

JOINT STOCK COMPANY

‘KURZEMES ATSLEGA 1’

LV40003044007

**FINANCIAL REPORT FOR FIRST 6 MONTHS
OF THE YEAR 2019
(NON-AUDITED)**

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1.Information on enterprise.

Name	” KURZEMES ATSLĒGA 1”
Legal status	Joint stock company
Registration number, place and date	4003044007,Riga, 29.11.1991
Register	Registration in the Commercial on 11 June 2004
Legal address	27 Kalvenes str.,Aizpute,LV3456
Main activities: NACE 2.red	2572-door locks,ironware,furniture fittings
Shareholders an their shares %	JSC”Kurzemes atslega”- 48,36% Olivers Wiederholds – 17,12% SIA”Aizputes atslegas” – 15,26 % Others –19.26%
Members of Supervisory Council	Guntars Stekjānis – Chairman of Supervisory Council Voldemārs Magone - Member of Supervisory Council(until 25.04.2019) Rolands Livmanis - Member of Supervisory Council Jānis Karkliņš - Member of Supervisory Council (until 25.04.2019) Irēna Burve - - Member of Supervisory Council Ilgvars Jurjāns - Member of Supervisory Concil (from 25.04.2019) Daiga Lankovska – Member of Supervisory Concil (from 25.04.2019)
Members of Board	Peteris Fridenbergs-Chairman of Board Aldis Ozols - Member of Board (until 7.03.2019) Aiga Ozola –Member of Board Voldemārs Magone –Member of Board (from 4.06.2019)
Cief account	Irēna Burve
Reporting period	01.01.2019 – 30.06.2019
Previous reporting period	01.01.2018 – 30.06.2018
Auditors	Certified auditors office Gatis Sviklis Lāsma Svikle SIA Licence No. 181 Certified auditor in charge Gatis Sviklis,Certificate No. 202

Managerial report

Company's action during reporting period

The action type of the Joint Stock Company "KURZEMES ATSLEGA 1" has not changed during the 1st half of the 2019 in comparison with previous periods of time: door locks, ironware, furniture fittings, forged products, production tools etc. are still being produced.

The fixed capital of the JSC "KURZEMES ATSLEGA 1" is 1285401 EUR. Net turnover has reached 901437 EUR in the 1st half of 2019 which is up by 4.5 % or 38657 EUR more in comparison with the 1st half of the 2018.

Volume of sold production divides as follows:

sold in local market (Latvia) – 56.4 % or 507981 EUR. This is by 26116 EUR more than in the 1st half of the 2018.

Sold in EU – 35.7% or 322291EUR

Export – 7.9 % or 71165 EUR.

State	30.06.2019 EUR	%	30.06.2018 EUR	%
Latvia	507981	56.4	534097	61.9
Lithuania	218445	24.2	163558	19
Estonia	84938	9.4	97957	11.4
Uzbekistan	66086	7.3	0	0
The Netherlands	9369	1.0	31086	3.6
Denmark	6470	0.7	3136	0.3
Russia	5079	0.6	6336	0.7
Finland	2430	0.3	0	0
Germany	0	0	19710	2.3
Sweden	639	0.1	6900	0.8
Total	901437	100.00	862780	100.00

Average amount of the employees in 6 months of the 2019 was 77.. Average amount of the employees in 6 months of the 2018 was 84.

The Company's financial performance and financial situation

The 1st half of the 2019 has finalized with loss in amount of 91692 EUR.

The loss per share is 0.10 EUR.

Labor costs have risen, raw material costs are rising.

Company has no tax arrears. Financial activity of the Company has provided mainly with its own assets, the loan facility in amount of 47000 EUR has been linked.

Company's management strongly believes that the Company will have enough financial resources in order not to jeopardize its liquidity.

Financial risk management

The main financial risks associated with the Company's financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Company is subject to interest rate risk mainly due to short-term loan facility and borrowings from other companies. Borrowing compared to equity is low. Both fixed and variable interest rates are being applied.

Liquidity risk

The Company controls its liquidity risk by maintaining an adequate amount of money or by providing adequate financing through loan facility granted by bank.

Currency risk

The Company is subject to foreign exchange risk in relation to the US dollar. In order to control currency risk, the Company plans to purchase the necessary material resources for the currency.

Credit risk

The Company is exposed to credit risk in relation to its customers debts. The Company controls its credit risk by continuously assessing the debt repayment history of its customers and setting lending rules for each client individually. Additionally, the Company monitors the amount of receivables to reduce the possibility of recovering unrecoverable debts.

