



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

Report for 9 months of 2009

Not audited

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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. - 30.09.2009.</i>
Main shareholders	Basing on the list of shareholders prepared for the shareholders' meeting on April 15, 2009: <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>

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 now JSC “Rīgas autoelektroaparātu rūpnīca” has the same profile - production of control and measuring devices for motorcars and tractors and automotive accessories.

The following technological processes are used in the manufacturing: metal machining and punching, moulding of plastics, electroplating and paint coating and assembling of devices. Since 2003 the company has introduced quality management system corresponding to ISO 9001:2000.

Average number of employees in 2009 is 75.

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

November 26, 2009

*JSC „Rīgas autoelektroaparātu rūpnīca”
Report for 9 months of 2009*

BALANCE SHEET

For 9 months of 2009

K=0.702804

ASSETS	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 30.09.09.	At the beginning of the year 1.01.09.	At the end of the period 30.09.09.	At the beginning of the year 1.01.09.	At the end of the period 30.09.08.	At the beginning of the year 1.01.08.	At the end of the period 30.09.08.	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	276	1548	393	2203
1. TOTAL		020	0	126	0	179	276	1548	393	2203
2. Fixed assets										
2.1. Land, buildings and constructions	2	030	491898	498932	699908	709916	501277	508310	713253	723260
2.2. Equipment and machinery		040	148491	238801	211284	339783	270594	366516	385021	521505
2.3. Other fixed assets and inventory		050	1928	4052	2743	5766	6109	18204	8692	25902
2. TOTAL		060	642317	741785	913935	1055465	777980	893030	1106966	1270667
A. TOTAL		070	642317	741911	913935	1055644	778256	894578	1107359	1272870
B. CURRENT ASSETS										
1. Inventory										
1.1. Raw materials, direct materials and auxiliary materials	3.1.	080	285494	302457	406221	430358	409153	529135	582173	752891
1.2. Work in progress	3.2.	090	48925	42774	69614	60862	66356	91894	94416	130753
1.3. Finished goods and goods for sale	3.3.	100	1070715	1060082	1523490	1508361	1018536	499992	1449246	711425
1.4. Advance payments for goods		110	356	58	507	82	2877	52394	4093	74550
1. TOTAL		120	1405490	1405371	1999832	1999663	1496922	1173415	2129928	1669619
2. Receivables										
2.1. Trade receivables	4.1.	130	745805	794151	1061185	1129975	748199	780027	1064591	1109878
2.2. Other receivables	4.2.	140	13151	25562	18712	36372	52043	39516	74051	56226
2.3. Short term loans		150						21835		31069
2.4. Deferred expenses		160	922	717	1312	1020	4820	4684	6858	6665
2. TOTAL		170	759878	820430	1081209	1167367	805062	846062	1145500	1203838
3. Cash	5	180	9314	131500	13253	187107	307413	750093	437409	1067286
B.TOTAL		190	2174682	2357301	3094294	3354137	2609397	2769570	3712837	3940743
TOTAL ASSETS		200	2816999	3099212	4008229	4409781	3387653	3664148	4820196	5213613

*JSC „Rīgas autoelektroaparātu rūpnīca”
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BALANCE SHEET

For 9 months of 2009

K=0.702804

	Notes	Row code	LVL	LVL	EUR	EUR
			At the end of the period 30.09.09.	At the beginning of the year 1.01.09.	At the end of the period 30.09.09.	At the beginning of the year 1.01.09.
LIABILITIES						
A. Equity capital						
1. Share capital	6	210	3565509	3565509	5073262	5073262
2. Reserves:		220	0	0	0	0
a) other reserves		230	0	0	0	0
TOTAL		240	3565509	3565509	5073262	5073262
3. Retained profit:						
a) brought forward from previous years		250	-698239	-698239	-993505	-993505
b) for the current year		260	-427301		-607994	
A. TOTAL		270	2439969	2867270	3471763	4079757
B.CREDITORS						
1. Long-term liabilities						
1.1. Deferred tax liabilities		280	0	0	0	0
1. TOTAL:		290	0	0	0	0
2. Current liabilities						
2.1. Advance payments from customers		300	23456	1368	33375	1947
2.2. Trade creditors	7.1.	310	205309	135863	292128	193316
2.3. Taxes and social security payments	7.2.	320	61675	25803	87756	36714
2.4. Other creditors	7.3.	330	86590	34828	123207	49556
2.5. Unpaid dividends		340		0		
2.6. Accrued liabilities	7.4.	350	0	34080		48491
2. TOTAL		360	377030	231942	536466	330024
B.TOTAL		370	377030	231942	536466	330024
TOTAL LIABILITIES		380	2816999	3099212	4008229	4409781

