



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

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

Annual report of 2015

Prepared according to the legislation standards of the Republic of Latvia

(Audited)

Riga,2016

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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>
Board	<i>Eriks Kazha - Chairman Gunars Lubis Maksym Araslanov</i>
Council	<i>Edgars Lubis – Chairman Viktors Rojs- Deputy Chairman Zane Sproge Nina Kazha Galina Kraveca</i>
Reporting period	<i>01.01.2015 - 31.12.2015</i>
Main shareholders	Basing on the list of shareholders prepared on October 31,2015: <ol style="list-style-type: none"> <i>1. JSC „Baltijas Holdings”-43.9 % Reg.Nr.40003148033, 2, Klijanu street, Riga</i> <i>2. „Tehprojekts”,Ltd.- 43.9% Reg.Nr. 40103020397, 12,Unijas street, Riga</i> <i>3. Other physical and legal persons 12.2%</i>
Certified auditor	<i>Aivars Rutkis Licence No 18</i>

The company “Rigas autoelektroaparatu rupnica” was found in 1946 under the Ministry of Automotive industry of the USSR as a manufacturer of electric equipment and other goods for automobiles and agricultural machinery.

Management report

Economic activities in the reporting period

Net turnover of the enterprise in 2015 is 567347 EUR. It is about 12, 6 % less than in 2014. Most of the production came from inventory items.

In 2014 JSC „Rigas autoelektroaparatu rupnica” started activities to improve the effectiveness of expenditure of energy in administrative building. The project was finished on January 31, 2015. Total investments are 1.2 million euro. Financing from Climate changes financial instrument 417.4 thousand euro are received.

In 2014 the society created a new enterprise. In 2015 it invested property in the new enterprise, increased its capital and issued new shares. 100% of shares belonged to JSC „Rigas autoelektroaparatu rupnica”. In 2015 the company sold all the shares.

The result of economic activities in 2015 is profit 47785 EUR.

Average number of employees in the reporting period is 17.

	2015	2014
Earnings per share	0,013	-0,084
Gross profit margin	-25,34%	-34,24%
Operating profit margin	15,50%	-40,30%
Net profit margin	8,42%	-46,12%
Return on assets	0,99%	-5,23%
Return on equity	0,94%	-5,84%
Current liquidity	1,48	1,06
Absolute liquidity	0,03	0,07

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 products of the enterprise were specific and intended mainly for complete set of automobiles and agricultural machinery in Russia, the Ukraine and Belarus. Therefore the production and delivery volumes were depending on the planned production volumes of automobiles' producers and on the per cent of the production of our enterprise in total delivery volumes. Currently Russia's economy is in a recession, besides the European Union has imposed restrictions on trade with Russia. The Ukrainian economy is affected by the hostilities within its territory. In turn, Belarus management requires significant price reductions for foreign suppliers to protect their domestic market. The price level is already so low that more reduction is not acceptable.

For several years the company tried to join Western European market, but unsuccessfully, because the production is very specific.

The company owns a large real estate. Great work and a lot of money is invested in reconstruction 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. Whereas in this field the main activity begins in the spring, the first results are expected at the end of the summer.

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 mainly 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 has neither bank credit liabilities nor the financial lease liabilities.

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 use the profit of 2015 to cover the losses of the previous years.

Chairman of the Board:

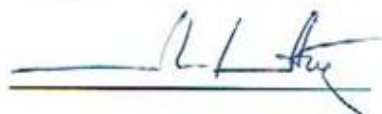


E.Kazha

Members of the Board:



G.Lubis



M. Araslanov

March 24, 2016

Statement of Management Responsibility

The Management Board of JSC „Rīgas autoelektroaparātu rūpnīca” (the Company) is responsible for the preparation of the financial statements of the Company.

The financial statements on pages 8 to 21 are prepared in accordance with underlying accounting records and source documents and present fairly the financial position of the Company as on December 31, 2015 and the results of its operations and cash flows for the period ended on December 31, 2015.

The financial statements are prepared in accordance with laws “On accountancy” and “On the annual reports” on a going company basis. Appropriate accounting policies have been applied on a consistent basis. Judgements and estimates made by the Management Board in the preparation of the financial statements have been prudent and reasonable.

