



**Joint stock company  
„Rīgas autoelektroaparātu rūpnīca”  
( reg.Nr. 4 0003030454 )**

**Report for the first 9 months of 2008**

## **CONTENT**

	page
Information about the company	2
Statement of Management Responsibility	3
Balance sheet	4
Profit or loss account	6
Statement of cash flows	7
Statement of exchanges in equity	9
Notes to financial statements:	10
1. Notes to the balance sheet	10
2. Notes to the profit or loss account	14

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

## Information about the company

Name of the company	<i>Rīgas autoelektroaparātu rūpnīca</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>
Management Board	<i>Alfrēds Auziņš - Chairman (from 1998) Zigurds Kalniņš (from 1998) Maksims Araslanovs (from 2003)</i>
Supervisory Council	<i>Ēriks Kaža - Chairman Gunārs Lubis Viktors Rojs Kristina Kaža Tatjana Ļevenkova</i>
Reporting period	<i>01.01.2008 - 30.09.2008</i>
Main shareholders	The list prepared on April 25, 2008: <i>1. JSC „Baltijas Holdings”-40.5 % Reg.Nr.40003148033, 2, Klijanu street, Riga 2. „Tehprojekts”,Ltd.- 40.6% Reg.Nr. 40103020397, 12,Unijas street, Riga 3. State social security agency- 4.6% 4. Other physical and legal persons 14.3%</i>
Auditor	<i>“Auditorfirma „Grāmatvedis””Ltd. Reg Nr. 42803007531 Commercial license No37 58, Brīvības street, Riga, LV-1011</i>

The company 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. At now the joint stock company “Rīgas autoelektroaparātu rūpnīca” has the same profile of production and basic activities:

- production of control and measuring devices for motorcars and tractors, automotive accessories and different locks;
- designing of new devices as well as designing and manufacturing of tooling and instruments

The following technological processes are used in the manufacturing: metal machining and punching, pressure casting of zinc alloys, moulding of plastics, electroplating and paint coating and assembling of finished products.

Average number of employees in the reporting period is 242.

## **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 4 to 16 are prepared in accordance with underlying accounting records and source documents and present fairly the financial position of the Company as on September 30, 2008 and the results of its operations and cash flows for the period ended on September 30, 2008.

The financial statements are prepared in accordance with laws “On accountancy”, “On the annual reports” and Latvian Accounting Standards 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 Management Board,

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Alfrēds Auziņš  
Chairman of the Board