The further development of the Company and future prospects

To achieve profitable activity, the board considers taking tight control over costs and should curtail expenses. Work on market expansion is being continued.

Board of JSC "KURZEMES ATSLEGA 1"

Chairman of the Board:

Peteris Fridenbergs

Board members:

Voldemārs Magone

Aiga Ozola

Aizpute , August 30,2019

Statement of responsibility of direction.

Non-audited report of the first 6 months 2019 and a report of board are prepared being guided by the kindest conscience and good accounting practice. The accounting period is estimated being based on all information known to us at the moment of preparation of the financial report . Financial report gives a real and clear idea about assets, liabilities, financial situation and profits.

Responsibility for non-audited report of the first 6 months 2019 bears the Board of joint stock company “KURZEMES ATSLEGA 1”.

The Board of AS “KURZEMES ATSLEGA 1”:

Chairman of the Board Peteris Fridenbergs

Member of the Board Voldemārs Magone

Member of the Board Aiga Ozola

BALANCE SHEET FOR 6 MONTHS OF 2019

ASSETS 1	Row code	30.06.2019 EUR	30.06.2018 EUR
1.LONG TERM INVESTMENT			
1.Expenses of development		0	0
2.Concessions, patents, licenses		663	363
Total		663	363
I. Intangible fixed assets			
II. Fixed assets			
1. Land, building.		487852	502879
2.Equipment and machinery		50945	57826
3.Other fixed assets		6896	9383
4.Fixed assets development costs		5822	5822
5.Prepayment for fixed assets		0	0
II Total fixed assets		551515	575910
1.Total LONG TERM INVESTMENT		552178	576273
2.CURRENT ASSETS			
1.Inventories			
1.Raw materials		333774	361006
2.Work in progress		243944	346225
3.Finished goods and goods for sale		74891	121610
5.Advance payment for goods		43736	29477
I. Total inventories		696345	858318
II. Debtors			
1.Trade debtors		228459	213584
4.Other debtors		9162	38209
7.Deferred expenses		0	0
II. Total debtors		237621	251793
III. Securities and capital participation			
IV . Cash		9602	17482
2.Total current assets		943568	1127593
Total assets		1495746	1703866

LIABILITIES 1	Row code	30.06.2019 EUR	30.06.2018 EUR
1.CAPITAL			
1.Share capital	1	1285401	1285401
3.Revaluation reserve		0	0
4.Reserves			
a)legal reserves		21000	21000
4.Total reserves			
5.Retained profit		(71452)	94887
a) previous years retained profit		20240	94514
b)current year profit		(91692)	373
1Total Capital and reserves		1234949	1401288
2.PROVISIONS			
3.CREDITORS			
1.Long term creditors			
Other loans			
.Amounts payable to associated companies			
Deferred tax		0	0
Deferred income		0	0
1.Total long term creditors		0	0
2.Short-term creditors			
3. Other loans		0	0
4..Bank loan		25953	46140
5.Advances received from customers		20639	35350
6.Trade creditors		99157	99331
8.Amounts payable to associated companies		30317	27513
10.Taxes and social security payments	2	25103	27637
11.Other creditors	3	24855	27920
Deferred income			0
Deferred liabilities		34773	38687
2.Total short-term creditors		260797	302578
3.Total creditors		260797	302578
Total liabilities		1495746	1703866

Chairman of Board:

Pēteris Frīdenbergs

Members of Board :

Voldemārs Magone

Members of Board :

Aiga Ozola

Chief accountant

Irēna Burve

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

Profit and loss account

N.	Item	line No	30.06.2019	30.06.2018
			EUR	EUR
1	Net sales	1	901437	862780
2	Cost of sales	2	(932062)	(808340)
3	Gross profit or loss		(30625)	54440
4	Distribution expenses	3	(22269)	(21129)
5	Administration expenses	4	(42087)	(43639)
6	Other operating income	5	13741	22347
7	Other operating expenses	6	(9570)	(10591)
8	Interest paid and similar expense		(625)	(783)
9	Operating profit		(91435)	645
10	Extraordinary income		0	0
11	Extraordinary expenses		0	0
12	Profit or loss before taxes		(91385)	645
13	Corporate income tax		(257)	(272)
14	Other taxes		0	0
15	Net profit or loss for the year		(91692)	373

Chairman of Board:

Pēteris Frīdenbergs

Members of Board :