LVL	LVL	EUR	EUR
At the end of the period 30.09.08.	At the beginning of the year 1.01.08.	At the end of the period 30.09.08.	At the beginning of the year 1.01.08.
3565509	3565509	5073262	5073262
0	34050	0	48449
0	34050	0	48449
3565509	3599559	5073262	5121711
-414565	-448615	-589873	-638322
-120313		-171190	
3030631	3150944	4312199	4483389
32269	32269	45915	45915
32269	32269	45915	45915
7020	19485	9989	27725
166494	242920	236900	345644
47713	42578	67889	60583
67503	74578	96048	106115
0	6000	0	8537
36023	95374	51256	135705
324753	480935	462082	684309
357022	513204	507997	730224
3387653	3664148	4820196	5213613

*JSC „Rīgas autoelektroaparātu rūpnīca”
Report for 9 months of 2009*

PROFIT OR LOSS ACCOUNT
For 9 months of 2009

K=0.702804

Item	Row code	LVL	LVL	EUR	EUR
		9 months of 2009	9 months of 2008	9 months of 2009	9 months of 2008
1	2	3	4	5	6
Net turnover	010	483492	2380426	687947	3387041
Cost of sales	020	612611	2159591	871667	3072821
Gross profit or loss	030	-129119	220835	-183720	314220
Selling expenses	040	18980	54880	27006	78087
Administrative expenses	050	287825	317043	409538	451111
Other operating income	060	87749	236084	124856	335917
Other operating expenses	070	60283	195018	85775	277486
Interest receivable and similar income	080	45	9315	64	13254
Profit or loss before extraordinary items and taxes	90	-408413	-100707	-581119	-143293
Profit or loss before taxes	100	-408413	-100707	-581119	-143293
Other taxes (Real estate tax)	110	18888	19606	26876	27897
Profit or loss for the period	120	-427301	-120313	-607995	-171190

Earnings per share

-0,120

-0,034

-0,171

-0,048

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STATEMENT OF CASH FLOWS for 9 months of 2009

A. Cash flow from operating activities

K=0.7002804

No	ITEMS	2009	2008	2009	2008
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Income from sales and services	577796	2493659	822130	3548157
2	Payments to suppliers for goods and services	-234131	-1825135	-333138	-2596933
3	Payments to employees and in their interests or to the third persons according to their orders	-303659	-800752	-432067	-1139368
4	Other expenses for economic activities	-8430	-26148	-11995	-37205
5	Income from other economic activities	11943	18005	16993	25619
6	Tax payments	-155622	-330629	-221430	-470443
7	VAT paid		6233		8869
8	Deferred expenses	-230	-8225	-327	-11703
	Cash flow from gross operating activities	-112333	-472992	-159834	-673007
10	Income tax payments				
11	Real estate tax payments	-18887	-19606	-26874	-27897
	TOTAL	-131220	-492598	-186708	-700904
A.	Net cash flow from operating activities	-131220	-492598	-186708	-700904

B. Cash flow from investment activities

No	ITEMS	2009	2008	2009	2008
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Purchase of intangible and fixed assets	-854	-79	-1215	-112
2	Sales of intangible and fixed assets	10829	42118	15408	59928
3	Repaid loans		20000		28457
4	Received interest		1340		1907
	TOTAL	9975	63379	14193	90180
B.	Net cash from investment activities	9975	63379	14193	90180

