



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

Report for six months of 2009

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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 (since 1998) Zigurds Kalniņš (since 1998) Maksims Araslanovs (since 2003)</i>
Supervisory Board	<i>Ēriks Kaža - Chairman Gunārs Lubis Viktors Rojs Kristina Kaža Tatjana Ļevenkova (up to 15.04.2009.) Ņina Kaža (since 15.04.2009.)</i>
Reporting period	<i>01.01.2009. - 30.06.2009.</i>
Main shareholders	Basing on the list of shareholders prepared for the shareholders' meeting on April 15, 2009: <ol style="list-style-type: none"> <i>1. JSC „Baltijas Holdings”-40.5 % Reg.Nr.40003148033, 2, Klijanu street, Riga</i> <i>2. „Tehprojekts”,Ltd.- 40.6% Reg.Nr. 40103020397, 12,Unijas street, Riga</i> <i>3. State social security agency- 4.6%</i> <i>4. Other physical and legal persons 14.3%</i>

Management report

1. Information about the company and its basic activities

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. Up to the end of 2008 JSC “Rīgas autoelektroaparātu rūpnīca” had 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, moulding of plastics, electroplating and paint coating and assembling of finished products.

In 2009 the profile of production and basic activities are moulding of plastic parts, electroplating and assembling of control and measuring devices for motorcars and tractors.

Since 2003 the company has introduced quality management system corresponding to ISO 9001:2000.

Average number of employees in 2009 is 86.

2. Statements

Already in 2008 the economic crisis essentially influenced the economic activities of JSC “RAR”. As a result, the total volume of production and sales in 2008 were only 62.7 % if compared with the year 2007.

As the crisis is still deepening the results of economic activities of JSC “RAR” are still getting worse: **Net turnover in 6 months of 2008 was 1665082 LVL**

in 6 months of 2009 – 389981 LVL i.e. 23,4% of the level of 2008.

The products of the enterprise are specific and are intended mainly for complete set of automobiles and agricultural machinery in Russia, Ukraine and Belarus. Therefore the production and delivery volumes are depending on the planned production volumes of automobiles’ producers and from the per cent of the production of our enterprise in total delivery volumes.

The growth of material prices, increase of costs for all kind of energy resources as well as systematic increasing of minimal wages have a negative impact on the results of economic activities of the enterprise while the price level of company’s produced goods is limited by severe competition in the definite market.

Customers’ debts on June 30, 2009 are 801230 LVL.

To get additional income the company is arranging its territory – selling the equipment that is no more necessary for production, gathering and selling scrap. Thus additional income 29,8 thousand LVL was gained.

The result of economic activities in 6 months of 2009 is losses 321244 LVL.

The Management Board predicts that the volumes of production and sales in 2009 will still reduce as the economic crisis has affected also the producers of automobiles in Russia, Belarus and Ukraine. According to shriveled opportunities for sales they have reduced the volumes of production. Due to the reduced demand the deliveries had not covered the total volumes of the contracts of 2008 so their duration was extended. The same situation repeats this year. The demands for deliveries of the production are small.

To carry out economic activities in 2009 the Managing board is implementing radical measures to change and improve the organizational structure and to diminish fixed costs.

Risks for the economic activities of the company:

1) Risk for technological innovations

Developing and introducing of new technologies is an expensive process. If it is necessary to obtain new machinery, equipment, punch press or introduce new technologies, it may cost from tens of thousands EUR up to hundred of thousands EUR. It is hard to return this money because the new product takes part in a tender where design, functions, quality as well as price are evaluated. As the products are intended for complete set of definite automobiles there is a risk that a contract will not be signed for any of reasons.

2) Quality risk and responsibility

The company has introduced quality management system corresponding to ISO 9001:2000. According to technical demands the guarantee period is two years from the production date. The producer guarantees substitution of faulty devices during guarantee period. According to contract the producer is responsible for the quality of the product. The supplier is to pay fine for delivery of imperfect goods therefore additional expenses may arise because of substitution of the products in guarantee period.