November 19, 2008

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

<b>BALANCE SHEET</b>		<b>For the first 9 months of 2008</b>		K=0,703 K=0,703							
			LVL	LVL	EUR	EUR		LVL	LVL	EUR	EUR
ASSETS	Notes	Row code	At the end of the period 30.09.08	At the beginning of the year 01.01.08.	At the end of the period 30.09.08.	At the beginning of the year 01.01.08.		At the end of the period 30.09.07	At the beginning of the year 01.01.07.	At the end of the period 30.09.07	At the beginning of the year 01.01.07.
<b>A. LONG-TERM INVESTMENTS</b>											
<b>1. Intangible assets</b>											
1.1. Patents, licenses and similar rights	1	010	276	1548	393	2202		2542	12654	3616	18000
<b>1. TOTAL</b>		<b>020</b>	<b>276</b>	<b>1548</b>	<b>393</b>	<b>2202</b>		<b>2542</b>	<b>12654</b>	<b>3616</b>	<b>18000</b>
<b>2. Fixed assets</b>											
2.1. Land, buildings and constructions	2	030	501277	508310	713054	723058		510655	905869	726394	1288576
2.2. Equipment and machinery		040	270594	366516	384913	521360		403535	514107	574019	731304
2.3. Other fixed assets and inventory		050	6109	18204	8690	25895		17332	18585	24654	26437
2.4. Advance payments for fixed assets		060		0		0		4200	1779	5974	2531
<b>2. TOTAL</b>		<b>070</b>	<b>777980</b>	<b>893030</b>	<b>1106657</b>	<b>1270313</b>		<b>935722</b>	<b>1440340</b>	<b>1331041</b>	<b>2048848</b>
<b>A. TOTAL</b>		<b>080</b>	<b>778256</b>	<b>894578</b>	<b>1107050</b>	<b>1272515</b>		<b>938264</b>	<b>1452994</b>	<b>1334657</b>	<b>2066848</b>
<b>B. CURRENT ASSETS</b>											
<b>1. Inventory</b>											
1.1. Raw materials, direct materials and auxiliary materials	3.1.	090	409153	529135	582010	752681		570453	579875	811455	824858
1.2. Work in progress	3.2.	100	66356	91894	94390	130717		113701	122321	161737	173999
1.3. Finished goods and goods for sale	3.3.	110	1018536	499992	1448842	711226		481479	655871	684892	932960
1.4. Advance payments for goods	3.4.	120	2877	52394	4092	74529		24998	15549	35559	22118
<b>1. TOTAL</b>		<b>130</b>	<b>1496922</b>	<b>1173415</b>	<b>2129334</b>	<b>1669153</b>		<b>1190631</b>	<b>1373616</b>	<b>1693643</b>	<b>1953935</b>
<b>2. Receivables</b>											
2.1. Trade receivables	4.1.	140	748199	780027	1064295	1109569		737159	1124791	1048590	1599987
2.2. Other receivables	4.2.	150	52043	39516	74030	56210		51108	49728	72700	70736
2.3. Short term loans		160		21835		31060		102750		146159	
2.4. Deferred expenses	4.3.	170	4820	4684	6856	6663		2826	4627	4020	6582
<b>2. TOTAL</b>		<b>180</b>	<b>805062</b>	<b>846062</b>	<b>1145181</b>	<b>1203502</b>		<b>893843</b>	<b>1179146</b>	<b>1271469</b>	<b>1677305</b>
<b>3. Cash</b>		<b>3. TOTAL</b>	<b>307413</b>	<b>750093</b>	<b>437287</b>	<b>1066989</b>		<b>737543</b>	<b>414375</b>	<b>1049137</b>	<b>589438</b>
<b>B. TOTAL</b>		<b>200</b>	<b>2609397</b>	<b>2769570</b>	<b>3711802</b>	<b>3939644</b>		<b>2822017</b>	<b>2967137</b>	<b>4014249</b>	<b>4220678</b>
<b>TOTAL ASSETS</b>		<b>210</b>	<b>3387653</b>	<b>3664148</b>	<b>4818852</b>	<b>5212159</b>		<b>3760281</b>	<b>4420131</b>	<b>5348906</b>	<b>6287526</b>

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

<b>BALANCE SHEET</b>		<b>For the first 9 months of 2008</b>		K=0,703	K=0,703		
			LVL	LVL	EUR	EUR	
LIABILITIES	Notes	Row code	At the end of the period 30.09.08.	At the beginning of the year 01.01.08.	At the end of the period 30.09.08	At the beginning of the year 01.01.08.	LVL
							LVL
							EUR
							EUR
<b>A. Equity capital</b>							
1. Share capital	6	220	3565509	3565509	5071848	5071848	3565509
2. Reserves:	7	230	0	34050	0	48436	34050
a) other reserves		240	0	34050	0	48436	34050
<b>TOTAL</b>		<b>250</b>	<b>3565509</b>	<b>3599559</b>	<b>5071848</b>	<b>5120284</b>	<b>3599559</b>
<b>3. Retained profit:</b>							
a) brought forward from previous years		260	-414565	-448615	-589708	-638144	218200
b) for the current year		270	-120313		-171143		-388315
<b>A. TOTAL</b>		<b>280</b>	<b>3030631</b>	<b>3150944</b>	<b>4310997</b>	<b>4482140</b>	<b>3429444</b>
<b>B.CREDITORS</b>							
<b>1. Long-term liabilities</b>							
1.1. Deferred tax liabilities	8	290	32269	32269	45902	45902	72015
<b>1. TOTAL:</b>		<b>300</b>	<b>32269</b>	<b>32269</b>	<b>45902</b>	<b>45902</b>	<b>72015</b>
<b>2. Current liabilities</b>							
2.1. Advance payments from customers	9.1.	310	7020	19485	9986	27717	1209
2.2. Trade creditors	9.2.	320	166494	242920	236834	345547	127052
2.3. Taxes and social security payments	9.3.	330	47713	42578	67870	60566	38478
2.4. Other creditors	9.4.	340	67503	74578	96021	106085	80048
2.5. Unpaid dividends	9.5.	350		6000		8535	6000
2.6. Accrued liabilities	9.6.	360	36023	95374	51242	135667	6035
<b>2. TOTAL</b>		<b>370</b>	<b>324753</b>	<b>480935</b>	<b>461953</b>	<b>684117</b>	<b>258822</b>
<b>B.TOTAL</b>		<b>380</b>	<b>357022</b>	<b>513204</b>	<b>507855</b>	<b>730019</b>	<b>330837</b>
<b>TOTAL LIABILITIES</b>		<b>390</b>	<b>3387653</b>	<b>3664148</b>	<b>4818852</b>	<b>5212159</b>	<b>3760281</b>
							76011
							290226
							49100
							103951
							8535
							133693
							652981
							755421
							6287526