The Management Board of JSC “Rīgas autoelektroaparātu rūpnīca” is responsible for the maintenance of proper accounting records, the safeguarding of the Company’s assets and the prevention and detection of fraud and other irregularities in the Company. The Management Board is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

On behalf of the Board,



Eriks Kazha
Chairman of the Board

March 24, 2016

Corporate Governance report

JSC „Rigas autoelektroaparatu rupnica” Corporate Governance Report of the year 2015 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 2015 and published at the official web site of NASDAQ Riga.

On behalf of JSC “RAR”



E.Kazha
Chairman of the Board

March 24, 2016

BALANCE SHEET

EUR

<u>ASSETS</u>	Notes	31.12.2015	31.12.2014
A. LONG-TERM INVESTMENTS			
1. Fixed assets			
1.1. Land, buildings and constructions		3629546	2686355
1.2. Equipment and machinery		591352	562255
1.3. Other fixed assets and inventory		0	2370
1.4. Costs of unfinished building objects		0	749144
1. TOTAL	1	4220898	4000124
2. Long-term financial investments			
2.1. Participation in the capital of related companies	2	0	35000
2.2. Participation in the capital of associated companies	3	12630	11325
2.3. Other securities and investments		0	256
2. TOTAL		12630	46581
A. TOTAL		4233528	4046705
B. CURRENT ASSETS			
1. Inventory			
1.1. Raw materials, basic materials and consumables		27538	271761
1.2. Work in progress		0	83654
1.3. Finished goods and goods for sale		52421	405440
1.4. Advance payments for goods		59441	58802
1. TOTAL		139400	819657
2. Debtors			
2.1. Purchasers' debts	4	191994	172622
2.2. Other debtors		268155	564575
2.3. Next period costs	5	44	114
2.4. Accrued income			12777
2. TOTAL		460193	750088
3. Cash	3. TOTAL	10349	110538
		609942	1680283
TOTAL ASSETS		4843470	5726988

BALANCE SHEET

EUR

<u>LIABILITIES</u>	Notes	31.12.2015	31.12.2014.
A. Equity			
1. Share capital	7	5073262	5073262
2. Long-term investment revaluation reserve	8	0	56815
TOTAL		5073262	5130077
2. Retained profit:			
a) brought forward from previous years		-2648482	-2348929
b) for the accounting year		47785	-299553
A. TOTAL		2472565	2481595
B.PROVISIONS			
1.Other provisions	9	6358	15927
B. TOTAL		6358	15927
C.CREDITORS			
1. Long term creditors			
1.1.Next period income	12	1952917	1639376
1.TOTAL		1952917	1639376
2. Short term creditors			
2.1.Loans from credit institutions			330955
2.2.Other loans		230750	588011
2.3.Prepayments from customers			106553
2.4. Accounts payable to suppliers and contractors	10	86662	476979
2.5. Taxes and State mandatory social insurance payments	11	2026	5561
2.6. Other creditors		2711	7974
2.7.Next period income	12	86894	68359
2.8. Accrued obligations		2587	5698
2.TOTAL		411630	1590090
C.TOTAL		2364547	3229466
TOTAL LIABILITIES		4843470	5726988

PROFIT OR LOSS ACCOUNT

Item	Notes	EUR	
		2015	2014
Net turnover	13	567347	649497
Production costs of sold goods and services	14	711123	871873
Gross profit or loss		-143776	-222376
Sales costs	15	2535	9400
Administrative expenses	16	48948	108124
Other income from economic activities	17	607735	206744
Other costs of economic activities	18	315827	98955
Other interest income and similar income		0	313
Interest payments and similar expenses		8712	29971
Profit or loss before extraordinary items and taxes		87937	-261769
Profit or loss before taxes		87937	-261769
Other taxes (Real estate tax)		40152	37784
Profit or loss for the accounting year		47785	-299553
Earnings per share		0,013	-0,084

STATEMENT OF CASH FLOWS for 2015

I. Cash flow from operating activities	2015	2014
1 Income from sales and services	683167	585041
2 Payments to suppliers, to employees and other expenses for production	436749	567985
3 Other income or expenses for economic activities	23731	49818
4 Cash flow from gross operating activities	270149	66874
5 Real estate tax payments	40581	37784
I. Net cash flow from operating activities	229568	29090
II. Cash flow from investment activities	2015	2014
1 Purchase of shares		46116
2 Revenue from disposal of shares of affiliated or associated enterprises	190200	
3 Purchase of intangible and fixed assets	689088	1785775
4 Sales of intangible and fixed assets	559244	172793
II. Net cash from investment activities	60356	-1659098
III. Cash flow from financing	2015	2014
1 Received loan	67910	1313260
2 Received as financing of KPFI projects	310872	837137
3 Repaid loans	743082	432518
4 Paid interest	25781	30374
III. Net cash flow from financing	-390081	1687505
SUMMARY OF CASH INCOME AND EXPENDITURE	2015	2014
I The result from operating activities	229568	29090
II The result from investment activities	60356	-1659098
III The result from financing	-390081	1687505
IV The result from currency rate fluctuations	-32	-331
Cash increase or decrease	-100189	57166
Cash and cash equivalents at the beginning of the reporting period	110538	53372
Cash and cash equivalents at the end of the reporting period	10349	110538