3) Financial risk

There are different currencies denoted in contracts with the suppliers of materials and sub-components as well as contracts for deliveries of the company's production. The most often is EUR. 90% of net turnover is export. Before signing of contracts the company evaluates the exchange risk and tries to avoid it.

According to the signed contracts customers shall pay for the delivered production in 30 up to 45 days. There remains risk that the customer can delay payments because of financial difficulties.

4) Economic and market risk

Growth of prices for materials, services and fuel as well as energy resources raises costs of production. There are three main factors which must be taken into account when setting the price – costs of production, demand and prices of competitors. 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.

5) Political risk

Political relationships among Latvia, Russia and Belarus can have an impact on the activities of the company. At the moments of ice jam economic sanctions against Latvia are possible.

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

Management Board: _____

A.Auziņš

Z.Kalniņš

M. Araslanovs

August 25, 2009

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 6 to 17 are prepared in accordance with underlying accounting records and source documents and present fairly the financial position of the Company as on June 30, 2009 and the results of its operations and cash flows for the period ended on June 30, 2009.

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,

Alfrēds Auziņš
Chairman of the Board

August 25, 2009

*JSC „Rīgas autoelektroaparātu rūpnīca”
Report for 6 months of 2009*

BALANCE SHEET

For six months of 2009

K=0,702804

ASSETS	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 30.06.09.	At the beginning of the year 1.01.09.	At the end of the period 30.06.09.	At the beginning of the year 1.01.09.	At the end of the period 30.06.08.	At the beginning of the year 1.01.08.	At the end of the period 30.06.08.	At the beginning of the year 1.01.08.
A. LONG-TERM INVESTMENTS										
1. Intangible assets										
1.1. Patents, licenses and similar rights	1	010	0	126	0	179	479	1548	682	2203
1. TOTAL		020	0	126	0	179	479	1548	682	2203
2. Fixed assets										
2.1. Land, buildings and constructions	2	030	494243	498932	703244	709916	503621	508310	716588	723260
2.2. Equipment and machinery		040	178077	238801	253381	339783	302523	366516	430451	521505
2.3. Other fixed assets and inventory		050	2514	4052	3577	5766	10855	18204	15445	25902
2. TOTAL		060	674834	741785	960202	1055465	816999	893030	1162484	1270667
A. TOTAL		070	674834	741911	960202	1055644	817478	894578	1163166	1272870
B. CURRENT ASSETS										
1. Inventory										
1.1. Raw materials, direct materials and auxiliary materials	3.1.	080	281208	302457	400123	430358	464493	529135	660914	752891
1.2. Work in progress	3.2.	090	52012	42774	74007	60862	60543	91894	86145	130753
1.3. Finished goods and goods for sale	3.3.	100	1037492	1060082	1476218	1508361	850453	499992	1210086	711425
1.4. Advance payments for goods	3.4.	110	15017	58	21367	82	37005	52394	52653	74550
1. TOTAL		120	1385729	1405371	1971715	1999663	1412494	1173415	2009798	1669619
2. Receivables										
2.1. Trade receivables	4.1.	130	801230	794151	1140048	1129975	703591	780027	1001120	1109878
2.2. Other receivables	4.2.	140	21188	25562	30148	36372	40538	39516	57680	56226
2.3. Short term loans		150					6820	21835	9704	31069
2.4. Deferred expenses		160	2671	717	3800	1020	3341	4684	4754	6665
2. TOTAL		170	825089	820430	1173996	1167367	754290	846062	1073258	1203838
3. Cash	5	180	15545	131500	22118	187107	379697	750093	540260	1067286
B. TOTAL		190	2226363	2357301	3167829	3354137	2546481	2769570	3623316	3940743
TOTAL ASSETS		200	2901197	3099212	4128031	4409781	3363959	3664148	4786482	5213613