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

**PROFIT OR LOSS ACCOUNT**  
**For the first 9 months of 2008**

K=0,703

Item	Row code	LVL	LVL	EUR	EUR
		The first 9 months of 2008	The first 9 months of 2007	The first 9 months of 2008	The first 9 months of 2007
1	2	3	4	5	6
Net turnover	010	2380426	3348560	3386096	4763243
Cost of sales	020	2159591	3734259	3071964	5311890
<b>Gross profit or loss</b>	<b>030</b>	<b>220835</b>	<b>-385699</b>	<b>314132</b>	<b>-548647</b>
Selling expenses	040	54880	124433	48065	177003
Administrative expenses	050	317043	244507	450986	347805
Other operating income	060	236084	939830	335823	1336885
Other operating expenses	070	195018	559095	277408	795298
Interest receivable and similar income	080	9315	16788	13250	23880
Profit or loss before extraordinary items and taxes	090	-100707	-357116	-113254	-507988
Profit or loss before taxes	100	-100707	-357116	-113254	-507988
Other taxes (Real estate tax)	110	19606	31199	27889	44380
<b>Profit or loss for the period</b>	<b>120</b>	<b>-120313</b>	<b>-388315</b>	<b>-141143</b>	<b>-552368</b>

**Earnings per share**

**-0,034**

**-0,109**

**-0,040**

**-0,155**

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

**STATEMENT OF CASH FLOWS for the first 9 months of 2008**

**A. Cash flow from operating activities**

K=0,703

No	ITEMS	2008	2007	2008	2007
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Income from sales and services	2493659	3755611	3547168	5342263
2	Payments to suppliers for goods and services	-1825135	-2578863	-2596209	-3668368
3	Payments to employees and in their interests or to the third persons according to their orders	-800752	-953196	-1139050	-1355898
4	Other expenses for economic activities	-26148	-41469	-37195	-58989
5	Income from other economic activities	18005	26658	25612	37920
6	Tax payments	-330629	-401308	-470311	-570850
7	VAT paid	6233	-4209	8866	-5987
8	Deferred expenses	-8225	-6897	-11700	-9811
	<b>Cash flow from gross operating activities</b>	<b>-472992</b>	<b>-203673</b>	<b>-672819</b>	<b>-289720</b>
9	Income tax payments	-19606	-31079	-27889	-44209
	<b>TOTAL</b>	<b>-492598</b>	<b>-234752</b>	<b>-700708</b>	<b>-333929</b>
A.	Net cash flow from operating activities	<b>-492598</b>	<b>-234752</b>	<b>-700708</b>	<b>-333929</b>

