



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

**Report for the first quarter of 2010**

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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 Ņina Kaža</i>
Reporting period	<i>01.01.2010 - 31.03.2010</i>
Main shareholders	Basing on the list of shareholders prepared on April 19,2010: <i>1. JSC „Baltijas Holdings”-41.6 % Reg.Nr.40003148033, 2, Klijanu street, Riga 2. „Tehprojekts”,Ltd.- 41.6% Reg.Nr. 40103020397, 12,Unijas street, Riga 3. State social security agency- 4.6% 4. Other physical and legal persons 12.2%</i>

The company was founded 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 - production of control and measuring devices for motorcars and tractors. 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.

The company has introduced quality management system corresponding to ISO 9001:2000. JSC „Rīgas autoelektroaparātu rūpnīca” does not have a constant dealer or branch abroad. Average number of employees in the reporting quarter is 22.

## **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 March 31, 2010 and the results of its operations and cash flows for the period ended on March 31, 2010.

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 Board,

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Alfrēds Auziņš  
Chairman of the Board

May 26, 2010

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for the first quarter of 2010*

**BALANCE SHEET**

**For the first quarter of 2010**

K=0,702804

ASSETS	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 31.03.10.	At the beginning of the year 1.01.10.	At the end of the period 31.03.10.	At the beginning of the year 1.01.10.	At the end of the period 31.03.09.	At the beginning of the year 1.01.09.	At the end of the period 31.03.09.	At the beginning of the year 1.01.09.
<b>A. LONG-TERM INVESTMENTS</b>										
<b>1. Intangible assets</b>										
1.1. Patents, licenses and similar rights		010	0	0	0	0	0	126	0	179
<b>1. TOTAL</b>		<b>020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>179</b>
<b>2. Fixed assets</b>										
2.1. Land, buildings and constructions	1	030	487209	489554	693236	696573	496588	498932	706581	709916
2.2. Equipment and machinery		040	94582	120518	134578	171482	208370	238801	296484	339783
2.3. Other fixed assets and inventory		050	1187	1471	1689	2093	3235	4052	4603	5766
<b>2. TOTAL</b>		<b>060</b>	<b>582978</b>	<b>611543</b>	<b>829503</b>	<b>870148</b>	<b>708193</b>	<b>741785</b>	<b>1007668</b>	<b>1055465</b>
<b>A. TOTAL</b>		<b>070</b>	<b>582978</b>	<b>611543</b>	<b>829503</b>	<b>870148</b>	<b>708193</b>	<b>741911</b>	<b>1007668</b>	<b>1055644</b>
<b>B. CURRENT ASSETS</b>										
<b>1. Inventory</b>										
1.1. Raw materials, direct materials and auxiliary materials	2.1.	080	270477	261494	384854	372073	309472	302457	440339	430358
1.2. Work in progress	2.2.	090	51001	50786	72568	72262	45336	42774	64507	60862
1.3. Finished goods and goods for sale	2.3.	100	957402	1053684	1362260	1499257	847497	1060082	1205880	1508361
1.4. Advance payments for goods	2.4.	110	14582	26292	20748	37410	69	58	98	82
<b>1. TOTAL</b>		<b>120</b>	<b>1293462</b>	<b>1392256</b>	<b>1840430</b>	<b>1981002</b>	<b>1202374</b>	<b>1405371</b>	<b>1710824</b>	<b>1999663</b>
<b>2. Receivables</b>										
2.1. Trade receivables	3.1.	130	170195	98594	242166	140287	923650	794151	1314236	1129975
2.2. Other receivables	3.2.	140	18659	26764	26549	38082	17876	25562	25435	36372
2.3. Short term loans	3.3.	150	129627	154617	184443	220000				
2.4. Deferred expenses		160	1705	1737	2426	2471	1232	717	1753	1020
<b>2. TOTAL</b>		<b>170</b>	<b>320186</b>	<b>281712</b>	<b>455584</b>	<b>400840</b>	<b>942758</b>	<b>820430</b>	<b>1341424</b>	<b>1167367</b>
<b>3. Cash</b>	4	180	26669	51010	37947	72580	35155	131500	50021	187107
<b>B.TOTAL</b>		<b>190</b>	<b>1640317</b>	<b>1724978</b>	<b>2333961</b>	<b>2454422</b>	<b>2180287</b>	<b>2357301</b>	<b>3102269</b>	<b>3354137</b>
<b>TOTAL ASSETS</b>		<b>200</b>	<b>2223295</b>	<b>2336521</b>	<b>3163464</b>	<b>3324570</b>	<b>2888480</b>	<b>3099212</b>	<b>4109937</b>	<b>4409781</b>

