



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

**Report for nine months of 2010**

## **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	13

### **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 Nina Kaža</i>
Reporting period	<i>01.01.2010. - 30.09.2010.</i>
Main shareholders	Basing on the list of shareholders prepared on April 30,2010: <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, 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 9 months of 2010 is 38.

## **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, 2010 and the results of its operations and cash flows for the period ended on September 30, 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 Management Board,

---

Alfrēds Auziņš  
Chairman of the Board

November 26, 2010

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for 9 months of 2010*

**BALANCE SHEET**

**For nine months of 2010**

K=0,702804

ASSETS	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 30.09.10.	At the beginning of the year 1.01.10.	At the end of the period 30.09.10.	At the beginning of the year 1.01.10.	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.
<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	482520	489554	686564	696573	491898	498932	699908	709916
2.2. Equipment and machinery		040	42736	120518	60808	171482	148491	238801	211284	339783
2.3. Other fixed assets and inventory		050	803	1471	1143	2093	1928	4052	2743	5766
<b>2. TOTAL</b>		<b>060</b>	<b>526059</b>	<b>611543</b>	<b>748515</b>	<b>870148</b>	<b>642317</b>	<b>741785</b>	<b>913935</b>	<b>1055465</b>
<b>3. Long-term financial investments</b>										
3.1. Other securities and investments		070	200	0	284	0	0	0	0	0
<b>3. TOTAL</b>		<b>080</b>	<b>200</b>	<b>0</b>	<b>284</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>A. TOTAL</b>		<b>090</b>	<b>526259</b>	<b>611543</b>	<b>748799</b>	<b>870148</b>	<b>642317</b>	<b>741911</b>	<b>913935</b>	<b>1055644</b>
<b>B. CURRENT ASSETS</b>										
<b>1. Inventory</b>										
1.1. Raw materials, direct materials and auxiliary materials	2.1.	100	298280	261494	424414	372073	285494	302457	406221	430358
1.2. Work in progress	2.2.	110	50594	50786	71989	72262	48925	42774	69614	60862
1.3. Finished goods and goods for sale	2.3.	120	777922	1053684	1106883	1499257	1070715	1060082	1523490	1508361
1.4. Advance payments for goods	2.4.	130	20964	26292	29829	37410	356	58	507	82
<b>1. TOTAL</b>		<b>140</b>	<b>1147760</b>	<b>1392256</b>	<b>1633115</b>	<b>1981002</b>	<b>1405490</b>	<b>1405371</b>	<b>1999832</b>	<b>1999663</b>
<b>2. Receivables</b>										
2.1. Trade receivables	3.1.	150	119831	98594	170504	140287	745805	794151	1061185	1129975
2.2. Other receivables	3.2.	160	66236	26764	94246	38082	13151	25562	18712	36372
2.3. Short term loans	3.3	170	35843	154617	51000	220000				
2.4. Deferred expenses		180	208	1737	296	2471	922	717	1312	1020
<b>2. TOTAL</b>		<b>190</b>	<b>222118</b>	<b>281712</b>	<b>316046</b>	<b>400840</b>	<b>759878</b>	<b>820430</b>	<b>1081209</b>	<b>1167367</b>
<b>3. Cash</b>	4	200	178561	51010	254069	72580	9314	131500	13253	187107
<b>B. TOTAL</b>		<b>210</b>	<b>1548439</b>	<b>1724978</b>	<b>2203230</b>	<b>2454422</b>	<b>2174682</b>	<b>2357301</b>	<b>3094294</b>	<b>3354137</b>
<b>TOTAL ASSETS</b>		<b>220</b>	<b>2074698</b>	<b>2336521</b>	<b>2952029</b>	<b>3324570</b>	<b>2816999</b>	<b>3099212</b>	<b>4008229</b>	<b>4409781</b>