Voldemārs Magone

Members of Board :

Aiga Ozola

Chief accountant

Irēna Burve

Cash flow statement.
(Cash flow statement, prepared using indirect method)

Indices	Appendices	30.06.2019.	30.06.2018.
		EUR	EUR
I. Operation activities			
1. Profit or loss before extraordinary items and taxes.		(91384)	645
Correction s:			
a) Wear and tear of fixed assets;		16590	15973
b) Write- down of intangible assets		50	0
c) Formation of reserves (except the reserves for unreliable debt);			
d) Profit or loss from fluctuation of foreign currency exchange rate;		(142)	(53)
e) Interest payments and similar expenses		625	783
2. Profit or loss before corrections of effects of changes of current assets and short-term liabilities		(74261)	17348
Adjustments:			
a) Increase or decrease of residues of debts of debtors;		(31854)	(418)
b) Increase or decrease of residues of resources;		109425	(78347)
c) Increase or decrease of remains of debts to be paid to suppliers, contractors and other creditors.		(4989)	49022
3. The gross cash flow of basic activity.		(1679)	(12395)
4. Expenses for payments of enterprise income tax		(257)	(272)
5. Expenses for fixed asset tax payments		0	0
6. The net cash flow of basic activity		(1936)	(12667)
II. Investing activities			
1. Purchase of shares or parts of related or associated enterprises.		0	0
9. Net cash flow used in investing activities		0	(4036)
III. Financing activities			
2. Loans received		10077	(8682)
3. Financial aids, pump-priming, presents or donations received			
4. Expenses for repayment of loans		(625)	(783)
7. Net cash flow of financing activity		7516	(26168)
IV. The result of exchange rate fluctuations of foreign currency.		142	53
V. The net cash flow of year of account		7658	(26115)
VI. The remainder of currency and its equivalents at the beginning of year of account.		1944	43597
VII. The remainder of currency and its equivalents at the end of year of account.		9602	17482

STATEMENT OF CHANGES IN EQUITY

	30.06.2019	31.12.2018
	EUR	EUR
<u>Share capital</u>		
Amount indicated in the balance sheet of the previous year	1285401	1285401
Amount indicated at the end balance sheet of the balance sheet of the financial year	1285401	1285401
<u>Reserves</u>		
Amount indicated in the balance sheet of the previous year	21000	21000
Reserves decrease trough the share capital	0	0
Amount indicated at the end of the period in the balance sheet of the financial year	21000	21000
<u>Retained earnings</u>		
Amount indicated in the balance sheet of the previous year	20240	94514
Increase/decrease in retained earnings	(91692)	(74275)
Amount indicated at the end of the period in the balance sheet of the financial year	(71452)	20240
<u>Equity</u>		
Amount indicated in the balance sheet of the previous year	1326641	1400916
Amount indicated at the end of the period in the balance sheet of the financial year	1234949	1326641

Accounting policy .

General Principles.

The financial statements have been prepared in accordance with laws of the Republic of Latvia "On Accounting and the Annual Accounts and consolidated annual accounts of the law" , " and the "Fincial Instruments Market Law", Regulations no 775 issued by the Cabinet of Ministers of the Republic of Latvia."

Profit and Loss are accounted in accordance with the vertical form method(classified after expenses function) . The cash flow statement is prepared using the indirect method.

Applied accounting principles.

Annual report items are evaluated according to the following principles:

- 1) assuming the company will continue to function;
- 2) used the same evaluation methods as in the previous financial year;
- 3) evaluation was made with proper caution, taking into consideration the following conditions:
 - a) the report reflects only the profit by the balance day
 - b) all foreseeable risk amounts and losses, incurred during the financial year or in previous years, are taken into account, even if they became known in the period between the day of balance sheet and the annual report preparation date.
 - c) calculated and taken into account all the write-down adjustments and depreciation amounts, irrespective of whether the financial year is closed with a profit or loss;
 - 4) receipts and expenditures related to financial year are included into profit and loss account, irrespective of payment date and date of issue or receipt of the invoice. the costs are consistent with receipts during corresponding reporting period;
 - 5) item components of the assets and liabilities were valued separately;
 - 6) the opening balance of the financial year is consistent with closing balance of the prior year;
 - 7) indicated all items that have a significant impact on user rating of the annual report or decision making;
 - 8) economic activities of the company are recorded and reflected in the annual report, taking into account their economic content and entity, not only the legal form.
 - 9) accounting in the company is done in EUR. All dealings in foreign currencies are converted into EUR, using the currency rates officially determined by the Bank of Latvia at the day of corresponding deal.