*JSC „Rīgas autoelektroaparātu rūpnīca”  
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**BALANCE SHEET**

**For the first quarter of 2010**

K=0,702804

	Notes	Row code	LVL	LVL	EUR	EUR
			At the end of the period 31.03.10.	At the beginning of the year 1.01.10.	At the end of the period 31.03.09.	At the beginning of the year 1.01.10.
<b>LIABILITIES</b>						
<b>A. Equity capital</b>						
1. Share capital	5	210	3565509	3565509	5073262	5073262
<b>TOTAL</b>			<b>220</b>	<b>3565509</b>	<b>5073262</b>	<b>5073262</b>
<b>2. Retained profit:</b>						
a) brought forward from previous years		230	-1371975	-1371975	-1952145	-1952145
b) for the current year		240	-69843		-99377	
<b>A. TOTAL</b>			<b>250</b>	<b>2123691</b>	<b>3021740</b>	<b>3121117</b>
<b>B.CREDITORS</b>						
<b>1. Current liabilities</b>						
1.1. Advance payments from customers	6.1.	260	17570	20129	25000	28641
1.2. Trade creditors	6.2.	270	60421	67904	85971	96619
1.3. Taxes and social security payments	6.3.	280		22731		32343
1.4. Other creditors	6.4.	290	16051	25604	22839	36431
1.5. Accrued liabilities	6.5.	300	5562	6619	7914	9418
<b>2. TOTAL</b>			<b>310</b>	<b>99604</b>	<b>141724</b>	<b>203452</b>
<b>B.TOTAL</b>			<b>320</b>	<b>99604</b>	<b>141724</b>	<b>203452</b>
<b>TOTAL LIABILITIES</b>			<b>330</b>	<b>2223295</b>	<b>3163464</b>	<b>3324569</b>

LVL	LVL	EUR	EUR
At the end of the period 31.03.09.	At the beginning of the year 1.01.09.	At the end of the period 31.03.09.	At the beginning of the year 1.01.09.
3565509	3565509	5073262	5073262
<b>3565509</b>	<b>3565509</b>	<b>5073262</b>	<b>5073262</b>
-698239	-698239	-993505	-993505
-158615		-225688	
<b>2708655</b>	<b>2867270</b>	<b>3854069</b>	<b>4079757</b>

327	1368	465	1947
113271	135863	161170	193316
24237	25803	34486	36714
31917	34828	45414	49556
10073	34080	14333	48491
<b>179825</b>	<b>231942</b>	<b>255868</b>	<b>330024</b>
<b>179825</b>	<b>231942</b>	<b>255868</b>	<b>330024</b>
<b>2888480</b>	<b>3099212</b>	<b>4109937</b>	<b>4409781</b>

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**PROFIT OR LOSS ACCOUNT**  
**For the first quarter of 2010**

K=0.702804

Item	Row code	LVL	LVL	EUR	EUR
		The first quarter of 2010	The first quarter of 2009	The first quarter of 2010	The first quarter of 2009
1	2	3	4	5	6
Net turnover	010	129030	291630	183593	414952
Cost of sales	020	166602	334845	237053	476441
<b>Gross profit or loss</b>	<b>030</b>	<b>-37572</b>	<b>-43215</b>	<b>-53460</b>	<b>-61489</b>
Selling expenses	040	5386	5662	7664	8056
Administrative expenses	050	21626	106413	30771	151412
Other operating income	060	9200	28869	13090	41077
Other operating expenses	070	7614	25931	10834	36897
Interest receivable and similar income	080	13	33	19	47
Profit or loss before extraordinary items and taxes	90	-62985	-152319	-89620	-216730
Profit or loss before taxes	100	-62985	-152319	-89620	-216730
Other taxes (Real estate tax)	110	6858	6296	9758	8959
<b>Profit or loss for the period</b>	<b>120</b>	<b>-69843</b>	<b>-158615</b>	<b>-99378</b>	<b>-225689</b>

