



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

Report for the first quarter of 2011

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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>01.01.2011 - 31.03.2011</i>
Main shareholders	Basing on the list of shareholders prepared on April 12,2011: <ol style="list-style-type: none"> <i>1. JSC „Baltijas Holdings”-43.9 % Reg.Nr.40003148033, 2, Klijanu street, Riga</i> <i>2. „Tehprojekts”,Ltd.- 43.9% Reg.Nr. 40103020397, 12,Unijas street, Riga</i> <i>3. 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 33.

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 14 are prepared in accordance with underlying accounting records and source documents and present fairly the financial position of the Company as on March 31, 2011 and the results of its operations and cash flows for the period ended on March 31, 2011.

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,

Zigurds Kalninsh
Member of the Board

May 26, 2011

*JSC „Rīgas autoelektroaparātu rūpnīca”
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BALANCE SHEET

For the first quarter of 2011

K=0,702804

ASSETS	Notes	Row code	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
			At the end of the period 31.03.11.	At the beginning of the year 1.01.11.	At the end of the period 31.03.11.	At the beginning of the year 1.01.11.	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.
A. LONG-TERM INVESTMENTS										
1. Intangible assets										
1.1. Patents, licenses and similar rights		010	0	0	0	0	0	0	0	0
1. TOTAL		020	0	0	0	0	0	0	0	0
2. Fixed assets										
2.1. Land, buildings and constructions	1	030	477831	480176	679892	683229	487209	489554	693236	696573
2.2. Equipment and machinery		040	18337	25304	26091	36004	94582	120518	134578	171482
2.3. Other fixed assets and inventory		050	554	674	788	959	1187	1471	1689	2093
2. TOTAL		060	496722	506154	706771	720192	582978	611543	829503	870148
3. Long-term financial investments										
3.1. Other securities and investments		070	200	200	285	285				
3. TOTAL		080	200	200	285	285				
A. TOTAL		090	496922	506354	707056	720477	582978	611543	829503	870148
B. CURRENT ASSETS										
1. Inventory										
1.1. Raw materials, direct and auxiliary mat.		100	255766	262497	363922	373500	270477	261494	384854	372073
1.2. Work in progress		110	36108	35628	51377	50694	51001	50786	72568	72262
1.3. Finished goods and goods for sale		120	673033	686289	957640	976501	957402	1053684	1362260	1499257
1.4. Advance payments for goods	2	130	41388	26035	58890	37045	14582	26292	20748	37410
1. TOTAL		140	1006295	1010449	1431829	1437740	1293462	1392256	1840430	1981002
2. Receivables										
2.1. Trade receivables	3.1.	150	131581	176721	187223	251451	170195	98594	242166	140287
2.2. Other receivables	3.2.	160	78661	63533	111925	90399	18659	26764	26549	38082
2.3. Short term loans		170	75640	75640	107626	107626	129627	154617	184443	220000
2.4. Deferred expenses		180	1983	195	2821	278	1705	1737	2426	2471
2. TOTAL		190	287865	316089	409595	449754	320186	281712	455584	400840
3. Cash	4	200	73625	113664	104759	161729	26669	51010	37947	72580
B. TOTAL		210	1367785	1440202	1946183	2049223	1640317	1724978	2333961	2454422
TOTAL ASSETS		220	1864707	1946556	2653239	2769700	2223295	2336521	3163464	3324570

*JSC „Rīgas autoelektroaparātu rūpnīca”
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BALANCE SHEET		For the first quarter of 2011		K=0,702804						
			LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
LIABILITIES	Notes	Row code	At the end of the period 31.03.11.	At the beginning of the year 1.01.11.	At the end of the period 31.03.11.	At the beginning of the year 1.01.11.	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.
A. Equity capital										
1. Share capital	5	230	3565509	3565509	5073262	5073262	3565509	3565509	5073262	5073262
TOTAL		240	3565509	3565509	5073262	5073262	3565509	3565509	5073262	5073262
2. Retained profit:										
a) brought forward from previous years		250	-1703607	-1703607	-2424015	-2424015	-1371975	-1371975	-1952145	-1952145
b) for the current year		260	-91189		-129749		-69843		-99377	
A. TOTAL		270	1770713	1861902	2519498	2649247	2123691	2193534	3021740	3121117
B. CREDITORS										
1. Current liabilities										
1.1. Advance payments from customers		280	17570	17570	25000	25000	17570	20129	25000	28641
1.2. Trade creditors	6.1.	290	55906	47377	79547	67412	60421	67904	85971	96619
1.3. Taxes and social security payments	6.2.	300	2582	3545	2674	5044		22731		32343
1.4. Other creditors	6.3.	310	10112	7927	14388	11279	16051	25604	22839	36431
1.5. Accrued liabilities	6.4.	320	7824	8235	11132	11718	5562	6619	7914	9419
2. TOTAL		330	93994	84654	132741	120453	99604	142987	141724	203453
B. TOTAL		340	93994	84654	132741	120453	99604	142987	141724	203453
TOTAL LIABILITIES		350	1864707	1946556	2652239	2769700	2223295	2336521	3163464	3324570