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C. Cash flow from financing

No	ITEMS	2009	2008	2009	2008
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Paid dividends		-6000		-8537
2	Received interest for deposit	45	8750	64	12450
	TOTAL	45	2750	64	3913
C.	Net cash flow from financing	45	2750	64	3913

SUMMARY OF CASH INCOME AND EXPENDITURE

No	ITEMS	2009	2008	2009	2008
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
A	The result from operating activities	-131220	-492598	-186708	-700904
B	The result from investment activities	9975	63379	14193	90180
C	The result from financing	45	2750	64	3913
D	The result from currency rate fluctuations	-986	-16211	-1403	-23066
	Cash increase or decrease	-122186	-442680	-173854	-629877
	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	9314	307413	13253	437409

STATEMENT OF EXCHANGES IN EQUITY

for 9 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 2008				-283674	-283674
On Dec. 31, 2008	3565509	0	-414565	-283674	2867270
Losses of 2008 carried forward			-283674	283674	0
Profit (+) or losses (-) of 9 months of 2009				-427301	-427301
On September 30, 2009	3565509	0	-698239	-427301	2439969

On September 30, 2008	3565509	0	-414565	-120313	3030631
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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 2008				-403632	-403632
On Dec. 31, 2008	5073262	0	-589873	-403632	4079757
Losses of 2008 carried forward			-403632	403632	0
Profit (+) or losses (-) of 9 months of 2009				-607994	-607994
On September 30, 2009	5073262	0	-993505	-607994	3471763

On September 30, 2008	5073262	0	-589873	-171190	4312199
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NOTES TO FINANCIAL STATEMENTS

The report for 9 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 9 months of 2009

1. Long term investments.

1.1 Intangible assets. Balance sheet –row code 010

Patents, licenses and similar rights:

Balance value on September 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 September 30, 2009:	491898 LVL	on January 31, 2009	498932 LVL
including: buildings and constructions-	358824 LVL		365858 LVL
land -	133074 LVL		133074 LVL

Cadastral value on 30.09.09. 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 September 30, 2009 the total value of raw materials and sub-components in the warehouses is 274797 LVL and they provide the process of production for three 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 September 30, 2009 was 10697 LVL.

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

3.2. On September 30, 2009 the stock of work in progress (parts) 48925 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 September 30, 2009 the stock of finished goods was 1070715 LVL.

The the stock of finished goods ensures the deliveries of goods in time.

The stock of finished goods is evaluated in production costs.

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

4. Receivables

4.1. Trade receivables. Balance sheet –row code 130

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 30.09.2009</i>	<i>Total in LVL 01.01.2009</i>
Enterprises of Russia	For the goods	191226	209714
Enterprise of Belarus	For the goods	535963	582346
Enterprise of Ukraine	For the goods	14635	
Enterprises of Lithuania	For the goods		724
Enterprises of Latvia	For the goods	3980	1366
TOTAL		745804	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 30.09.2009</i>	<i>Total in LVL 01.01.2009</i>
Enterprises of Latvia	Agreement of lease	1226	2042
Enterprises of Latvia	For material	5869	5830
Enterprise of Latvia	For equipment	2615	4660
Enterprise of Latvia	Scrap-metal sales	1686	1694
Other enterprises of Latvia	Other debts	58	192
Employees of the enterprise	Settlements for business trips and other operating expenses	343	439
State Revenue Service	Overpaid taxes (VAT)	467	9357
Enterprises of Latvia	VAT on unpaid invoices	887	1348
TOTAL		13151	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 Sept. 30, 2009</i>	<i>Balance LVL As on January 1, 2009</i>
Shop-warehouse	LVL			7.96	36.12
Treasury	LVL			487.19	4854.33
	EUR	15.00	0.702804	10.53	73.79
	USD	73.00	0.480	35.04	155.93
	Total: 1			540.72	5120.17
Current accounts	LVL			7347.21	11194.96
	USD	1246.08	0.480	598.11	5155.90
	EUR	1170.55	0.702804	822.67	109897.79
	RUR	357.47	0.0159	5.68	130.95
	Total: 2			8773.67	126379.60
	Total: 1+2			9314.39	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 30.09.2009</i>	<i>Total in LVL 01.01.2009</i>
PSJSC „Latvenergo”	Contract	5113	8797
JSC „Rīgas siltums”	Contract		9868
ME „Rīgas ūdens”	Contract	257	354
Enterprises of Latvia	Communication services	193	889
Enterprise of Latvia	Transport services		275
Enterprise of Latvia	For delivery of electronic plates	197834	115385
Enterprise of Latvia	For materials	345	40
Enterprise of Latvia	Program maintenance for accountancy	200	195
Other enterprises	Different services	1367	60
Total:		205309	135863