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for 9 months of 2010*

**BALANCE SHEET**

**For nine months of 2010**

K=0,702804

	Notes	Row code	LVL	LVL	EUR	EUR
			At the end of the period 30.09.10.	At the beginning of the year 1.01.10.	At the end of the period 30.09.10.	At the beginning of the year 1.01.10.
<b>LIABILITIES</b>						
<b>A. Equity capital</b>						
1. Share capital	5	230	3565509	3565509	5073262	5073262
<b>TOTAL</b>		<b>240</b>	<b>3565509</b>	<b>3565509</b>	<b>5073262</b>	<b>5073262</b>
<b>2. Retained profit:</b>						
a) brought forward from previous years		250	-1371975	-1371975	-1952145	-1952145
b) for the current year		260	-215052		-305991	
<b>A. TOTAL</b>		<b>270</b>	<b>1978482</b>	<b>2193534</b>	<b>2815126</b>	<b>3121117</b>
<b>B.CREDITORS</b>						
<b>1. Current liabilities</b>						
1.1. Advance payments from customers	6.1	280	17570	20129	25000	28641
1.2. Trade creditors	6.2	290	61115	67904	86959	96619
1.3. Taxes and social security payments	6.3	300	2297	22731	3268	32343
1.4. Other creditors	6.4	310	15234	25604	21676	36431
1.5. Accrued liabilities	6.5	320	0	6619	0	9418
<b>B.TOTAL</b>		<b>330</b>	<b>96216</b>	<b>142987</b>	<b>136903</b>	<b>203452</b>
<b>TOTAL LIABILITIES</b>		<b>340</b>	<b>2074698</b>	<b>2336521</b>	<b>2952029</b>	<b>3324569</b>

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.
3565509	3565509	5073262	5073262
<b>3565509</b>	<b>3565509</b>	<b>5073262</b>	<b>5073262</b>
-698239	-698239	-993505	-993505
-427301		-607994	
<b>2439969</b>	<b>2867270</b>	<b>3471763</b>	<b>4079757</b>
23456	1368	33375	1947
205309	135863	292128	193316
61675	25803	87756	36714
86590	34828	123207	49556
0	34080	0	48491
<b>377030</b>	<b>231942</b>	<b>536466</b>	<b>330024</b>
<b>2816999</b>	<b>3099212</b>	<b>4008229</b>	<b>4409781</b>

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for 9 months of 2010*

**PROFIT OR LOSS ACCOUNT**  
**For 9 months of 2010**

K=0.702804

Item	Row code	LVL	LVL	EUR	EUR
		9 months of 2010	9 months of 2009	9 months of 2010	9 months of 2009
1	2	3	4	5	6
Net turnover	010	576476	483492	820251	687947
Cost of sales	020	618071	612611	879435	871667
<b>Gross profit or loss</b>	<b>030</b>	<b>-41595</b>	<b>-129119</b>	<b>-59184</b>	<b>-183720</b>
Selling expenses	040	21825	18980	31054	27006
Administrative expenses	050	166087	287825	236321	409538
Other operating income	060	64574	67195	91881	95610
Other operating expenses	070	30607	39729	43550	56529
Interest receivable and similar income	080	1083	45	1541	64
Profit or loss before extraordinary items and taxes	90	-194457	-408413	-276687	-581119
Profit or loss before taxes	100	-194457	-408413	-276687	-581119
Other taxes (Real estate tax)	110	20595	18888	29304	26876
<b>Profit or loss for the period</b>	<b>120</b>	<b>-215052</b>	<b>-427301</b>	<b>-305991</b>	<b>-607995</b>