**B. Cash flow from investment activities**

No	ITEMS	2008	2007	2008	2007
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Purchase of intangible and fixed assets	-79	-26801	-112	-38124
2	Sales of intangible and fixed assets	42118	754150	59912	1072760
3	Issued loans		-102000		-145092
4	Repaid loans	20000	2690	28449	3826
5	Received interest	1340	920	1906	1309
	<b>TOTAL</b>	<b>63379</b>	<b>628959</b>	<b>90155</b>	<b>894679</b>
B.	Net cash from investment activities	<b>63379</b>	<b>628959</b>	<b>90155</b>	<b>894679</b>

**C. Cash flow from financing**

No	ITEMS	2008	2007	2008	2007
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Paid dividends	-6000	-65310	-8535	-92902
2	Received interest for deposit	8750	15268	12447	21719
	<b>TOTAL</b>	<b>2750</b>	<b>-50042</b>	<b>3912</b>	<b>-71183</b>
C.	Net cash flow from financing	<b>2750</b>	<b>-50042</b>	<b>3912</b>	<b>-71183</b>



*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

**SUMMARY OF CASH INCOME AND EXPENDITURE**

No	ITEMS	2008	2007	2008	2007
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
A	The result from operating activities	-492598	-234752	-700708	-333929
B	The result from investment activities	63379	628959	90155	894679
C	The result from financing	2750	-50042	3912	-71183
D	The result from currency rate fluctuations	-16211	-20997	-23061	-29868
	Cash increase or decrease	-442680	323168	-629702	459699
	Cash and cash equivalents at the beginning of the reporting period	750093	414375	1066989	589438
	Cash and cash equivalents at the end of the reporting period	307413	737543	437287	1049137

**STATEMENT OF EXCHANGES IN EQUITY**  
for the first 9 months of 2008

(LVL)

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
<b>On Dec. 31, 2006</b>	<b>3565509</b>	<b>34050</b>	<b>289510</b>		<b>3889069</b>
Calculated dividends for 2006			-71310		-71310
Profit (+) or losses (-) of the reporting year			-666815		<b>-666815</b>
<b>On Dec. 31, 2007</b>	<b>3565509</b>	<b>34050</b>	<b>-448615</b>		<b>3150944</b>
Losses covered from the reserves		<b>-34050</b>	<b>34050</b>		<b>0</b>
Profit (+) or losses (-) of the first 9 months of 2008				-120313	-120313
<b>On Sept. 30, 2008</b>	<b>3565509</b>	<b>0</b>	<b>-414565</b>	<b>-120313</b>	<b>3030631</b>

<b>On Sept. 30, 2007</b>	<b>3565509</b>	<b>34050</b>	<b>218200</b>	<b>-388315</b>	<b>3429444</b>
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K=0,703

EUR

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
<b>On Dec. 31, 2006</b>	<b>5071848</b>	<b>48436</b>	<b>411821</b>		<b>5532105</b>
Calculated dividends for 2006			-101437		-101437
Profit (+) or losses (-) of the reporting year			-948528		-948528
<b>On Dec. 31, 2007</b>	<b>5071848</b>	<b>48436</b>	<b>-638144</b>		<b>4482140</b>
Losses covered from the reserves		<b>-48436</b>	<b>48436</b>		<b>0</b>
Profit (+) or losses (-) of the first 9 months of 2008				-171143	-171143
<b>On Sept. 30, 2008</b>	<b>5071848</b>	<b>0</b>	<b>-589708</b>	<b>-171143</b>	<b>4310997</b>

<b>On Sept. 30, 2007</b>	<b>5071848</b>	<b>48436</b>	<b>310384</b>	<b>-552368</b>	<b>4878300</b>
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## NOTES TO FINANCIAL STATEMENTS

The report is prepared in accordance with the law „On accountancy”, „On the annual reports” and Latvian accounting standards.

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 the national currency of Latvia, the lat (LVL) and in euro (EUR).