*JSC „Rīgas autoelektroaparātu rūpnīca”
Report for 6 months of 2009*

BALANCE SHEET

For six months of 2009

K=0,702804

	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 30.06.09.	At the beginning of the year 1.01.09.	At the end of the period 30.06.09.	At the beginning of the year 1.01.09.	At the end of the period 30.06.08.	At the beginning of the year 1.01.08.	At the end of the period 30.06.08.	At the beginning of the year 1.01.08.
LIABILITIES										
A. Equity capital										
1. Share capital	6	210	3565509	3565509	5073262	5073262	3565509	3565509	5073262	5073262
2. Reserves:		220	0	0	0	0	0	34050	0	48449
a) other reserves		230	0	0	0	0	0	34050	0	48449
TOTAL		240	3565509	3565509	5073262	5073262	3565509	3599559	5073262	5121711
3. Retained profit:										
a) brought forward from previous years		250	-698239	-698239	-993505	-993505	-414565	-448615	-589873	-638322
b) for the current year		260	-321244		-457089		-128258		-182494	
A. TOTAL		270	2546026	2867270	3622668	4079757	3022686	3150944	4300895	4483389
B.CREDITORS										
1. Long-term liabilities										
1.1. Deferred tax liabilities		280	0	0	0	0	32269	32269	45915	45915
1. TOTAL:		290	0	0	0	0	32269	32269	45915	45915
2. Current liabilities										
2.1. Advance payments from customers		300	3028	1368	4309	1947	1200	19485	1707	27725
2.2. Trade creditors	7.1.	310	181520	135863	258280	193316	159581	242920	227063	345644
2.3. Taxes and social security payments	7.2.	320	62254	25803	88579	36714	24868	42578	35384	60583
2.4. Other creditors	7.3.	330	107657	34828	153182	49556	59305	74578	84383	106115
2.5. Unpaid dividends		340		0			0	6000	0	8537
2.6. Accrued liabilities	7.4.	350	712	34080	1013	48491	64050	95374	91135	135705
2. TOTAL		360	355171	231942	505363	330024	309004	480935	439672	684309
B.TOTAL		370	355171	231942	505363	330024	341273	513204	485587	730224
TOTAL LIABILITIES		380	2901197	3099212	4128031	4409781	3363959	3664148	4786482	5213613

*JSC „Rīgas autoelektroaparātu rūpnīca”
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PROFIT OR LOSS ACCOUNT
For 6 months of 2009

K=0.702804

Item	Row code	LVL	LVL	EUR	EUR
		6 months of 2009	6 months of 2008	6 months of 2009	6 months of 2008
1	2	3	4	5	6
Net turnover	010	389981	1665082	554893	2369198
Cost of sales	020	493190	1585585	701746	2256084
Gross profit or loss	030	-103209	79497	-146853	113114
Selling expenses	040	13415	38453	19088	54714
Administrative expenses	050	201372	213218	286527	303382
Other operating income	060	56607	171873	80545	244553
Other operating expenses	070	47305	120988	67309	172150
Interest receivable and similar income	080	42	6102	60	8682
Profit or loss before extraordinary items and taxes	90	-308652	-115187	-439172	-163897
Profit or loss before taxes	100	-308652	-115187	-439172	-163897
Other taxes (Real estate tax)	110	12592	13071	17917	18598
Profit or loss for the period	120	-321244	-128258	-457089	-182495

Earnings per share

-0,090

-0,036

-0,128

-0,051

STATEMENT OF CASH FLOWS for six months of 2009

A. Cash flow from operating activities

K=0,703

No	ITEMS	2009	2008	2009	2008
		6 months	6 months	6 months	6 months
		LVL	LVL	EUR	EUR
1	Income from sales and services	415092	1784318	590623	2538856
2	Payments to suppliers for goods and services	-206181	-1375834	-293369	-1957635
3	Payments to employees and in their interests or to the third persons according to their orders	-202079	-552596	-287533	-786273
4	Other expenses for economic activities	-6183	-20680	-8798	-29425
5	Income from other economic activities	9083	14117	12924	20086
6	Tax payments	-114596	-236331	-163055	-336269
7	VAT paid	250	4699	356	6686
8	Deferred expenses	-1256	-5015	-1787	-7136
	Cash flow from gross operating activities	-105870	-387322	-150639	-551110
10	Income tax payments				
11	Real estate tax payments	-12592	-13071	-17917	-18598
	TOTAL	-118462	-400393	-168556	-569708
A.	Net cash flow from operating activities	-118462	-400393	-168556	-569708