**Earnings per share**

**-0,060**

**-0,120**

**-0,086**

**-0,171**

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for 9 months of 2010*

**STATEMENT OF CASH FLOWS for 9 months of 2010**

**A. Cash flow from operating activities**

K=0,702804

No	ITEMS	2010	2009	2010	2009
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Income from sales and services	560970	577796	798188	822130
2	Payments to suppliers for goods and services	-387000	-234131	-550651	-333138
3	Payments to employees and in their interests or to the third persons according to their orders	-111113	-303659	-158100	-432067
4	Other expenses for economic activities	-9275	-8430	-13197	-11995
5	Income from other economic activities	18546	11943	26389	16993
6	Tax payments	-38789	-155622	-55192	-221430
7	VAT received				
8	Deferred expenses	-179	-230	-255	-327
	<b>Cash flow from gross operating activities</b>	<b>33160</b>	<b>-112333</b>	<b>47182</b>	<b>-159834</b>
9	Income tax payments				
10	Real estate tax payments	-27475	-18887	-39093	-26874
	<b>TOTAL</b>	<b>5685</b>	<b>-131220</b>	<b>8089</b>	<b>-186708</b>
A.	Net cash flow from operating activities	<b>5685</b>	<b>-131220</b>	<b>8089</b>	<b>-186708</b>

**B. Cash flow from investment activities**

No	ITEMS	2010	2009	2010	2009
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Purchase of intangible and fixed assets		-854		-1215
2	Purchase of parts of enterprises	-200		-285	
3	Sales of intangible and fixed assets	3582	10829	5097	15408
4	Issued loans	-13353		-19000	
5	Repaid loans	132127		188000	
6	Received interest	1054		1500	
	<b>TOTAL</b>	<b>123210</b>	<b>9975</b>	<b>175312</b>	<b>14193</b>
B.	Net cash from investment activities	<b>123210</b>	<b>9975</b>	<b>175312</b>	<b>14193</b>



*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for 9 months of 2010*

**C. Cash flow from financing**

No	ITEMS	2010	2009	2010	2009
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
1	Received interest for deposit	30	45	43	64
	<b>TOTAL</b>	<b>30</b>	<b>45</b>	<b>43</b>	<b>64</b>
<b>C.</b>	<b>Net cash flow from financing</b>	<b>30</b>	<b>45</b>	<b>43</b>	<b>64</b>

**SUMMARY OF CASH INCOME AND EXPENDITURE**

No	ITEMS	2010	2009	2010	2009
		9 months	9 months	9 months	9 months
		LVL	LVL	EUR	EUR
A	The result from operating activities	5685	-131220	8089	-186708
B	The result from investment activities	123210	9975	175312	14193
C	The result from financing	30	45	43	64
D	The result from currency rate fluctuations	-1374	-986	-1955	-1403
	Cash increase or decrease	<b>127551</b>	<b>-122186</b>	<b>181489</b>	<b>-173854</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>178561</b>	<b>9314</b>	<b>254069</b>	<b>13253</b>

**STATEMENT OF EXCHANGES IN EQUITY**

for 9 months 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			-283674	283674	0
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			-673736	673736	0
Profit (+) or losses (-) of the first 9 months of 2010				-215052	-215052
<b>On Sept. 30, 2010</b>	<b>3565509</b>	<b>0</b>	<b>-1371975</b>	<b>-215052</b>	<b>1978482</b>

<b>On Sept. 30, 2009</b>	<b>3565509</b>	<b>0</b>	<b>-698239</b>	<b>-427301</b>	<b>2439969</b>
--------------------------	----------------	----------	----------------	----------------	----------------

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 9 months of 2010				-305991	-305991
<b>On Sept. 30, 2010</b>	<b>5073262</b>	<b>0</b>	<b>-1952145</b>	<b>-305991</b>	<b>2815126</b>

<b>On Sept. 30, 2009</b>	<b>5073262</b>	<b>0</b>	<b>-993505</b>	<b>-607994</b>	<b>3471763</b>
--------------------------	----------------	----------	----------------	----------------	----------------

## NOTES TO FINANCIAL STATEMENTS

The report for 9 months 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 9 months 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 Sept. 30, 2010:	482520 LVL	on January 1, 2010	489554 LVL
including: buildings and constructions-	349466LVL		356480 LVL
land -	133074 LVL		133074 LVL
<b>Cadastral value on Sept. 30, 2010</b>	<b>2662470LVL</b>		
Cadastral value of the buildings -	1729821LVL		
Cadastral value of the land -	932649 LVL		

### 3. Inventory. Balance sheet –row code 100; 110; 120; 130

2.1. On September 30, 2010 the total value of raw materials and sub-components in the warehouses is 287654 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 September 30, 2010 was 10626 LVL.