### Balance sheet for the first 9 months of 2008

#### 1. Long term investments.

##### 1.1 Intangible assets. Balance sheet –row code 010

Patents, licenses and similar rights:

Balance value on September 30, 2008 was 276 LVL;

on January 31, 2008 1548 LVL

(Paid design works carried out by other enterprises according with contracts. Those permit the enterprise to make equipment for manufacturing process and to produce devices for motorcars and tractors. The purchased design documentation is hold in the design office). Long term investments are disposed to expenses in 5 years.

#### 2. Buildings, constructions and land are registered in Land Register and is the property of „RAR”. Balance sheet –row code 030

Balance value on September 30, 2008: 501277 LVL on January 31, 2008 508310 LVL

including: buildings and constructions- 368203 LVL 375236 LVL

land - 133074 LVL 133074 LVL

**Cadastral value on 30.09.08. 4516063LVL**

Cadastral value of the buildings - 2422748 LVL

Cadastral value of the land - 2093315 LVL

#### 3. Inventory. Balance sheet –row code 090; 100; 110; 120.

3.1. On September 30, 2008 the total value of raw materials and sub-components in the warehouses is 397846 LVL, and they provide the process of production for two months.

The value of other inventory (material and outfit) for auxiliary bays on September 30, 2008 was 11307 LVL.

On January 1, 2008 the total value of stocks was 501785 LVL.

The value of other inventory on January 1, 2008 was 27350 LVL.

3.2. On September 30, 2008 the stock of work in progress (parts) 66356 LVL provide the process of production for one and a half month.

On January 1, 2008 the stock of work in progress (parts) amounted to 91894 LVL.

3.3. On September 30, 2008 the stock of finished goods was 1018536 LVL. The stock of finished goods is evaluated in production costs. The increase of the stock of finished goods is justified by concluded contracts and formed to ensure the deliveries of goods in time.

On January 1, 2008 the stock of finished goods amounted to 499992 LVL.

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

3.4. Advance payments for goods.

<i>Business partner</i>	<i>Advance payment</i>	<i>Total in LVL 30.09.2008</i>	<i>Total in LVL 01.01.2008</i>
Enterprises of Russia	For materials	208.01	25084.21
Enterprise of Great Britain	For materials	256,57	
Enterprises of China	For materials	2208.64	26858.13
Enterprise of Germany	For materials		237.27
Enterprises of Latvia	For materials	140.16	
Enterprise of Latvia	For materials	63.73	213.93
	<b>TOTAL</b>	<b>2877.11</b>	<b>52393.54</b>

4. Receivables

4.1. Trade receivables. Balance sheet –row code 140

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 30.09.2008</i>	<i>Total in LVL 01.01.2008</i>
Enterprises of Russia	For the goods	209714.68	260828.77
Enterprises of Belarus	For the goods	497379.18	426041.49
Enterprise of Ukraine	For the goods	30145.76	
Enterprise of Lithuania	For the goods	1100.50	1632.73
Enterprises of Latvia	For the goods	9858.53	91523.62
	<b>TOTAL</b>	<b>748198.65</b>	<b>780026.61</b>

Customers' debts are real. According to the signed contracts customers shall pay for the delivered production in 30 up to 60 days.

4.2. Other receivables. Balance sheet –row code 150.

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 30.09.2008</i>	<i>Total in LVL 01.01.2008</i>
Enterprises of Latvia	Agreements of lease	410.68	2868.27
Enterprises of Latvia	For single orders	8714.30	1707.10
Enterprises of Latvia	For the equipment	5679.34	
Enterprise of Latvia	For transport services	10.14	
Enterprise of Latvia	For the collection of the waste	135.53	216.17
Other enterprises of Latvia	Other debts	8.17	192.52
Enterprise of Latvia	Scrap-metal sales	1118.30	1611.41
State treasury	Settlements with customs	0.00	150.97
Employees of the enterprise	Settlements for business trips and other operating expenses	14550.12	835.31
State Revenue Service	Overpaid taxes ( VAT)	19545.34	29872.73
Enterprises of Latvia	VAT on unpaid invoices	1871.50	2061.85
	<b>TOTAL</b>	<b>52043.42</b>	<b>39516.33</b>