STATEMENT OF EXCHANGES IN EQUITY

	Share capital	Long term investment revaluation reserve	Profit (+) or losses(-) from previous years	Profit (+) or losses(-) for the accounting period	Equity
On December 31, 2013	5073262	0	-2755068	406139	2724333
Profit covers losses of the previous years			406139	-406139	0
Revaluation of long term investments		56815			56815
Profit (+) or losses(-) of 2014				-299553	-299553
On December 31, 2014	5073262	56815	-2348929	-299553	2481595
Desposal of revaluated long term investments		-56815			-56815
Transfer of the losses of the previous year			-299553	299553	0
Profit (+) or losses(-) of 2015				47785	47785
On December 31, 2015	5073262	0	-2648482	47785	2472565

NOTES TO FINANCIAL STATEMENTS

General principles

The report is prepared in accordance with the law „On accountancy”, „On the annual reports”, Regulations No.488 issued by the Cabinet of Ministers of the Republic of Latvia “Regulations on enforcement policies of the law on annual reports” and Regulations No.481 issued by the Cabinet of Ministers of the Republic of Latvia “Regulations on content and preparation procedures of the cash flow statement and statement of changes in equity”.

Profit or loss account is prepared in accordance with methods of turnover expenses.

Statement of cash flows is prepared using the direct method.

The financial statements include comparable information of the same period of the previous year.

The financial statements are presented in euro (EUR).

Accounting policy

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 recognition of revenue and expenditure

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.

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

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”.

Foreign currency

Foreign currency in bank accounts and in treasury is translated into EUR in accordance with the European Central Bank exchange rate for the last day of reporting period.

Foreign currency	31.12.2015.	31.12.2014.
USD	1.0887	1.2141
RUR	80.6736	72.337

Fixed assets

Fixed assets are recorded at historic cost net of depreciation. Depreciation of fixed assets is calculated using the straight-line method applying the depreciation rates set by management.

Kind of fixed assets	Rate of depreciation In financial accounts	
Buildings, constructions and transmission devices	From 1,0% to 8,3 %	
	Years	Months
Equipment and machinery		
Loading devices and machinery	2	24
Technological equipment and machinery, working in adverse conditions	4	48
Technological equipment for production, laboratory equipment (measurement equipment)	5	60
Thermal technical equipment, pumps and compressors, ventilation equipment	7	84
Power units, electric motors, telecommunication equipment	8	96
Vehicles (cars, trucks and trailers)	5	60
Other fixed assets and inventory		
Office equipment and inventory	10	120
Computers, software, xeroxes and electronic cash-registers	5	60
Inventory used in production and for transportation and storage of goods	3	36

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are recorded at their acquisition. If the value of shares are set in currency, it is translated into euros in accordance with the European Central Bank exchange rate for the last day of reporting period.

Stock

Stock of materials and purchased parts is estimated using weighted average prices. The stock of finished goods is valued in accordance with the lowest market price.

Accounts receivable and payable

All debts are real and reconciled with debtors and creditors. Debts in foreign currency are translated into EUR in accordance with the European Central Bank exchange rate for the last day of reporting period. The resulting profit or loss is revealed in profit or loss account of the period.

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.

Taxation

In compliance with the law „On annual reports” deferred taxation liabilities are to be calculated for the beginning of the reporting year and at the end of it and included in balance sheet. Changes in liabilities of deferred income tax are to be revealed in profit or loss account. Deferred income tax is calculated by liability method including all temporary differences between asset and liability values in financial statements and their values in the calculations for taxes.

Persuant to the precautionary principle, if in the result of calculations deferred taxation asset arises, it is not included in the balance sheet.

Provisions for unused vacations

Amount of provisions for vacations 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.

Balance sheet

1. Buildings, constructions and land are registered in Land Register and the property belongs to JSC „Rigas autoelektroaparatu rupnica”.