Compared to the previous reporting period, accounting and valuation methods used by the Company have not been changed

Reporting period

The financial statements cover the period from 01.01.2019 till 30.06.2019

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense and disclosure of contingencies. Future events occur may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements when it's determinable.

Contingencies

Contingent liabilities are not recognised in these financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in these financial statements but disclosed when an inflow of economic benefits is probable.

Currency and foreign currency revaluation

The functional currency of the Company and monetary unit used in the financial statements is euro (EUR), the monetary unit of the Republic of Latvia. All transactions in the foreign currency are revaluated to euro according to the Euro foreign exchange reference rates set by the European Central Bank, which is in force at the beginning of the day of business transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euro according to the foreign exchange reference rate in force on the last day of the reporting year.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions or on reporting of assets and liabilities using the exchange rates that differ from the initial transaction accounting rates are recognized in the income statement in net value.

	30.06.2019	30.06.2018
USD	1.138	1.1658

Non-current and current items

Amounts presented in long-term items are the amounts with the maturity term for receipt, payment or write-off coming into effect more than a year after the end of the respective reporting year. Amounts receivable, payable or to be written-off within a year are presented as short-term items.

Related parties

Related parties are defined as Company's shareholders, board members (key management personnel) and entities that have the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions and close members of the families of any individual referred to previously and entities over which these persons exercise significant influence or control.

Related parties are defined also as entities in which the Company has significant influence or control.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are initially measured at cost.

Property, plant and equipment are recognized as non-current assets if their acquisition cost exceeds 70 euros. Purchases under 70 euros are recognised as low-value inventory.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Only rights acquired in exchange for consideration are indicated in the item "Concessions, patents, licenses, trademarks, and similar rights".

Intangible assets and property, plant and equipment are stated at cost less accumulated depreciation. Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Intangible assets:

Computer software etc.	20	%
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Property, plant and equipment

Buildings and construction	2	%
Transmission equipment	5	%
Technological plant and machinery	10,14.3	%
Vehicles	14.3	%
Other fixed assets and equipment	20,10	%

Depreciation is calculated starting with the following month after the intangible asset or property, plant and equipment is ready for intended use. Land is not depreciated. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. To the extent that the Company depreciates separately some parts of property and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the higher of an asset's net selling price and its value in use.

Profit or loss from alienation of a long-term investment object is indicated in the income statement in the net value.

Repair and restoration costs that increase useful life and value of assets are capitalized and depreciated over their estimated useful lives. Other repair and restoration costs are recognized as expenses of the reporting period.

The initial value of construction in progress is increased by other direct costs incurred in relation to the object until the new object is put into operation. The initial value of the respective asset is not increased by the interest of the loans used for creation of the new asset.

If investments are made in the rented asset (e.g., reconstruction, improvement or renewal), then such costs are recognized in the balance sheet item "Long-term investments in leased assets" and depreciated over the lease period.

Revaluation of fixed assets and establishment of reserve

A fixed assets object, the value of which is significantly higher than the costs of its acquisition or production cost price or assessment on the balance sheet of the previous year, is revalued according to its higher value, if it may be assumed that the value increase will be long-term. A difference arisen as a result of such revaluation between assessment, which was carried out on the basis of acquisition costs or production cost price, and assessment which was carried out on the basis of revaluation, if such difference is positive, is included in the relevant assets item of the balance sheet where revalued object of fixed assets is indicated and in the liabilities item of the balance sheet "Revaluation reserve of long-term investments" under the section "Equity".

Development costs

Development costs are costs which are directly eligible to development measures or which may be justifiably related to these measures.

Inventories

Inventories are stated at the lower of cost and net realisable value according to the perpetual inventory method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is disclosed at the purchase (production) cost less provisions made.

Receivables

Receivables are recognized at original invoice amount less an allowance for any doubtful amounts. The allowance for any doubtful amounts is made in the cases, when the collection of these amounts is problematic. Bad debts are written off when the recovery is deemed impossible.

Signs that an amount receivable may be doubtful:

- delayed payment of debt, after repeated reminders the debtor still does not pay or the debtor is questioning the Company's right to recover the debt;
- the debtor's poor financial situation and negative operating results or other circumstances indicating the debtor's failure to pay the full amount of the debt (known, that the debtor is subject of proceedings for its recognition as bankrupt), etc.

Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Other receivables

The Company under the item "Other receivables" presents those debtors that cannot be presented in other items, including tax overpayments, debit balances of accounts payable.

Prepaid expense and deferred revenue

Payments made before the balance sheet date but referring to the next financial years shall be indicated in the item "Prepaid expense".

Payments received before the balance sheet date but referring to the next financial years or further financial years shall be indicated in the balance sheet item "Deferred revenue".

Other securities and investments

Long-term investments in bonds and securities are measured at cost in the balance sheet. Short-term investments in shares and securities, which are listed on the stock exchange, are measured at market value in the balance sheet, which is determined by the stock exchange transactions on the last day of the reporting year.

Cash

Cash and cash equivalents include cash in bank and on hand.

Share capital

The item "Equity" shows the share capital according to the capital registered in the Commercial Register.

Share capital reserve

Reserve has emerged as a result of the share capital denomination

Payables

Payables are reported according to supporting documents and checked with respective creditors by reconciling balances

Loans and borrowings

Loans and borrowings are initially recognized at cost, determined by the fair value and plus directly attributable transaction costs for issued loans and net of directly attributable transaction costs for borrowings received.

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, by respective charge to current and non-current liabilities. Lease payments are apportioned between the finance charges and reduction of the principal lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in the income statement as interest expense.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term on a straight-line basis.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-

line basis over the lease term. The commitments undertaken by the Company with respect to operating lease contracts are recorded as off-balance sheet liabilities.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Accrued income

As accrued income are recognized clearly known settlement amounts with buyers and customers for the supply of goods or services in the reporting year but for which payment documents (invoices) have not been issued by the balance sheet date due to the terms of the agreement.

Accrued liabilities

Accrued liabilities comprise clearly known trade payables for goods or services which have been supplied during the reporting year but for which payment documents (invoices) have not been received by the balance sheet date due to the terms of the supply, sale or contractor agreement or for any other reasons.

Reserve for unused leaves

Reserve for unused leaves is determined by multiplying the average salary for the last six months of the reporting year of each employee by the number of unused accrued annual leave days.

Advances from customers

Advances from customers are payments which in accordance with the contract the buyer pays the seller before the receipt of goods or service.

Other payables

The company under the item "Other payables" presents those creditors that cannot be presented in other items, including credit balances of accounts receivable.

Dividends

Claims and obligations in respect of dividends are recognized when the shareholders' right to receive the payment is established, which means that only when the distribution is authorised by the shareholders decision, as well as when the amount of dividends is calculated.

Taxes and mandatory state social insurance contributions

Tax information is reconciled with the tax administration. The Company presents within payables only tax debts, any overpayments are presented under other receivables.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue arising from the sale of goods is recognised when all of the following criteria have been satisfied:

- 1) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 2) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 3) it is probable that the economic benefits associated with the transaction will flow to the Company;
- 4) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company reports the sale of goods, taking into account the economic substance and not merely the legal form.

Provision of services

Revenue arising from the rendering of services is recognised in the period when the services are rendered.

Revenue arising from the rendering of services and related costs is recognised by reference to the stage of completion of the transaction at the balance sheet date.

If the outcome cannot be estimated reliably, revenue arising from the rendering of services is recognised only to the extent of the expenses recognised that are recoverable.

Other income

Other income is income that is not included in the revenue, is occurred in the result of the economic activity, or is related to, or directly derived. Other income is recognised as follows:

- revenues from fines and penalties – upon receipt;
- proceeds from the sale of non-current assets - net gain or loss on non-current assets' sale are determined by comparing the proceeds with the carrying amount and are included in the income statement as incurred;
- revenue from exchange rate fluctuations - net profit or loss from currency fluctuations is calculated as the difference between revenue and losses from exchange rate fluctuations and included in the income statement as incurred;
- interest income on current account balances from credit institutions registered in the Republic of Latvia - upon receipt;
- dividends - when the shareholder's right to receive payment is established;
- other income – as incurred.

Recognition of expenses

Expenditure is recognized and accounted for on an accrual basis, which states that the expense is recognized in the period in which it is incurred;

Expenses consist of a reduction in economic benefits arising from the use of assets, depreciation, alienation or the incurrence or increase of liabilities and which reduce equity. Expenditure is recognized according to established procedures: if the use of resources has occurred or is expected, the amount of expenditure can be reliably estimated.