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

**4.3. Deferred expenses. Balance sheet –row code 170**

<i>Business partner</i>	<i>Year of the deal</i>	<i>Total in LVL 30.09.2008</i>	<i>Total in LVL 01.01.2008</i>
Enterprise of Latvia	The year 2008 (tickets)	2911.00	1292.00
Enterprises of Latvia	Newspapers, special literature on legislation of Latvia	196.60	973.97
Enterprise of Latvia	Agreement for services	1250.00	
Transport insurance	2008	357.65	560.51
Auditing company of Latvia	April 2008		1770.00
Enterprises of Latvia	Subscriber’s fee	46.39	87.69
Other enterprises of Latvia	Different services	58.00	
<b>TOTAL</b>		<b>4819.64</b>	<b>4684.17</b>

**5. Cash and cash equivalents. Balance sheet –row code 190**

<i>Cash location</i>	<i>Currency</i>	<i>Balance in currency</i>	<i>Exchange rate of the Bank of Latvia</i>	<i>Balance LVL As on Sept. 30, 2008</i>	<i>Balance LVL As on January 31, 2008</i>
Shop-warehouse	LVL			105.09	47.97
Treasury	LVL			4787.27	7945.57
	EUR	2005.00	0.702804	1409.11	7486.27
	USD	1501.00	0.486	729.49	537.72
	<b>Total: 1</b>			<b>7030.96</b>	<b>16017.53</b>
Current accounts	LVL			11378.68	48172.92
	USD	10803.10	0.486	5250.31	130439.44
	EUR	3075.71	0.702804	2161.62	133021.50
	RUR	24242.77	0.0194	470.31	76264.10
Deposit account	LVL	400000.00	0.702804	281121.60	
	EUR				51000.00
	<b>Total: 2</b>			<b>300382.52</b>	<b>734075.64</b>
	<b>Total: 1+2</b>			<b>307413.48</b>	<b>750093.17</b>

**6. Share capital. Balance sheet –row code - 220**

Share capital is 3565509 LVL. Nominal value of a share is 1,00 LVL.

**The shareholders as on April 25, 2008 are:** (share proportion in share capital)

JSC „BALTIJAS HOLDINGS”	40.5 %
„Tehprojekts”, Ltd.	40.6 %
SJSC “VSAA”	4.6 %
Other physical and legal persons	14.3 %

**7. Reserves. Balance sheet row code - 230**

The shareholders’ meeting in 2003 took a decision to diminish the share capital and to create reserves. The losses of the previous years are written off of the reserves. Balance of the reserves on January 1, 2008 – 34050 LVL.

According to the decision of shareholders the reserve was used to cover the losses of 2007. Balance of the reserves on September 30, 2008 is “0” LVL.

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

**8. Long-term liabilities. Balance sheet row code - 290**

In 2007 deferred taxation liabilities were calculated as at the end of the year and included in balance sheet.

	<b>30.09.2008 (LVL)</b>	<b>1.01.2008 (LVL)</b>
Deferred taxation liabilities	32269	32269

**9. Current liabilities.**

**9.1. Advance payments from customers. Balance sheet row code – 310**

<i>Business partner</i>	<i>Advance payment</i>	<i>Total in LVL 30.09.2008</i>	<i>Total in LVL 01.01.2008</i>
Enterprise of Switzerland	For equipment		11596.26
Enterprise of Latvia	For equipment	1200.00	480.00
Enterprise of Ukraine	For goods	5594.82	5217.85
Enterprise of Latvia	For goods	225.25	2190.75
<b>TOTAL</b>		<b>7020.07</b>	<b>19484.86</b>