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

2.2. On September 30, 2010 the stock of work in progress (parts) 50594 LVL provide the process of production for one and a half month.

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

2.3. On September 30, 2010 the stock of finished goods was 777922 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>Advance payment</i>	<i>Total in LVL 30.09.2010</i>	<i>Total in LVL 01.01.2010</i>
For materials and sub-components for production	948	12798
For outfit	20016	13494
<b>TOTAL</b>	<b>20964</b>	<b>26292</b>

### 3. Receivables

#### 3.1. Trade receivables. Balance sheet –row code 150

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 30.09.2010</i>	<i>Total in LVL 01.01.2010</i>
Enterprises of Russia	For the goods	62865	831
Enterprises of Belarus	For the goods	12872	97189
Enterprise of Ukraine	For the goods	42125	
Enterprises of Latvia	For the goods	1969	574
<b>TOTAL</b>		<b>119831</b>	<b>98594</b>

Customers' debts are real. According to the signed contracts customers shall pay for the delivered production in 30 up to 45 days.

#### 3.2. Other receivables. Balance sheet –row code 160

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 30.09.2010</i>	<i>Total in LVL 01.01.2010</i>
Enterprises of Latvia	Agreement of lease	1777	2600
Enterprises of Latvia	For materials	1894	1894
Enterprise of Belarus	For materials and outfit	12320	
Enterprise of Latvia	For the equipment	5140	5140
Enterprise of Belarus	For the equipment	28499	
Other enterprises of Latvia	Other debts	50	14
Employees of the enterprise	Settlements for business trips and other operating expenses	581	272
State Revenue Service	Overpaid taxes	14792	14450
Enterprises of Latvia	VAT on unpaid invoices	1183	2394
<b>TOTAL</b>		<b>66236</b>	<b>26764</b>

#### 3.3. Short term loans Balance sheet –row code 170

<i>Debt</i>	<i>Total in LVL 30.09.2010</i>	<i>Total in LVL 01.01.2010</i>
Agreements: Repayment dates – December, 2010; February 2011	35843	154617
<b>TOTAL</b>	<b>35843</b>	<b>154617</b>

#### 4. Cash and cash equivalents. Balance sheet –row code 200

<i>Currency</i>	<i>Balance in currency</i>	<i>Exchange rate of the Bank of Latvia</i>	<i>Balance LVL As on Sept. 30, 2010</i>	<i>Balance LVL As on January 1, 2010</i>
LVL			39341.18	50445.86
USD	98510.23	0.517	50929.79	240.58
EUR	125600.25	0.702804	88272.36	310.25
RUR	1020.01	0.017	17.34	13.77
<b>Total</b>			<b>178560.67</b>	<b>51010.46</b>

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for 9 months of 2010*

**5. Share capital. Balance sheet –row code - 230**

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. Trade creditors. Balance sheet row code – 280**

<i>Business partner</i>	<i>Advance payment</i>	<i>Total in LVL 30.09.2010</i>	<i>Total in LVL 01.01.2010</i>
Enterprise of Russia	For goods		2559
Enterprise of Latvia	For real estate	17570	17570
<b>Total:</b>		<b>17570</b>	<b>20129</b>

**6.2. Trade creditors. Balance sheet row code – 290**

<i>Business partner</i>	<i>Substantiation</i>	<i>Total in LVL 30.09.2010</i>	<i>Total in LVL 01.01.2010</i>
JSC „Latvenergo”	Contract	6814	9427
Enterprise of Belarus	For materials	173	
Enterprises of Latvia	For materials and sub-components	48805	50134
Enterprises of Latvia	Different services	5323	8343
<b>Total:</b>		<b>61115</b>	<b>67904</b>

**6.3. Taxes and social security payments. Balance sheet row code – 300**

<i>Tax</i>	<i>Total in LVL 30.09.2010</i>	<i>Total in LVL 01.01.2010</i>
Personal income tax	1570	9026
Social security payments	720	13702
Business risk fee	7	2
Natural resource tax (NRT)		1
<b>Total</b>	<b>2297</b>	<b>22731</b>

Term for payment – October, 2010.