B. Cash flow from investment activities

No	ITEMS	2009	2008	2009	2008
		6 months	6 months	6 months	6 months
		LVL	LVL	EUR	EUR
1	Purchase of intangible and fixed assets		-79		-112
2	Sales of intangible and fixed assets	2900	31687	4126	45087
3	Repaid loans		14560		20717
4	Received interest		1006		1431
	TOTAL	2900	47174	4126	67123
B.	Net cash from investment activities	2900	47174	4126	67123

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C. Cash flow from financing

No	ITEMS	2009	2008	2009	2008
		6 months	6 months	6 months	6 months
		LVL	LVL	EUR	EUR
1	Paid dividends		-6000		-8537
2	Received interest for deposit	42	5551	60	7898
	TOTAL	42	-449	60	-639
C.	Net cash flow from financing	42	-449	60	-639

SUMMARY OF CASH INCOME AND EXPENDITURE

No	ITEMS	2009	2008	2009	2008
		6 months	6 months	6 months	6 months
		LVL	LVL	EUR	EUR
A	The result from operating activities	-118462	-400393	-168556	-569708
B	The result from investment activities	2900	47174	4126	67123
C	The result from financing	42	-449	60	-639
D	The result from currency rate fluctuations	-435	-16728	-619	-23802
	Cash increase or decrease	-115955	-370396	-164989	-527026
	Cash and cash equivalents at the beginning of the reporting period	131500	750093	187107	1067286
	Cash and cash equivalents at the end of the reporting period	15545	379697	22118	540260

STATEMENT OF EXCHANGES IN EQUITY

for six months of 2009

(LVL)

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
On Dec. 31, 2007	3565509	34050	-448615		3150944
Losses covered from reserve		-34050	34050		0
Profit (+) or losses (-) of the first quarter of 2008				-283674	-283674
On March 31, 2008	3565509	0	-414565	-283674	2867270
Losses of 2008 carried forward			-283674	283674	0
Profit (+) or losses (-) of 6 months of 2009				-321244	-321244
On June 30, 2009	3565509	0	-698239	-321244	2546026

On June 30, 2008	3565509	0	-414565	-128258	3022686
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K=0.702804

EUR

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
On Dec. 31, 2007	5073262	48449	-638322		4483389
Losses covered from reserve		-48449	48449		48449
Profit (+) or losses (-) of the first quarter of 2008				-403632	-403632
On March 31, 2008	5073262	0	-589873	-403632	4079757
Losses of 2008 carried forward			-403632	403632	0
Profit (+) or losses (-) of 6 months of 2009				-457089	-457089
On June 30, 2009	5073262	0	-993505	-457089	3622668

On June 30, 2008	5073262	0	-589873	-182494	4300895
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NOTES TO FINANCIAL STATEMENTS

The report for 6 months of 2009 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 six months of 2009

1. Long term investments.

1.1 Intangible assets. Balance sheet –row code 010

Patents, licenses and similar rights:

Balance value on June 30, 2009 was 0 LVL

on January 31, 2009 126 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 June 30, 2009:	494243 LVL	on January 31, 2009	498932 LVL
including: buildings and constructions-	363514 LVL		365858 LVL
land -	133074 LVL		133074 LVL

Cadastral value on 31.06.09. 3793425LVL

Cadastral value of the buildings - 2278855LVL

Cadastral value of the land - 1514570 LVL

3. Inventory. Balance sheet –row code 080; 090; 100; 110

3.1. On June 30, 2009 the total value of raw materials and sub-components in the warehouses is 270509 LVL and they provide the process of production for two months.