**9.2. Trade creditors. Balance sheet row code – 320**

<i>Business partner</i>	<i>Substantiation</i>	<i>Total in LVL 30.09.2008</i>	<i>Total in LVL 01.01.2008</i>
Enterprise of Latvia	Contract for services	12228.36	12445.18
Enterprise of Latvia	Contract for services		15762.48
Enterprise of Latvia	Contract for services	530.86	650.77
Enterprise of Latvia	Communication services	79.27	1196.79
Enterprise of Latvia	For delivery of electronic plates	149098.60	189729.00
Enterprise of Latvia	Software maintenance	194.70	194.70
Enterprises of Latvia	For materials	3570.86	1954.29
Enterprise of Germany	For materials		20013.04
Enterprises of Latvia	Different services	791.93	
Enterprise of Latvia	For goods		500.00
Enterprise of Great Britain	Different services		474.41
<b>TOTAL</b>		<b>166494.58</b>	<b>242920.66</b>

**9.3. Taxes and social security payments. Balance sheet row code – 330**

<i>Tax</i>	<i>Total in LVL 30.09.2008</i>	<i>Total in LVL 01.01.2008</i>
Personal income tax	23347.03	25681.08
Social security payments	24215.15	12812.79
Income tax	0	3910.10
Business risk fee	33.72	66.97
Natural resource tax (NRT)	116.73	107.70
<b>Total</b>	<b>47712.63</b>	<b>42578.64</b>

\* Term for payment – October, 2008.

**9.4. Other creditors. Balance sheet row code – 340**

<i>Debt</i>	<i>Substantiation</i>	<i>Total in LVL 30.09.2008</i>	<i>Total in LVL 01.01.2008</i>
Salary		65968.01	72941.86
DHL – processing of goods			812.13
Other creditors	Different accounts	1535.33	824.59
<b>Total</b>		<b>67503.34</b>	<b>74578.58</b>

\* Term for salary payment – October, 2008.

**9.5. Calculated but unpaid dividends for the year 2006. Balance sheet row code - 350**

The dividends 6000 LVL are paid on May, 2008.

**9.6. Accrued liabilities. Balance sheet row code - 360.**

In accordance with the law „On the annual reports” provisions for vacations of 2007 are calculated in total 95373.81 LVL. The balance of the provisions for vacations on September 30, 2008 was 36023.00 LVL.

**10. Notes to profit or loss account**

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, business trips etc.)

10.1. Breakdown of net turnover by kind of production: (LVL and %)

	<i>Net turnover Total:</i>	<i>Including</i>		
		<i>Control and measuring devices for vehicles</i>	<i>Locks</i>	<i>Different orders</i>
<b>9 months of 2008</b>	<b>2380426</b>	<b>2274720</b>	<b>63245</b>	<b>42461</b>
<b>%</b>	<b>100</b>	<b>95.5</b>	<b>2.7</b>	<b>1.8</b>
<b>9 months of 2007</b>	<b>3348560</b>	<b>3255009</b>	<b>61865</b>	<b>31686</b>
<b>%</b>	<b>100</b>	<b>97.2</b>	<b>1.85</b>	<b>0.95</b>

10.2. Breakdown of net turnover by geographical markets: (LVL and %)

	<i>Net turnover Total:</i>	<i>Including</i>				
		<i>Russia</i>	<i>Belarus</i>	<i>Ukraine</i>	<i>EU</i>	<i>Latvia</i>
<b>9 months of 2008</b>	<b>2380426</b>	<b>605198</b>	<b>1078664</b>	<b>409768</b>	<b>43923</b>	<b>242873</b>
<b>%</b>	<b>100</b>	<b>25.4</b>	<b>45.3</b>	<b>17.2</b>	<b>1.9</b>	<b>10.2</b>
<b>9 months of 2007</b>	<b>3348560</b>	<b>1661859</b>	<b>976955</b>	<b>438395</b>	<b>49715</b>	<b>221636</b>
<b>%</b>	<b>100</b>	<b>49.63</b>	<b>29.18</b>	<b>13.09</b>	<b>1.49</b>	<b>6.61</b>

<i>Row code</i>	<i>Item</i>	<b>9 months of 2008 LVL</b>	<b>9 months of 2007 LVL</b>	<b>% vs. 2007</b>
<b>010</b>	Net turnover	2380426	3348560	<b>71.1</b>
<b>020</b>	Cost of sales	2159591	3734259	
<b>030</b>	<b>Gross profit or loss</b>	<b>220835</b>	<b>-385699</b>	
	<b>Costs for 1 LVL of net turnover (sant.)</b>	<b>90.72</b>	<b>111.52</b>	

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

Due to the rapid rise of material, sub-component, energy and fuel prices, and also the amendments of LR legislation on the minimal wages, the goods of the company are getting more expensive, at the same time the prices of the goods produced in „RAR” are limited by severe competition in the market.