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STATEMENT OF CASH FLOWS for the first quarter of 2011

A. Cash flow from operating activities

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No	ITEMS	2011	2010	2011	2010
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
1	Income from sales and services	59994	56326	85364	80145
2	Payments to suppliers for goods and services	-62867	-50403	-89452	-71717
3	Payments to employees and in their interests or to the third persons according to their orders	-28290	-30170	-40253	-42928
4	Other expenses for economic activities	-3711	-1915	-5280	-2725
5	Income from other economic activities	10318	8167	14681	11621
6	Tax payments	-10626	-24847	-15119	-35354
7	VAT paid				
8	Deferred expenses	-3050	-58	-4340	-83
	Cash flow from gross operating activities	-38232	-42900	-54399	-61041
10	Income tax payments				
11	Real estate tax payments	-7297	-6858	-10383	-9758
	TOTAL	-45529	-49758	-64782	-70799
A.	Net cash flow from operating activities	-45529	-49758	-64782	-70799

B. Cash flow from investment activities

No	ITEMS	2011	2010	2011	2010
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
1	Sales of intangible and fixed assets	7929		11282	
2	Repaid loans		24990		35558
	TOTAL	7929	24990	11282	35558
B.	Net cash from investment activities	7929	24990	11282	35558

C. Cash flow from financing

No	ITEMS	2011	2010	2011	2010
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
1	Received interest for deposit	-9	13		18
	TOTAL	-9	13	0	18
C.	Net cash flow from financing	-9	13	0	18

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SUMMARY OF CASH INCOME AND EXPENDITURE

No	ITEMS	2011	2010	2011	2010
		Q 1	Q 1	Q 1	Q 1
		LVL	LVL	EUR	EUR
A	The result from operating activities	-45529	-49758	-64782	-70799
B	The result from investment activities	7929	24990	11282	35558
C	The result from financing	-9	13	-13	18
D	The result from currency rate fluctuations	-2430	787	-3457	1120
	Cash increase or decrease	-40039	-23968	-56970	-34103
	Cash and cash equivalents at the beginning of the reporting period	113664	131500	161729	187107
	Cash and cash equivalents at the end of the reporting period	73625	107532	104759	153004

STATEMENT OF EXCHANGES IN EQUITY

for the first quarter of 2011

(LVL)

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
On December 31, 2009	3565509	0	-698239	-673736	2193534
Losses of 2009 carried forward			-673736	673736	0
Profit (+) or losses (-) of the first quarter of 2010				-331632	-331632
On December 31, 2010	3565509	0	-1371975	-331632	1861902
Losses of 2010 carried forward			-331632	331632	0
Profit (+) or losses (-) of the first quarter of 2011				-91189	-91189
On March 31, 2011	3565509	0	-1703607	-91189	1770713

On March 31, 2010	3565509	0	-1371975	-69843	2123691
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K=0.702804

EUR

	Share capital	Reserves	Profit from previous years	Profit of the reporting year	Total
On December 31, 2009	5073262	0	-993505	-958640	3121117
Losses of 2009 carried forward			-958640	958640	0
Profit (+) or losses (-) of the first quarter of 2010				-471870	-471870
On December 31, 2010	5073262	0	-1952145	-471870	2649247
Losses of 2010 carried forward			-471870	471870	0
Profit (+) or losses (-) of the first quarter of 2011				-129749	-129749
On March 31, 2011	5073262	0	-2424015	-129749	2519498

On March 31, 2010	5073262	0	-1952145	-99377	3021740
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NOTES TO FINANCIAL STATEMENTS

The report of the first quarter of 2011 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 stock of finished goods is evaluated in production costs.

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 2011

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

Balance value on March31, 2011:	477831 LVL	on January 1, 2010	480176 LVL
including: buildings and constructions-	344757 LVL		347102 LVL
land -	133074 LVL		133074 LVL
Cadastral value on 31.03.10.	2564309LVL		
Cadastral value of the buildings -	1696319LVL		
Cadastral value of the land -	867990 LVL		

2. Advance payments for goods. Balance sheet –row code 130

<i>Advance payment</i>	<i>Total in LVL 31.03.2011</i>	<i>Total in LVL 01.01.2011</i>
For services	2040	
For materials	13485	172
For outfit	25863	25863
TOTAL	41388	26035

3. Receivables

3.1. Trade receivables. Balance sheet –row code 150

<i>Business partner</i>	<i>Debt</i>	<i>Total in LVL 31.03.2011</i>	<i>Total in LVL 01.01.2011</i>
Enterprises of Russia	For the goods	110108	156453
Enterprises of Belarus	For the goods	11994	10789
Enterprises of Latvia	For the goods	9479	9479
TOTAL		131581	176721

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.