**Earnings per share**

**-0,020**

**-0,044**

**-0,028**

**-0,063**

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**STATEMENT OF CASH FLOWS for the first quarter of 2010**

**A. Cash flow from operating activities**

K=0.702804

No	ITEMS	2010	2009	2010	2009
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
1	Income from sales and services	56326	179182	80145	254953
2	Payments to suppliers for goods and services	-50403	-84642	-71717	-120435
3	Payments to employees and in their interests or to the third persons according to their orders	-30170	-120307	-42928	-171181
4	Other expenses for economic activities	-1915	-2253	-2725	-3206
5	Income from other economic activities	8167	4200	11621	5976
6	Tax payments	-24847	-65599	-35354	-93339
7	VAT paid		-266		-378
8	Deferred expenses	-58	-1584	-83	-2254
	<b>Cash flow from gross operating activities</b>	<b>-42900</b>	<b>-91269</b>	<b>-61041</b>	<b>-129864</b>
10	Income tax payments				
11	Real estate tax payments	-6858	-6296	-9758	-8958
	<b>TOTAL</b>	<b>-49758</b>	<b>-97565</b>	<b>-70799</b>	<b>-138822</b>
A.	Net cash flow from operating activities	<b>-49758</b>	<b>-97565</b>	<b>-70799</b>	<b>-138822</b>

**B. Cash flow from investment activities**

No	ITEMS	2010	2009	2010	2009
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
1	Sales of intangible and fixed assets		400		569
2	Repaid loans	24990		35558	
	<b>TOTAL</b>	<b>24990</b>	<b>400</b>	<b>35558</b>	<b>569</b>
B.	Net cash from investment activities	<b>24990</b>	<b>400</b>	<b>35558</b>	<b>569</b>

**C. Cash flow from financing**

No	ITEMS	2010	2009	2010	2009
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
1	Received interest for deposit	13	33	18	47
	<b>TOTAL</b>	<b>13</b>	<b>33</b>	<b>18</b>	<b>47</b>
C.	Net cash flow from financing	<b>13</b>	<b>33</b>	<b>18</b>	<b>47</b>



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Report for the first quarter of 2010*

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**SUMMARY OF CASH INCOME AND EXPENDITURE**

No	ITEMS	2010	2009	2010	2009
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
A	The result from operating activities	-49758	-97565	-70799	-138822
B	The result from investment activities	24990	400	35558	569
C	The result from financing	13	33	18	47
D	The result from currency rate fluctuations	414	787	589	1120
	Cash increase or decrease	<b>-24341</b>	<b>-96345</b>	<b>-34634</b>	<b>-137086</b>
	Cash and cash equivalents at the beginning of the reporting period	<b>51010</b>	<b>131500</b>	<b>72580</b>	<b>187107</b>
	Cash and cash equivalents at the end of the reporting period	<b>26669</b>	<b>35155</b>	<b>37946</b>	<b>50021</b>

**STATEMENT OF EXCHANGES IN EQUITY**

for the first quarter of 2010

(LVL)

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
<b>On December 31, 2008</b>	<b>3565509</b>	<b>0</b>	<b>-414565</b>	<b>-283674</b>	<b>2867270</b>
Losses of 2008 carried forward			<b>-283674</b>	<b>283674</b>	<b>0</b>
Profit (+) or losses (-) of the first quarter of 2009				-673736	-673736
<b>On December 31, 2009</b>	<b>3565509</b>	<b>0</b>	<b>-698239</b>	<b>-673736</b>	<b>2193534</b>
Losses of 2009 carried forward			<b>-673736</b>	<b>673736</b>	<b>0</b>
Profit (+) or losses (-) of the first quarter of 2010				-69843	-69843
<b>On March 31, 2010</b>	<b>3565509</b>	<b>0</b>	<b>-1371975</b>	<b>-69843</b>	<b>2123691</b>