At the beginning of 2008 the Managing board carried out measures to change and improve the organizational structure of the JSC “RAR” and to diminish fixed costs.

Costs for 1 LVL of production have diminished in comparison with the same period of the previous year and were 90.72 santims.

If the level of prices for materials and services remain lower for the internal market of NVS (Commonwealth of Independent States) it may create essential problems for competitiveness of goods manufactured by the company.

The result of economic activities of the JSC “RAR” in the first 9 months of 2008 is losses 120313 LVL.

<b>Row code</b>	<b>Item</b>	<b>9 months of 2008 LVL</b>	<b>9 months of 2007 LVL</b>
<b>020</b>	<b>Cost of sales in total:</b> including	<b>2159591</b>	<b>3734259</b>
02.1.	-costs of materials and sub-components including transport expenses, custom fees and import duties	1163026	2011890
02.2.	- electric power	118919	148140
02.3.	-contracts (for repairing works and maintenance of different systems)	4394	18412
02.4.	-salaries and social security payments	743299	1366929
02.5.	<b>Amortization: total</b>	<b>116324</b>	<b>169323</b>
02.6.	<b>Operating costs total:</b>	<b>13629</b>	<b>19565</b>
	Incl. - expenses for protection of environment	1229	1556
	- insurance expenses	467	526
	- costs of certification of the production	2547	5114
	- expenses for work safety, business trips and other operating expenses	9386	12369
<b>040</b>	<b>Selling expenses, total:</b>	<b>54880</b>	<b>124433</b>
	Incl. - salaries and social security payments	23565	29968
	- wrapping and transport costs	28206	51965
	- marketing services by signed contracts		34571
	- other expenses	3109	7929

<b>050</b>	<b>Administrative expenses, total :</b>	<b>317043</b>	<b>244507</b>
	including - salaries and social security payments	286179	210448
	- communication expenses	11809	15409
	- bank services	2930	3580
	- other administrative expenses and representation expenses	16125	15070



*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first 9 months of 2008*

<b>Row code</b>	<b>Item</b>	<b>9 months of 2008 LVL</b>	<b>9 months of 2007 LVL</b>
<b>060</b>	<b>Other operating income</b>	<b>236084</b>	<b>939830</b>
	including – income of foreign exchange rate revaluations	61277	50130
	- income from sales of fixed assets (machinery, buildings and land)	69182	824690
	- income from rent charges	11433	17863
	- other income (selling of scrap, materials and outfit)	94192	47147

<b>070</b>	<b>Other operating expenses:</b>	<b>195018</b>	<b>559095</b>
	Incl.- from sales of foreign currency	110041	92947
	- fixed assets written off because of selling		9666
	- fixed assets written off because of selling	1647	401359
	- substitution of devices during guarantee period	2954	4393
	- paid fines		1069
	- other expenses	80376	49663

<b>080</b>	Interest receivable (deposit)	<b>9315</b>	<b>16788</b>
<b>090</b>	<b>Profit or loss for the period before taxes</b>	<b>-100707</b>	<b>-357116</b>

<b>110</b>	Real estate tax (buildings and constructions; land)	19606	31199
<b>120</b>	<b>Profit or loss for the period after taxes</b>	<b>-120313</b>	<b>-388315</b>

Chairman of the Management Board: \_\_\_\_\_ A.Auziņš

Members of the Management Board: \_\_\_\_\_ Z.Kalniņš

\_\_\_\_\_ M.Araslanovs

November 19, 2008