On January 1, 2009 the total value of stocks was 291400 LVL.

The value of other inventory (material and outfit) for auxiliary bays on June 30, 2009 was 10699 LVL.

The value of other inventory on January 1, 2009 was 11057 LVL.

3.2. On June 30, 2009 the stock of work in progress (parts) 52012 LVL provide the process of production for two month.

On January 1, 2009 the stock of work in progress (parts) amounted to 42774 LVL.

3.3. On June 30, 2009 the stock of finished goods was 1037492 LVL. The the stock of finished goods slightly deminished because the volume of production was small. The goods were realized from stocks of warehouses.

The stock of finished goods is evaluated in production costs.

On January 1, 2009 the stock of finished goods amounted to 1060082 LVL.

3.4. Advence payments 15017 LVL are for subcomponent parts.

4. Receivables

4.1. Trade receivables. Balance sheet –row code 130

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 30.06.2009</i>	<i>Total in LVL 01.01.2009</i>
Enterprises of Russia	For the goods	191226	209714
Enterprise of Belarus	For the goods	579426	582346
Enterprise of Ukraine	For the goods	26598	
Enterprises of Lithuania	For the goods		724
Enterprises of Latvia	For the goods	3980	1366
TOTAL		801230	794150

Customers' debts are real. According to the signed contracts customers shall pay for the delivered production in 30 up to 45 days. Enterprises of Russia and Belarus fall behind the term of payment.

4.2. Other receivables. Balance sheet –row code 140

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 30.06.2009</i>	<i>Total in LVL 01.01.2009</i>
Enterprises of Latvia	Agreement of lease	1034	2042
Enterprises of Latvia	For material	5869	5830
Enterprise of Latvia	For equipment	4660	4660
Enterprise of Latvia	Scrap-metal sales		1694
Enterprise of Latvia	For the collection of the waste	120	184
Other enterprises of Latvia	Other debts	14	8
Employees of the enterprise	Settlements for business trips and other operating expenses	753	439
State Revenue Service	Overpaid taxes (VAT)	7708	9357
Enterprises of Latvia	VAT on unpaid invoices	1030	1348
TOTAL		21188	25562

5. Cash and cash equivalents. Balance sheet –row code 180

<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 June 30, 2009</i>	<i>Balance LVL As on January 1, 2009</i>
Shop-warehouse	LVL			2.51	36.12
Treasury	LVL			1086.92	4854.33
	EUR	4414.00	0.702804	3102.17	73.79
	USD	73.00	0.501	36.57	155.93
	Total: 1			4228.17	5120.17
Current accounts	LVL			10812.86	11194.96
	USD	724.39	0.501	362.92	5155.90
	EUR	186.49	0.702804	131.07	109897.79
	RUR	603.02	0.0161	9.71	130.95
	Total: 2			11316.56	126379.60
	Total: 1+2			15544.73	131499.77

6. Share capital. Balance sheet –row code - 210

Share capital is 3565509 LVL. Nominal value of a share is 1.00 LVL.

7. Current liabilities.

7.1. Trade creditors. Balance sheet row code – 310

<i>Business partner</i>	<i>Substantiation</i>	<i>Total in LVL 30.06.2009</i>	<i>Total in LVL 01.01.2009</i>
PSJSC „Latvenergo”	Contract	14405	8797
JSC „Rīgas siltums”	Contract		9868
ME „Rīgas ūdens”	Contract	298	354
Enterprises of Latvia	Communication services	59	889
Enterprise of Latvia	Transport services	1050	275
Enterprise of Latvia	For delivery of electronic plates	161262	115385
Enterprise of Latvia	For materials	1775	40
Enterprise of Latvia	Program maintenance for accountancy	260	195
NASDAQ OMX Riga	Annual payment	1578	0
Other enterprises	Different services	833	60
Total:		181520	135863