<b>On March 31, 2009</b>	<b>3565509</b>	<b>0</b>	<b>-698239</b>	<b>-158615</b>	<b>2708655</b>
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K=0.702804

EUR

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
<b>On December 31, 2008</b>	<b>5073262</b>	<b>0</b>	<b>-589873</b>	<b>-403632</b>	<b>4079757</b>
Losses of 2008 carried forward			-403632	403632	0
Profit (+) or losses (-) of the first quarter of 2009				-958640	-958640
<b>On December 31, 2009</b>	<b>5073262</b>	<b>0</b>	<b>-993505</b>	<b>-958640</b>	<b>3121117</b>
Losses of 2009 carried forward			-958640	958640	0
Profit (+) or losses (-) of the first quarter of 2010				-99377	-99377
<b>On March 31, 2010</b>	<b>5073262</b>	<b>0</b>	<b>-1952145</b>	<b>-99377</b>	<b>3021740</b>

<b>On March 31, 2009</b>	<b>5073262</b>	<b>0</b>	<b>-993505</b>	<b>-225688</b>	<b>3854069</b>
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## **NOTES TO FINANCIAL STATEMENTS**

The report of the first quarter of 2010 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 quarter of 2010**

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

Balance value on March 31, 2010:	487209 LVL	on January 1, 2010	489554 LVL
including: buildings and constructions-	354135 LVL		356480 LVL
land -	133074 LVL		133074 LVL
<b>Cadastral value on 31.03.10.</b>	<b>2659603LVL</b>		
Cadastral value of the buildings -	1726954LVL		
Cadastral value of the land -	932649 LVL		

### **2. Inventory. Balance sheet –row code 080; 090; 100; 110**

2.1. On March 31, 2010 the total value of raw materials and sub-components in the warehouses is 259786 LVL and they provide the process of production for two months.

On January 1, 2010 the total value of stocks was 250797 LVL.

The value of other inventory (material and outfit) for auxiliary bays on March 31, 2010 was 10691 LVL.

The value of other inventory on January 1, 2010 was 10697 LVL.

2.2. On March 31, 2010 the stock of work in progress (parts) 51001 LVL provide the process of production for one month.

On January 1, 2010 the stock of work in progress (parts) amounted to 50786 LVL.

2.3. On March 31, 2010 the stock of finished goods was 957402 LVL.

The stock of finished goods is evaluated in production costs.

On January 1, 2010 the stock of finished goods amounted to 1053684 LVL.

The the stock of finished goods deminished because the volume of production was small. The goods were realized from stocks of warehouses.

### **2.4. Advance payments for goods.**

<i>Business partner</i>	<i>Advance payment</i>	<i>Total in LVL 31.03.2010</i>	<i>Total in LVL 01.01.2010</i>
Enterprises of Russia	For materials		121.43
Enterprises of China	For materials	1087.90	12676.87
Enterprises of Latvia	For outfit	13493.84	13493.84
	<b>TOTAL</b>	<b>14581.74</b>	<b>26292.14</b>

### 3. Receivables

#### 3.1. Trade receivables. Balance sheet –row code 130

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 31.03.2010</i>	<i>Total in LVL 01.01.2010</i>
Enterprises of Russia	For the goods	30982.20	831.13
Enterprises of Belarus	For the goods	106771.53	97188.79
Enterprise of Ukraine	For the goods	31867.53	
Enterprises of Latvia	For the goods	574.18	574.18
<b>TOTAL</b>		<b>170195.44</b>	<b>98594.10</b>

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.