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

<i>Tax</i>	<i>Total in LVL 30.09.2009</i>	<i>Total in LVL 01.01.2009</i>
Personal income tax	28713	12745
Social security payments	32956	13023
Business risk fee	5	18
Natural resource tax (NRT)	1	17
Total	61675	25803

7.3. Other creditors. Balance sheet row code – 330

<i>Debt</i>	<i>Substantiation</i>	<i>Total in LVL 30.09.2009</i>	<i>Total in LVL 01.01.2009</i>
Employees of the enterprise	Salary	85115	33426
Other creditors	Different	1475	1402
Total		86590	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. On September 30, 2009 the provisions for vacations were paid out.

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>
9 months of 2009	483492	466478	11029	5985
%	100	96.5	2.3	1.2

9 months of 2008	2380426	2274720	63245	42461
%	100	95.5	2.7	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>
9 months of 2009	483492	70335	196521	176999	848	38789
%	100	14.6	40.6	36.6	0.2	8.0

9 months of 2008	2380426	605198	1078664	409768	43923	242873
%	100	25.4	45.3	17.2	1.9	10.2

<i>Row code</i>	<i>Item</i>	9 months 2009 LVL	9 months 2008 LVL	% to 2008
010	Net turnover	483492	2380426	20.3
020	Cost of sales	612611	2159591	
030	Gross profit or loss	-129119	220835	
	Costs for 1 LVL of net turnover (sant.)	126.71	90.72	

In 9 months of 2009 the volumes of production and sales diminished to 20.3% 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 9 months of 2009 is losses 427301 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 2009.

*JSC „Rīgas autoelektroaparātu rūpnīca”
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Row code	Item	9 months 2009 LVL	9 months 2008 LVL
	Net turnover	483492	2380426
020	Cost of sales in total: including	612611	2159591
	-costs of materials and sub-components including transport expenses, custom fees and import duties	185444	1163026
	-salaries and social security payments	262651	743299
	-electric power	55129	118919
	-contracts (for repairing works and maintenance of different systems)	2617	4394
	-amortization	100663	116324
	-operating costs	6107	13629
030	Gross profit or loss	-129119	220835
040	Selling expenses, total:	18980	54880
	Incl. - salaries and social security payments	10249	23565
	- wrapping and transport costs	8057	28206
	- other expenses	674	3109
050	Administrative expenses, total :	287825	317043
	including - salaries and social security payments	268410	286179
	- communication expenses	6153	11809
	- expenses due to annual report	1500	3000
	- bank services	1504	2930
	- other administrative expenses	10258	13125
060	Other operating income	87749	236084
	including – income of foreign exchange rate revaluations	20554	61277
	- income from sales of fixed assets	20818	69182
	- income from rent charges	8675	11433
	- diminishing of taxes of the previous year (social payments)	4654	4353
	- other income	33048	89839
070	Other operating expenses:	60283	195018
	Incl.- from sales of foreign currency	23751	110041
	- expenses due to substitution of devices during guarantee period		2954
	- other expenses	36532	82023
080	Interest receivable (deposit)	45	9315
90	Profit or loss for the period before taxes	-408413	-100707
100	Profit or loss before taxes	-408413	-100707

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110	Real estate tax (buildings and constructions; land)	18888	19606
120	Profit or loss for the period after taxes	-427301	-120313

Chairman of the
Management Board: _____ A.Auziņš

Members of the
Management Board: _____ Z.Kalniņš

_____ M.Araslanovs

November 26, 2009