7.2. Taxes and social security payments. Balance sheet row code – 320

<i>Tax</i>	<i>Total in LVL 30.06.2009</i>	<i>Total in LVL 01.01.2009</i>
Personal income tax	29629	12745
Social security payments	32605	13023
Business risk fee	11	18
Natural resource tax (NRT)	9	17
Total	62254	25803

7.3. Other creditors. Balance sheet row code – 330

<i>Debt</i>	<i>Substantiation</i>	<i>Total in LVL 30.06.2009</i>	<i>Total in LVL 01.01.2009</i>
Salary	Term of payment – June, July 2009	106100	33426
Other creditors	Different	1557	1402
Total		107657	34848

7.4. Accrued liabilities. Balance sheet row code – 350

In accordance with the law „On the annual reports” provisions for vacations of 2008 are calculated in total 34080 LVL. The balance of the provisions for vacations on June 30, 2009 was 712 LVL.

8. 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.)

8.1. 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>
Six months of 2009	389981	380021	8473	1487
%	100	97.4	2.2	0.4

Six months of 2008	1665082	1592733	42857	29492
%	100	95.6	2.6	1.8

8.2. 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>
Six months of 2009	389981	24777	181460	153080	848	29816
%	100	6.4	46.5	39.3	0.2	7.6

Six months of 2008	1665082	325754	793884	338297	29642	177505
%	100	19.6	47.7	20.3	1.8	10.6

<i>Row code</i>	<i>Item</i>	6 months 2009 LVL	6 months 2008 LVL	% to 2008
010	Net turnover	389981	1665082	23.4
020	Cost of sales	493190	1585585	
030	Gross profit or loss	-103209	79497	
	Costs for 1 LVL of net turnover (sant.)	126.46	95.23	

In the first six months of 2009 the volumes of production and sales diminished to 23.4% if compared with the same period of 2008. Demand for the goods of the enterprise has diminished due to economic crisis.

The result of economic activities of the JSC “RAR“ in six months of 2009 is losses 321244 LVL.

Since the end of 2008 the Managing board has actively carried out measures to change and improve the organizational structure of the JSC “RAR“ and to diminish fixed costs and continued this work during the first half of 2009.

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Row code	Item	6 months 2009 LVL	6 months 2008 LVL
	Net turnover	389981	1665082
020	Cost of sales in total: including	493190	1585585
	-costs of materials and sub-components including transport expenses, custom fees and import duties	147841	859634
	-salaries and social security payments	226161	538804
	-electric power	46462	94644
	-contracts (for repairing works and maintenance of different systems)	2215	2767
	-amortization	67473	78720
	-operating costs	3038	11016
030	Gross profit or loss	-103209	79497
040	Selling expenses, total:	13415	38453
	Incl. - salaries and social security payments	7218	16077
	- wrapping and transport costs	5787	20268
	- other expenses	410	2108
050	Administrative expenses, total :	201372	213218
	including - salaries and social security payments	186660	190552
	- communication expenses	4464	8390
	- expenses due to annual report	1500	3000
	- bank services	985	2152
	- other administrative expenses	7763	9124
060	Other operating income	56607	171873
	including – income of foreign exchange rate revaluations	15966	43024
	- income from sales of fixed assets	10883	53716
	- income from rent charges	6197	8745
	- diminishing of taxes of the previous year (social payments)	4654	
	- other income	18907	66388
070	Other operating expenses:	47305	120988
	Incl.- from sales of foreign currency	21185	87210
	- expenses due to substitution of devices during guarantee period		2398
	- other expenses	26120	31380
080	Interest receivable (deposit)	42	6102
090	Interest payable and similar expenses	0	0
100	Profit or loss for the period before taxes	-308652	-115187

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110	Profit or loss before taxes	-308652	-115187
120	Real estate tax (buildings and constructions; land)	12592	13071
130	Profit or loss for the period after taxes	-321244	-128258

Chairman of the
Management Board: _____ A.Auziņš

Members of the
Management Board: _____ Z.Kalniņš

_____ M.Araslanovs

August 25, 2009