#### 3.2. Other receivables. Balance sheet –row code 140

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 31.03.2010</i>	<i>Total in LVL 01.01.2010</i>
Enterprises of Latvia	Agreement of lease	2502.24	2599.54
Enterprises of Latvia	For single orders	1893.64	1893.64
Enterprise of Latvia	For the equipment	5140.39	5140.39
Other enterprises of Latvia	Other debts	14.41	14.41
Employees of the enterprise	Settlements for business trips and other operating expenses	82.08	272.12
State Revenue Service	Overpaid taxes	8037.11	14450.09
Enterprises of Latvia	VAT on unpaid invoices	989.10	2393.51
<b>TOTAL</b>		<b>18658.97</b>	<b>26763.70</b>

#### 3.3. Short term loans Balance sheet –row code 150

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 31.03.2010</i>	<i>Total in LVL 01.01.2010</i>
Enterprises of Latvia	Agreement: Repayment date – 1 <sup>st</sup> quarter, 2010	129626.88	154616.88
<b>Total:</b>		<b>129626.88</b>	<b>154616.88</b>

#### 4. Cash and cash equivalents. Balance sheet –row code 180

<i>Currency</i>	<i>Balance in currency</i>	<i>Exchange rate of the Bank of Latvia</i>	<i>Balance LVL As on March 31, 2010</i>	<i>Balance LVL As on January 1, 2010</i>
LVL			13488.58	50445.86
USD	1707.25	0.521	889.48	240.58
EUR	3255.51	0.702804	2287.98	310.25
RUR	565149.91	0.0177	10003.15	13.77
<b>Total</b>			<b>26669.19</b>	<b>51010.46</b>

#### 5. Share capital. Balance sheet –row code - 210

Share capital is 3565509 LVL. Nominal value of a share is 1.00 LVL.  
There are 1802723 registered shares and 1762786 bearer's shares.  
All the shares have equal rights.

**6. Current liabilities.**

**6.1. Advance payments from customers. Balance sheet row code – 260**

<i>Business partner</i>	<i>Advance payment</i>	<i>Total in LVL 31.03.2010</i>	<i>Total in LVL 01.01.2010</i>
Enterprise of Russia	For goods		2558.82
Enterprise of Latvia	For real estate	17570.10	17570.10
<b>Total:</b>		<b>17570.10</b>	<b>20128.92</b>

**6.2. Trade creditors. Balance sheet row code – 270**

<i>Business partner</i>	<i>Substantiation</i>	<i>Total in LVL 31.03.2010</i>	<i>Total in LVL 01.01.2010</i>
JSC „Latvenergo”	Contract	5699.08	9427.45
ME „Rīgas ūdens”	Contract	258.61	241.60
Enterprises of Latvia	Communication services	37.75	337.40
Enterprise of Latvia	Transport services		400.00
Enterprise of Latvia	For materials and sub-components	49932.93	50134.00
Other enterprises of Latvia	Different services	4492.95	7363.75
<b>Total:</b>		<b>60421.32</b>	<b>67904.20</b>

**6.3. Taxes and social security payments. Balance sheet row code – 280**

<i>Tax</i>	<i>Total in LVL 31.03.2010</i>	<i>Total in LVL 01.01.2010</i>
Personal income tax		9026.14
Social security payments		13702.11
Business risk fee		1.72
Natural resource tax (NRT)		1.15
<b>Total</b>		<b>22731.12</b>

All taxes are paid.

**6.4. Other creditors. Balance sheet row code – 290**

<i>Debt</i>	<i>Substantiation</i>	<i>Total in LVL 31.03.2010</i>	<i>Total in LVL 01.01.2010</i>
Salary	Term of payment – April, 2010	14948.93	24313.66
Other creditors	Different	1102.23	1290.21
<b>Total</b>		<b>16051.16</b>	<b>25603.87</b>

**6.5. Accrued liabilities. Balance sheet row code – 300**

In accordance with the law „On the annual reports” provisions for vacations of 2009 are calculated in total 6619 LVL. The balance of the provisions for vacations on March 31, 2010 was 5562 LVL.