**6.4. Other creditors. Balance sheet row code – 310**

<i>Debt</i>	<i>Substantiation</i>	<i>Total in LVL 30.09.2010</i>	<i>Total in LVL 01.01.2010</i>
Salary	Term of payment – October, 2010	13755	24314
Other creditors	Different	1479	1290
<b>Total</b>		<b>15234</b>	<b>25604</b>

**6.5. Accrued liabilities. Balance sheet row code – 320**

In accordance with the law „On the annual reports” provisions for vacations of 2009 are calculated in total 6619 LVL. On September 30, 2010 the provisions for vacations were paid out.

## 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>
9 months of 2010	576476	571628	3426	1422
%	100	99.2	0.6	0.2

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

### 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>
9 months of 2010	576476	291827	22455	243600	8946	9648
%	100	50.6	3.9	42.3	1.5	1.7

9 months of 2009	483492	70335	196521	176999	848	38789
%	100	14.6	40.6	36.6	0.2	8.0

Demand for the goods of the enterprise has diminished due to economic crisis.

In the first quarter of 2010 the volumes of production and sales diminished to 44.2% if compared with the first quarter of 2009. But the demand increased during the second and third quarters, therefore the sales in the first 9 months of 2010 are 119.1% if compared with the same period of 2009.

The result of economic activities of the JSC “RAR“ in 9 months of 2010 is losses 215052 LVL.

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

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for 9 months of 2010*

Row code	Item	9 months 2010 LVL	9 months 2009 LVL
	<b>Net turnover</b>	<b>576476</b>	<b>483492</b>
<b>020</b>	<b>Cost of sales in total:</b>		
	including	<b>618071</b>	<b>612611</b>
	-costs of materials and sub-components including transport expenses, custom fees and import duties		
	-salaries and social security payments	196613	185444
	-electric power	219000	262651
	-contracts	70357	55129
	-amortization	33514	2617
	-operating costs	87353	100663
<b>030</b>	<b>Gross profit or loss</b>	<b>-41595</b>	<b>-129119</b>
<b>040</b>	<b>Selling expenses, total:</b>	<b>21825</b>	<b>18980</b>
	Incl. - salaries and social security payments	7622	10249
	- wrapping and transport costs	13074	8057
	- other expenses	1129	674
<b>050</b>	<b>Administrative expenses, total :</b>	<b>166087</b>	<b>287825</b>
	including - salaries and social security payments	56858	268410
	- communication expenses	3861	6153
	- expenses due to annual report	2000	1500
	- bank services	1420	1504
	- other administrative expenses	101948	10258
<b>060</b>	<b>Other operating income</b>	<b>64574</b>	<b>67195</b>
	including - income from sales of materials and outfit	12633	
	- income from sales of fixed assets	31879	20818
	- income from rent charges	14648	8675
	- diminishing of taxes of the previous year (social payments)		4654
	- other income	5414	33048
<b>070</b>	<b>Other operating expenses:</b>	<b>30607</b>	<b>39729</b>
	Incl.- from sales of foreign currency and losses of foreign exchange rate revaluations	7720	3197
	- other expenses	22887	36532
<b>080</b>	<b>Interest receivable (deposit)</b>	<b>1083</b>	<b>45</b>
<b>090</b>	<b>Interest payable and similar expenses</b>	<b>0</b>	<b>0</b>
<b>100</b>	<b>Profit or loss for the period before taxes</b>	<b>-194457</b>	<b>-408413</b>

*JSC „Rīgas autoelektroaparātu rūpnīca”  
Report for 9 months of 2010*

---

<b>110</b>	Real estate tax (buildings and constructions; land)	<b>20595</b>	<b>18888</b>
<b>120</b>	<b>Profit or loss for the period after taxes</b>	<b>-215052</b>	<b>-427301</b>

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

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

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

November 26, 2010