrying amount with proceeds and are charged to the profit and loss account during the period in which they are incurred.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average price method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When the net realisable value of inventories is lower than its cost, provisions are created to reduce the value of inventories to its net realisable value.

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

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

(h) Accounts receivable and issued loans

Accounts receivable and issued loans are recorded in the balance sheet at their amortised cost less provisions for impairment. Provisions for impairment are established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions for impairment is the difference between the amortised cost and the recoverable amount. The amount of the provision is recognised in the profit and loss account.

(i) Operating leases – The Company as a lessor

Assets that are leased out under operating lease terms are recorded within fixed assets at historic cost or revaluated amount less depreciation. Depreciation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life using rates set for similar Company's assets. Rental income from operating lease including advances received is recognised on a straight-line basis over the period of the lease.

(j) Investments in associated companies

Investments in associated companies are accounted for at cost net of accumulated impairment loss. The Company recognises the income only to the extent the distribution of the profit accumulated after the acquisition date is received from the respective associated company. Received distributions in excess of such profit are regarded as recovery of the investment and are booked as a decrease of the cost of investment.

When there is objective evidence that the carrying amount of the investment in associated company has impaired, the impairment loss is calculated as a difference between the carrying amount of the investment and its recoverable amount. The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods can be reversed only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized.

(k) Grants

Grants relating to the purchase of specific assets are recorded as deferred income and are credited to the profit and loss account on a straight-line basis over the expected lives of the related assets. Grants granted to cover the expenses are recognised as an income in the same period when respective expenses have arisen if all conditions associated with the receipt of grant have been fulfilled.

(l) Borrowings

Borrowings are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account.

(m) Accrued unused annual leave expenses

Amount of accrual for unused annual leave is determined by multiplying the average daily wage of employees for the last six months of the reporting year by the amount of accrued but unused annual leave at the end of the reporting year.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash balances of current account with banks.

(o) Taxation

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with Latvian Republic tax legislation.

On July 28, 2017, a new Corporate Income Tax Law was adopted, which stipulates that from January 1, 2018, the corporate income tax is levied on profit that arose after 2017 if it is distributed or conditionally distributed profit arise.

From taxation year 2018, corporate income tax will be calculated on the basis of distributed profit (20/80 of the net amount payable to shareholders). Corporate tax on distributed profit will be recognized when the shareholders of the Company make a decision about profit distribution.

The Company calculates and pays corporate income tax also for the conditionally distributed profit (20/80 of calculated taxable base), which includes taxable objects in accordance with the Corporate Income Tax law, such as the expenditure not related to economic activity, the doubtful debts of debtors and the loans to the related parties, if they meet criteria provided in the Corporate Income Tax law, as well other expenses exceeding statutory limits for deduction. Corporate income tax for the conditionally distributed profit is recognized in the profit or loss statement in the year for which it is assessed. Corporate income tax for the distributed profit and corporate income tax for the conditionally distributed profit is included in the profit and loss statement line item "Corporate income tax for the reporting year" and disclosed by the components in the notes to the financial statements.

(p) Related parties

Related parties are defined as Company's shareholders, members of the Board of Directors and Supervisory Board, their close relatives and companies in which they have a significant influence or control.

NOTES – PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

	2019 EUR	2018 EUR
(1) Cost of sales		
Supplementary materials	2 446	2 738
Salary expenses	11 048	15 416
State compulsory social insurance contributions	1 764	2 557
Costs of energy resources	5 321	5 571
Services	-	361
Depreciation of fixed assets	176 279	176 282
Real estate tax	43 537	43 537
Other production costs	16 251	5 512
	256 646	251 974
(2) Administrative expenses		
Salary expenses	7 009	5 255
State compulsory social insurance contributions	1 688	1 266
Office maintenance costs	1 089	1 191
Bank services	556	678
Payments to Stock exchange	7 643	7 120
Annual report expenses*	2 300	2 300
Legal services	5 621	3 288
Other administrative costs	18	1 006
	25 924	22 104
(3) Other operating income		
Remuneration for the use of intellectual property	50 500	49 500
Income from sales of materials	-	12 100
Income from sales of scrap metal	-	621
Proceeds from recovery of doubtful receivables	-	6 460
Received fines	21 471	11 600
Next period income referrable to reporting period	86 894	86 894
Net gain on foreign exchange	284	621
Other income	160	77
	159 309	167 873
(4) Other operating expenses		
Fines	949	2 260
Change in inventory	-	12 099
	949	14 359
(5) Interest expenses and similar expenses		
Interest charge	11 592	10 477
	11 592	10 477

NOTES – BALANCE SHEET AS AT 31 DECEMBER 2019 - ASSETS (continued)

(6) Intangible assets

	Patents, licences, trademarks and similar rights	Total
Cost	91	91
31.12.2019	91	91
Amortisation		
31.12.2018	32	32
Charge for 2019	18	18
31.12.2019	50	50
Net book value 31.12.2018	59	59
Net book value 31.12.2019	41	41

(7) Fixed assets

	Land	Buildings, engineering structures	Equipment and machinery	Other fixed assets	Total
Cost					
31.12.2018	88 826	3 839 771	750 863	6 689	4 686 149
Additions	-	-	-	480	480
Disposals	-	-	2 458	-	2 458
31.12.2019	88 826	3 839 771	748 405	7 169	4 684 171
Depreciation					
31.12.2018	-	513 808	473 611	6 689	994 108
Charge for 2019	-	71 580	104 699	-	176 279
Disposal of fixed assets	-	-	2 458	-	2 458
31.12.2019	-	585 388	575 852	6 689	1 167 929
Net book value 31.12.2018	88 826	3 325 963	277 252	-	3 692 041
Net book value 31.12.2019	88 826	3 254 383	172 553	480	3 518 220