Balance value on December 31, 2014:	2686355 EUR	on Dec. 31, 2015:	3629546 EUR
including: buildings and constructions-	2597529 EUR		3540720 EUR
land -	88826 EUR		88826 EUR
Cadastral value on 01.01.2016	2067250 EUR		
Cadastral value of the buildings -	1646069 EUR		
Cadastral value of the land -	421181 EUR		

On January 31, 2015 JSC „Rigas autoelektroaparatu rupnica” completed improvement of the effectiveness of expenditure of energy in administrative building. 1.2 million euro was invested, partly attracting investments of Climate changes financial instrument. Received funding is 417426 EUR.

Statement of changes in fixed assets

	Land	Buildings and constructions	Equipment and machinery	Other fixed assets and inventory	Unfinished building objects	Total
	EUR	EUR	EUR	EUR		EUR

Historical or re-valued cost

Historical or revalued cost on December 31, 2014	88826	2827209	1792069	123908	749144	5581156
Obtained and renovated		1012562	186028		-749144	449446
Disposals			1018906	102149		1121055
Revaluation						0
Historical or revalued cost on December 31, 2015	88826	3839771	959191	21759	0	4909547

Depreciation

On December 31, 2014	0	229680	1229814	121538	0	1581032
Charge for the year		69371	102486			171857
Disposals			964461	99779		1064240
On December 31, 2015	0	299051	367839	21759	0	688649

Net book value on December 31, 2014	88826	2597529	562255	2370	749144	4000124
Net book value on December 31, 2015	88826	3540720	591352	0	0	4220898

2. Participation in the capital of related companies (EUR)

31.12.2014.	35000
Issue of new shares	155200
Sold shares	190200
31.12.2015.	0

3. Other securities and investments

JSC „Rigas autoelektrokomponentu rupnica” owns 27,5% of parts of joint venture in Belarus, limited liability company „ETON-AVTO”.

4. Purchasers' and other debts

All the debts are receivable within a year.

5. Next period costs

Next period costs include accumulated guarantee deposit for mobile communications and domain usage rights in 2016.

6. Cash (EUR)

	31.12.2015.	31.12.2014.
Cash at bank	10087	3726
Cash in hand	262	258
Financial security		106554
Total	10349	110538

On December 31, 2014 106554 EUR was financial security for advance payment from „Vides investīciju fonds” within the KPFI project. This money was blocked.

7. Share capital

Share capital is 5073262 EUR (3565509 LVL). Nominal value of a share is 1.42 EUR (1.00LVL).

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

8. Long-term investment revaluation reserve

In 2015 the reevaluated equipment was invested in the property of related company.
The related company is sold.

9. Other provisions

In accordance with the law „On the annual reports” provisions for vacations of 2015 are calculated in total 6358 EUR.

10. Accounts payable to suppliers and contractors

All the debts are payable within a year.

11. Taxes and State mandatory social insurance payments

Item	31.12.2014 Overpaid - Debt +	Calculated in 2015	Fine	Paid in 2015	Received repay- ment	Redirected	31.12.2015 Overpaid - Debt +
Personal income tax	1981	11837	114	13195			737
Social security payments	3515	20256	167	21260		1452	1226
Real estate tax	0	40152	429	40581			0
Business risk fee	8	76		78			6
Value added tax	-2434	10154	564	17805	2432	-1452	-5637

12. Next period income

There is financing received for projects - reconstruction of office building improving effectiveness of expenditure of thermal energy and improvement of effect from usage of energy in the production building and administrative building. The received financing will be gradually included in income during the service life fixed assets. 86894 EUR will be included in the income of 2016, and other 1952917 EUR will be included in the income in long-term.

Notes to profit or loss account

13. Net turnover

Net turnover is income from basic economic activities of the Company. It consists of total value of sold goods and delivered services without discounts and value added tax. Production costs of sold goods are expenses for used materials, all kind of services and energy, costs for personnel, amortization of tangible assets and writing-off of intangible assets as well as other expenses (expenses for labour safety, certification of the goods etc.)

Net turnover includes income from demise of real estate.