Corporate income tax

Starting from 2018, the corporate income tax will be calculated for distributed profit by applying a tax rate of 20%. The corporate income tax will be accepted at the time when the shareholders of the Company adopt their decision on profit distribution or when such expenses are further development of the Company (deemed profit distribution). Tax liabilities are compared with State Revenue Service data.

Subsequent events

Post-year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

1. Information for the ‘Balance sheet’.

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

- in public returns 656356 ,- 71.5%
- in closed register 261788.- 28.5%

Percentage of investment (%)

A/S ‘KURZEMES ATSLEGA ’ reg.no.40003253124.	48.36 **
Oliwer Wiederhold.	17.12
SIA’ ‘Aizputes atslēgas’ reg.no 42103001587	15.26
Other shareholder	19.26 *
Total	100.00

* for other shareholders number of shares not exceeding 5%

** Shareholders of AS Kurzeme Atslega : P.Frīdenbergs -46.9%,J.Kreicburgs – 24.9%,
V.Bīķis -14.0%, D.Rudzīte -7.0%,Other shareholder – 7.2%

Board members,except for Peteris Fridenbergs, do not own shares of JSC
KURZEMES ATSLEGA 1

Council members do not own shares of JSC KURZEMES ATSLEGA 1

Information about limitations concerning share expropriation rights.

Restrictions for expropriation of shares or specific consent reception for shares disposal have not been set.

Shareholders’ rights and agreements.

Regulated by laws and regulations of the Republic of Latvia, the Company’s Statutes does not define any special limitations or Company does any information about agreements between shareholders.

Powers of the Board Members and special agreements.

According to the Statutes of the JSC ‘Kurzemes Atslega 1’, the Company shall be represented either by chairman of the Board alone or other two Board members together.

There is no agreement between the Company and the Board members concerning the compensation of resignation.

Regulations of Board Members elections and Statute amendments .

Regulated by laws and regulations of the Republic of Latvia ,the Company’s Statutes does not define any special limitations or regulations related to the elections of Board members and Statute amendments.

2. Taxes and Obligatory payments of the state social insurance

Kind of taxes	30.06.2019 EUR	30.06.2018 EUR
Income tax of inhabitants	4884	5091
Obligatory payments of the state social insurance	14812	16011
Other tax	5407	6535
Total	25103	27637

3. The rest of creditors.

Kind of creditors	30.06.2019 EUR	30.06.2018 EUR
Wages for June	22776	25842
Other creditors	1323	1278
Harm recompense	756	800
Total	24855	27920

Information for the "Profit and loss account".

1. Net sales

Modus operandi	30.06.2019 EUR	30.06.2018 EUR
Incomings from production of locks and ironmongery	862255	770164
Incomings from rendering of services	39182	92616
Total:	901437	862780

2. Production costs of sales.

The main elements of expenses	30.06.2019 EUR	30.06.2018 EUR
Material costs	445478	474193
Wages	232203	245929
Obligatory payments of the state social insurance	55140	58328
Electrical energy	46549	48463
Costs of depreciation of fixed	16590	15973
The rest of expenses	58215	42693
Import duty	1570	2227
Services received	7507	15313
Expenses in total	863252	903119
Correction of expenses		
Changes of remains of unfinished production	60848	(62238)

Changes of remains of self-made punches, molds and materials	(475)	0
Changes of remains of complete product	8437	(32541)
Total	932062	808340

3. Distribution expenses

The main elements of expenses	30.06.2019 EUR	30.06.2018 EUR
Wages	2912	2855
Social expenses	800	696
Marketing Services	10408	8121
The rest of expenses	8149	9457
Total	22269	21129

4. Administration expenses.

The main elements of expenses	30.06.2019 EUR	30.06.2018 EUR
Wages	31171	32702
Social expenses	7419	7754
Telecommunication service	903	826
Cash turnover expenses	556	645
The rest of expenses	2038	1712
Total	42088	43639

5. The rest of incomes for economic activity

Sort of revenue	30.06.2019 EUR	30.06.2018 EUR
Sales of current assets	11968	18904
Incomes from exchange rate fluctuations	1238	1756
Other incomes	535	1687
Total	13741	22347

6. The rest of expenses for economic activity of enterprise

Heads of expenditure	30.06.2019 EUR	30.06.2018 EUR
Expenses for social sphere	700	751
Harm recompense	8074	7744
Expenses, unrelated with economic activity, donations	191	336
Other	211	57
Loss from fluctuation of foreign currency exchange rate;	394	1703
Total	9570	10591