(8) Investments in associated companies

	Investments in associated companies EUR	Total EUR
Cost		
01.01.2018	12 005	12 005
31.12.2018	12 005	12 005
Movement in value of investments		
01.01.2019		
Net gain on foreign exchange	284	284
31.12.2019	12 289	12 289
Net book value 31.12.2018	12 005	12 005
Net book value 31.12.2019*	12 289	12 289

* AS "Rīgas autoelektroaparātu rūpnīca" holds a 27.5% stake in the Belarus Joint Undertaking with limited responsibility "ETON-AVTO", legal address: Belarus, Minsk region, Zodino, Kuznecnaja 20

(9) Other loans

	31.12.2019 EUR	31.12.2018 EUR
At the beginning of reporting year	19 835	59 500
Loans repaid during the year	19 835	39 665
At the end of reporting year	-	19 835
Including :		
- short-term portion	-	15 900
- long-term portion – receivable after 1 up to 5 years	-	3 935
	-	19 835

(10) Inventories

Raw materials and consumables		
- Raw materials	5 166	5 169
	5 166	5 169
Finished goods and goods for sale	28 088	28 238
	28 088	28 238

(11) Trade debtors

Trade debtors	55 486	58 063
Provisions for doubtful debtors	30 020	30 020
	25 466	28 043

(12) Other debtors

	31.12.2019 EUR	31.12.2018 EUR
Loans issued to associated companies	-	15 900
VAT overpaid	23	-
	23	15 900

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

* see note 10.

(13) Deferred expenses

LMT warranty deposit	34	34
Real estate insurance	350	515
	384	549

(14) Cash and bank

Cash at bank	415	747
	415	747

NOTES – BALANCE SHEET AS AT 31 DECEMBER 2019 - LIABILITIES (continued)

(15) Share capital

Share capital is 4 991 712,60 EUR. There are 3 565 509 shares. Nominal value per share is 1,40 EUR.
 Neither the members of the Board, nor the members of the Supervisory Council own the shares of the Company.

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 are 3 565 509. 1 762 786 are bearer' shares, which are circulated in the regular market. 1 802 723 are registered shares, which are not involved in regulated 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	AS "Baltijas Holdings" 43,9% SIA "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
Voting limitations in case of the maximum voting rights are set, independently of the amount of voting shares owned, as well as the shareholder rights to share of profit, which is not related to the shares directly proportionally owned by them and other similar limitations	None
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

(16) Loans from credit institutions

	31.12.2019 EUR	31.12.2018 EUR
Loan from AS Meridian Trade Bank		
- Short-term portion of the loan	60 000	60 000
- Long-term portion of the loan – repayable within 1 - 5 years	43 389	103 389
	103 389	163 389

In April 2016, the Company received a loan of EUR 315,000. The loan shall be repaid by 25 September 2021. Interest rate is 7,275% a year plus EURIBOR. Credit repayment and interest payments shall be made once a month. Real estate on Klijānu Street, Riga is pledged as security in favour of Meridian Trade Bank (AS Industra Bank). On 31 December 2019 its balance value is EUR 3 343 209 (on 31 December 2018: EUR 3 414 789). Respective collateral contract is concluded on 18 April 2016.

(17) Deferred income

The company has received KPFI (Climate change financial instrument) funding and has implemented contracts with LR Environment Protection and Regional Development Ministry and SIA Vides investīciju fonds for projects of 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.

	31.12.2019 EUR	31.12.2018 EUR
Reconstruction of the office building according to low energy consumption requirements	909 891	928 334
Reduction of greenhouse effect gas emissions, improving energy efficiency in the industrial building	456 051	505 966
Improving of energy efficiency in the administrative building	326 293	344 829
	1 692 235	1 779 129
Including: Long - term deferred income	1 605 341	1 692 235
Short - term deferred income	86 894	86 894

(18) Trade creditors

For materials and components	-	684
For received services	21 846	9 193
	21 846	9 877

(19) Taxes and the state compulsory social insurance contributions

Personal income tax	156	687
The compulsory state social insurance contributions	364	1 116
Business risk duty	4	3
Value added tax	-	78
Real estate tax	6 957	15 185
	7 481	17 069

(20) Other creditors

Salaries	16 431	12 554
Other creditors	1 926	10
	18 357	12 564

(21) Accrued liabilities

In the reporting year received services, on which the invoice is not yet received on the balance date	2 363	2 397
Accrued unused annual leave expenses	2 816	2 636
	5 179	5 033

(22) Average number of employees

	2019	2018
Board	2	3
Supervisory Council	5	5
Other employees	4	4
	11	12

The Board and the Supervisory Council members do not receive remuneration for their duties in the Company.

(23) Subsequent events

After the end of the reporting year, in March 2020 limitations arising from the spread of the coronavirus have been put in place in the Republic of Latvia and in other countries. The development of the situation is not predictable therefore an economic uncertainty prevails. The management of the Company is constantly contemplating the situation. Currently the management of the Company does not experience significant adverse consequences arising from the situation. Nevertheless, these assumptions are based on the publicly available information and the real outcomes of the situation might differ from the management's assumptions. Except for the above, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2019.

The Financial statements of the Company set out on pages 8 to 22 were signed on 26 March 2020 by:



Ēriks Kaža
Chairman of the Board



Gunārs Lubis
Member of the Board

Report is prepared by the chief accountant Inna Vencenosceva.



Inna Vencenosceva
AS "Rīgas autoelektroaparātu rūpnīca"
Chief accountant

26 March 2020