Breakdown of net turnover by kind of production: (EUR and %)

	<i>Net turnover Total:</i>	<i>Including</i>		
		<i>Control and measuring devices for vehicles</i>	<i>Different orders</i>	<i>Rental of real estate</i>
2015	567347	531563	30668	5116
%	100	93.7	5.4	0.9
2014	649497	580197	64277	5023
%	100	89.3	9.9	0.8

*JSC „Rigas autoelektroaparatu rūpnīca”
Annual report of 2015*

Breakdown of net turnover by geographical markets: (EUR and %)

	<i>Net turnover Total:</i>	<i>Including</i>				
		<i>Russia</i>	<i>Belarus</i>	<i>Ukraine</i>	<i>EU</i>	<i>Latvia</i>
2015	567347		103165	6257	344721	113204
%	100		18.2	1.1	60.7	20.0
2014	649497	146607	121458	194724	117868	68840
%	100	22.6	18.7	30.0	18.1	10.6

	<u>2015</u>	<u>2014</u>
14. Production costs of goods sold, total:		
including	711123	871873
-costs of materials and sub-components including transport expenses, custom fees and import duties	249057	384101
-salaries and social security payments	235879	303421
- provisions for vacations		4245
- electric power	33073	39583
-services related to the process of production	6914	15919
-inventory and outfit	923	4390
- amortization	171857	79665
-operating costs	13420	40549
15. Sales costs, total:	2535	9400
Incl. - wrapping and transport costs	2250	8316
- other expenses	285	1084
16. Administrative expenses, total :	48948	108124
including - salaries and social security payments	26007	84364
- provisions for vacations		3830
- communication expenses	1504	1725
- bank services	960	3031
- payments to Stock exchange	7114	7114
- expenses due to shareholders' meeting	387	366
- other administrative expenses	12976	7694
17. Other income from economic activities	607735	206744
- income from sales of fixed assets	293594	49867
-remuneration for the use of intellectual property	40000	30000
- sales of materials	21971	28484
- sales of scrap metal	9545	20265
-revaluation investing in property	150900	
-the reduction of provisions for vacations included in revenue	2747	
- next period income referable to reporting period	85349	43401
- other income	3629	34727

18. Other costs of economic activities:	315827	98955
including- exchange rate of foreign currency	23268	23040
- expenses due to substitution of devices during guarantee period		135
- changes of material stock	286315	56695
- other expenses	6244	19085

19. Deffered income tax

There aroused assets of deferred income tax in 2015.

	31.12.2015	31.12.2014
Temporary difference on fixed assets depriciation	176782	248029
Temporary difference on provisions for unused vacations	1435	-54
Tax loss	-429210	-331316
Total	-250993	-83341

Persuant to the precautionary principle, assets of deferred income tax are not included in the balance sheet.

20. Deals with related companies

All the bussines deals between related companies were concluded in market prices.

21. Average number of employees during the financial year

	2015	2014
Average number of employees	17	29

22. Personnel costs

	2015	2014
Salaries	52702	140256
Mandatory state social insurance contributions	11860	32426
Kopā	64562	172682

23. Management remuneration

	2015	2014
Board		
Remuneration	3420	18810
Mandatory state social insurance contributions	807	4437
Total	4227	23247
Council		
Remuneration	5700	34200
Mandatory state social insurance contributions	1350	8068
Total	7050	42268

In accordance with the decision of the board and the council, since 01.03.2015 the remuneration is interrupted.

24. Remuneration of the sworn auditor for auditing of the annual report for the year 2015 is 2140.00 EUR.

25. There are no pledged assets, guarantees or non-balance liabilities for the enterprise.

26. The continuation of economic activities will be ensured by the conclusion of the contracts for the leasing of real estate.

Chairman of the Board


_____ E.Kazha

Members of the Board


_____ G.Lubis


_____ M.Araslanov

March 24, 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of AS "Rīgas autoelekroaparātu rūpnīca"

Report on the Financial Statements

We have audited the accompanying financial statements of AS "Rīgas autoelekroaparātu rūpnīca" set out on pages 7. to 20. of the accompanying annual report, which comprise the balance sheet as of 31 December 2015 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AS "Rīgas autoelekroaparātu rūpnīca" as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Reports.

Report on Other Legal and Regulatory Requirements

We have read the management report for 2015 set out on pages 4. to 5. of the accompanying annual report for 2015 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2015.

We have discovered that the information in the financial statement 2015 and in the Report on observation of Principles of Corporate Governance in 2015 is provided according to the requirements of Article 56.¹, Section 1, Clauses 3, 4, 6, 8 and 9, as well as according to Article 56.², Section 2, Clauses 5 and 6 and Section 3 of the Financial Instrument Market Law.



Aivars Rutkis
Certified auditor of Latvia, Certificate No.18

Dainu iela 5-9, Dobeles nov., LV-3701
24.03.2016.