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3.2. Other receivables. Balance sheet –row code 160

<i>Debt</i>	<i>Total in LVL 31.03.2011</i>	<i>Total in LVL 01.01.2011</i>
Agreement of lease	3185	3356
For materials and outfit	32943	12982
For the equipment	33639	33639
Overpaid taxes	6555	12307
VAT on unpaid invoices	1200	1165
Other debts	1139	84
	78661	63533

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 March 31, 2011</i>	<i>Balance LVL As on January 1, 2011</i>
LVL			19916.00	22903.60
USD	70259.52	0.499	35059.50	58384.51
EUR	8759.44	0.702804	6156.17	31240.71
RUR	709836.48	0.0176	12493.12	1135.55
Total			73624.79	113664.37

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 – 290

<i>Substantiation</i>	<i>Total in LVL 31.03.2011</i>	<i>Total in LVL 01.01.2011</i>
For electric power	6657	6373
For water supply	224	210
For materials and sub-components	41502	37118
Different services	7523	3676
	55906	47377

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

<i>Tax</i>	<i>Total in LVL 31.03.2011</i>	<i>Total in LVL 01.01.2011</i>
Personal income tax	2573	2061
Social security payments		1474
Business risk fee	9	
Total	2582	3545

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6.3. Other creditors. Balance sheet row code – 310

<i>Debt</i>	<i>Total in LVL 31.03.2011</i>	<i>Total in LVL 01.01.2011</i>
Salary	8620	6453
Other creditors	1492	1474
Total	10112	7927

6.4. Accrued liabilities. Balance sheet row code – 320

In accordance with the law „On the annual reports” provisions for vacations of 2010 are calculated in total 8235 LVL. The balance of the provisions for vacations on March 31, 2011 was 7824 LVL.

Notes to profit or loss account

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>
The first quarter of 2011	13723	13597	118	8
%	100	99.1	0.8	0.1
The first quarter of 2010	129030	128471	553	6
%	100	99.6	0.4	0.0

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>
The first quarter of 2011	13723	866	1205	6862	2929	1860
%	100	6.3	8.8	50.0	21.3	13.6
The first quarter of 2010	129030	66552	9583	49229	2117	1549
%	100	51.6	7.4	38.2	1.6	1.2

In 2011 the security costs are classified as administrative expenses. To ensure comparability of data the items of 2010 are recalculated

<i>Items</i>	<i>In the report of 2010</i>		<i>In the report of 2011</i>	
	<i>LVL</i>	<i>EUR</i>	<i>LVL</i>	<i>EUR</i>
Cost of sales	166602	237053	160576	228479
Administrative expenses	21626	30771	27652	39346

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In 2011 the profit and loss account includes only the result of currency fluctuations and currency exchange. To ensure comparability of data the items of 2010 are recalculated.

Items	In the report of 2010		In the report of 2011	
	LVL	EUR	LVL	EUR
Other operating income	9200	13090	8742	12438
incl. income from currency fluctuations and currency exchange	2528	3597	2070	2945
Other operating expenses	7614	10834	7156	10182
incl. losses from currency fluctuations and currency exchange	458	652		

Row code	Item	Q 1, 2011 LVL	Q 1, 2010 LVL
020	Cost of sales in total: including	67208	160576
	-costs of materials and sub-components including transport expenses, custom fees and import duties	6630	18925
	-salaries and social security payments	33320	48806
	- electric power	9930	48071
	-contracts (for repairing works and maintenance of different systems)	7299	14349
	Amortization	9574	29112
	Operating costs	455	1313

040	Selling expenses, total:	2764	5386
	Incl. - salaries and social security payments	836	2514
	- wrapping and transport costs	1795	2521
	- other expenses	133	351

050	Administrative expenses, total :	39122	27652
	including - salaries and social security payments	22671	16473
	- communication expenses	983	1116
	- expenses due to annual report	2000	1000
	- bank services	363	363
	- security costs	7446	6026
	- other administrative expenses	5659	2674

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Row code	Item	Q 1, 2011 LVL	Q 1, 2010 LVL
060	Other operating income	36058	8742
	including – income of foreign exchange rate revaluations		2070
	- income from sales of fixed assets	6848	
	- sales of materials	20413	
	- income from rent charges	7881	6669
	- other income	916	3

Members of the
Board:

_____ Z.Kalninh

_____ M.Araslanovs

May 26, 2011