## 7. 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.)

### 7.1. 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>The first quarter of 2010</b>	<b>129030</b>	<b>128471</b>	<b>553</b>	<b>6</b>
<b>%</b>	<b>100</b>	<b>99.6</b>	<b>0.4</b>	<b>0.0</b>
<b>The first quarter of 2009</b>	<b>291630</b>	<b>286437</b>	<b>5083</b>	<b>110</b>
<b>%</b>	<b>100</b>	<b>98.2</b>	<b>1.7</b>	<b>0.1</b>

### 7.2. 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>The first quarter of 2010</b>	<b>129030</b>	<b>66552</b>	<b>9583</b>	<b>49229</b>	<b>2117</b>	<b>1549</b>
<b>%</b>	<b>100</b>	<b>51.6</b>	<b>7.4</b>	<b>38.2</b>	<b>1.6</b>	<b>1.2</b>
<b>The first quarter of 2009</b>	<b>291630</b>	<b>11589</b>	<b>181460</b>	<b>90728</b>	<b>0</b>	<b>7853</b>
<b>%</b>	<b>100</b>	<b>4.0</b>	<b>62.2</b>	<b>31.1</b>	<b>0</b>	<b>2.7</b>

<i>Row code</i>	<i>Item</i>	<b>Q1, 2010 LVL</b>	<b>Q 1, 2009 LVL</b>	<b>% to 2009</b>
<b>010</b>	Net turnover	129030	291630	<b>44.2</b>
<b>020</b>	Cost of sales	166602	334845	
<b>030</b>	<b>Gross profit or loss</b>	<b>-37572</b>	<b>-43215</b>	

In the first quarter of 2010 the volumes of production and sales diminished to 44.2% if compared with the first quarter of 2009. Demand for the goods of the enterprise has diminished due to economic crisis.

The result of economic activities of the JSC “RAR“ in the first quarter of 2010 is losses 69843 LVL.

The Board is carrying out measures to change and improve the organizational structure of the JSC “RAR“ and to diminish fixed costs.

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Row code	Item	Q 1, 2010 LVL	Q 1, 2009 LVL
	<b>Net turnover</b>	<b>129030</b>	<b>291630</b>

<b>020</b>	<b>Cost of sales in total:</b> including	<b>166602</b>	<b>334845</b>
	-costs of materials and sub-components including transport expenses, custom fees and import duties	18925	15903
	-salaries and social security payments	48806	201708
	- electric power	48071	77354
	-contracts (for repairing works and maintenance of different systems)	20375	2456
	<b>Amortization: total</b>	<b>29112</b>	<b>34660</b>
	<b>Operating costs total:</b>	<b>1313</b>	<b>2764</b>

<b>030</b>	<b>Gross profit or loss</b>	<b>-37572</b>	<b>-43215</b>
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<b>040</b>	<b>Selling expenses, total:</b>	<b>5386</b>	<b>5662</b>
	Incl. - salaries and social security payments	2514	3809
	- wrapping and transport costs	2521	1604
	- other expenses	351	249

<b>050</b>	<b>Administrative expenses, total :</b>	<b>21626</b>	<b>106413</b>
	including - salaries and social security payments	16473	97376
	- communication expenses	1116	2052
	- expenses due to annual report	1000	1500
	- bank services	363	452
	- other administrative expenses	2674	5033

<b>060</b>	<b>Other operating income</b>	<b>9200</b>	<b>28869</b>
	including – income of foreign exchange rate revaluations	2528	7279
	- income from sales of fixed assets (machinery, buildings and land)		6603
	- income from rent charges	6669	3521
	- other income (selling of scrap,materials and outfit)	3	11466

<b>070</b>	<b>Other operating expenses:</b>	<b>7614</b>	<b>25931</b>
	Incl.- from sales of foreign currency	458	13111
	- other expenses	7156	12820

<b>080</b>	Interest receivable (deposit)	13	33
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<b>100</b>	<b>Profit or loss for the period before taxes</b>	<b>-62985</b>	<b>-152319</b>
<b>110</b>	Real estate tax (buildings and constructions; land)	<b>6858</b>	<b>6296</b>
<b>120</b>	<b>Profit or loss for the period after taxes</b>	<b>-69843</b>	<b>-158615</b>

Chairman of the  
Board:

\_\_\_\_\_ A.Auziņš

Members of the  
Board:

\_\_\_\_\_ Z.Kalniņš

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

May 26, 2010